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E-Business Advanced Procurement Update and Roadmap

David Hope-Ross, Senior Director Procurement & SCM

Safe Harbor Statement

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Agenda

- Procurement Challenges and Opportunities
- How Oracle Delivers
- A Look at Release 12
- Summary and How to Learn More

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Business Challenges

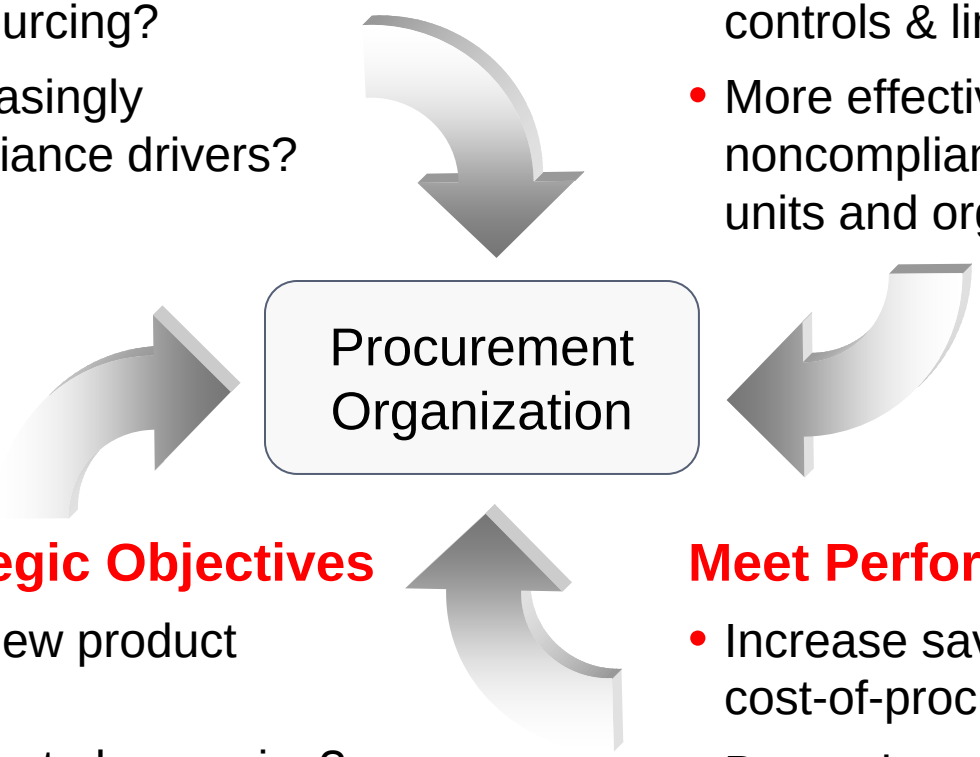
How Do We…

Implement New Processes

- Leverage outsourcing & low cost country sourcing?
- Deal with increasingly complex compliance drivers?

Align Business Practices

- Overcome our insufficient controls & limited influence?
- More effectively deal with noncompliance by business units and organizational silos?



Support Strategic Objectives

- Help improve new product introduction?
- Help drive market-share gains?
- Support M&A strategies?

Meet Performance Goals

- Increase savings and reduce the cost-of-procurement?
- Better document cost savings and cost avoidance?

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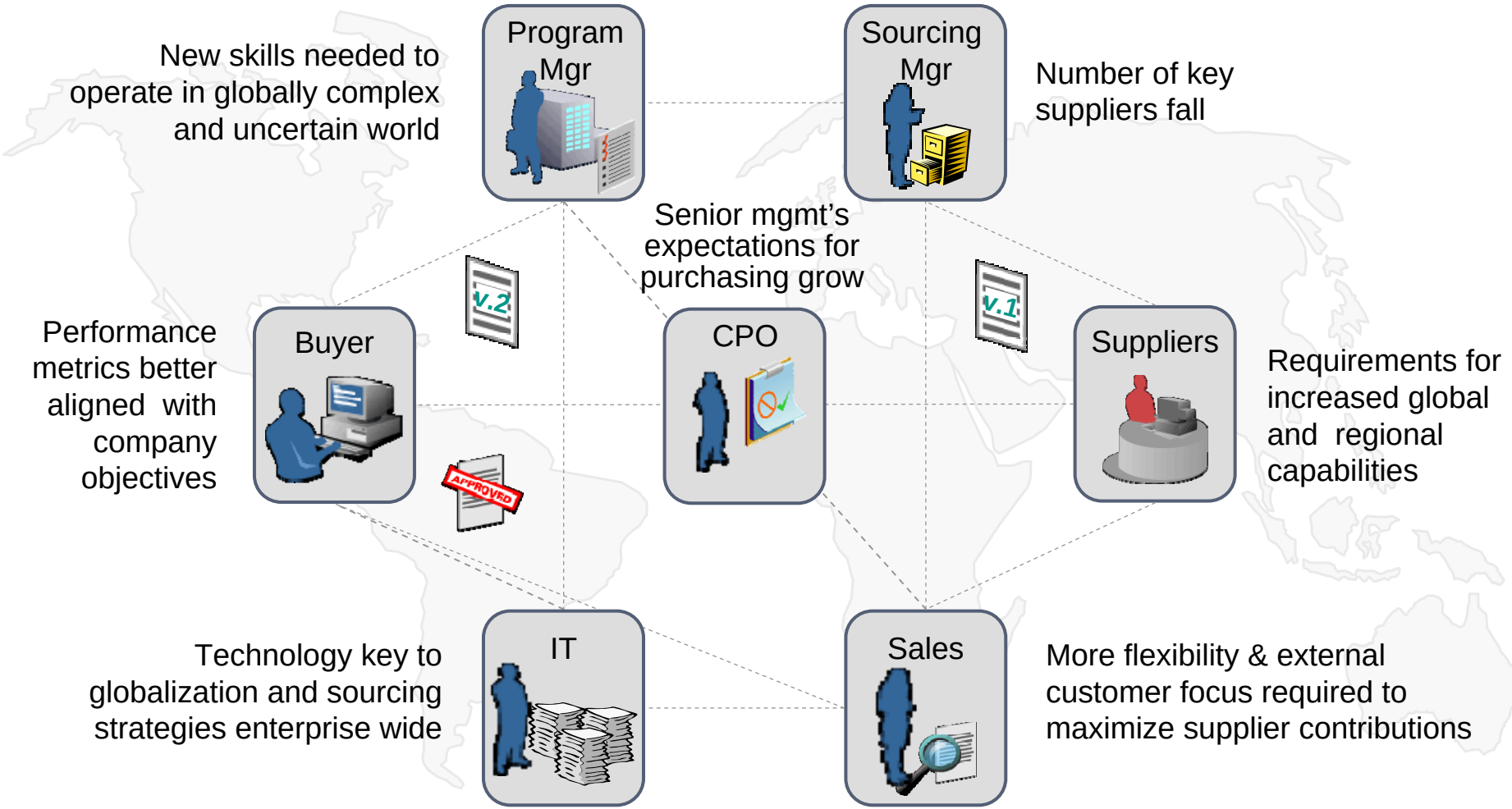
The Future Of Purchasing & Supply

Sourcing Strategies Become a Critical Source of Competitive Advantage



Source: Center For Advanced Purchasing Studies, THE FUTURE OF PURCHASING AND SUPPLY: A FIVE- AND TEN-YEAR FORECAST

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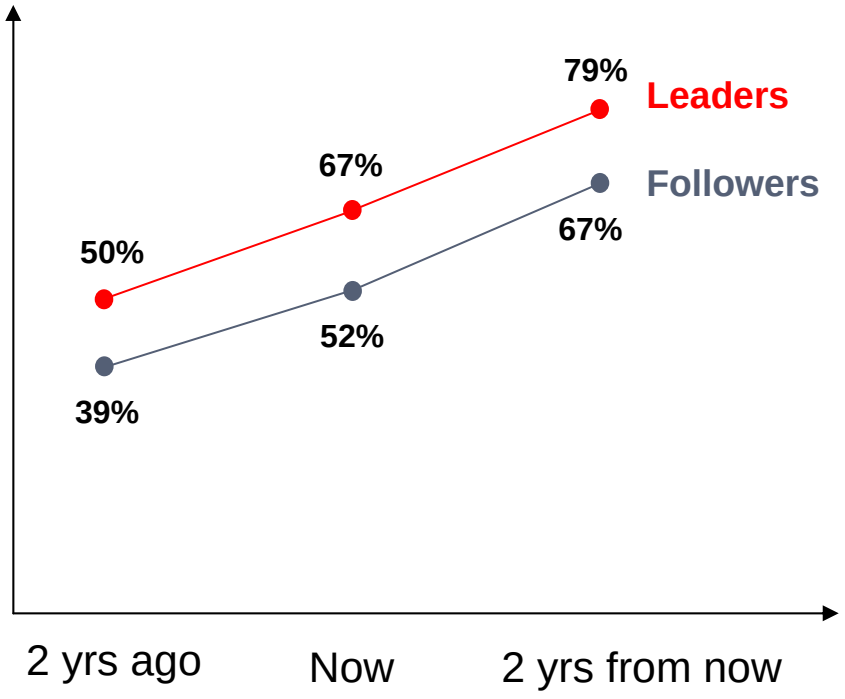
The Lives of Procurement Professionals Are Already Changing

Procurement Organization Focus

(% of Time Involved In Strategic Activities)



A.T. Kearney's Assessment of Excellence in Procurement

The CPO's Agenda

1. Improve supplier development & collaboration
2. Enhance and integrate procurement automation infrastructure
3. Adopt low cost country supply initiatives
4. Transition to a center-led procurement organization
5. Increase spend under management and improve spend compliance

Aberdeen Group, The CPO Agenda: Five Strategies for Organizational Transformation.

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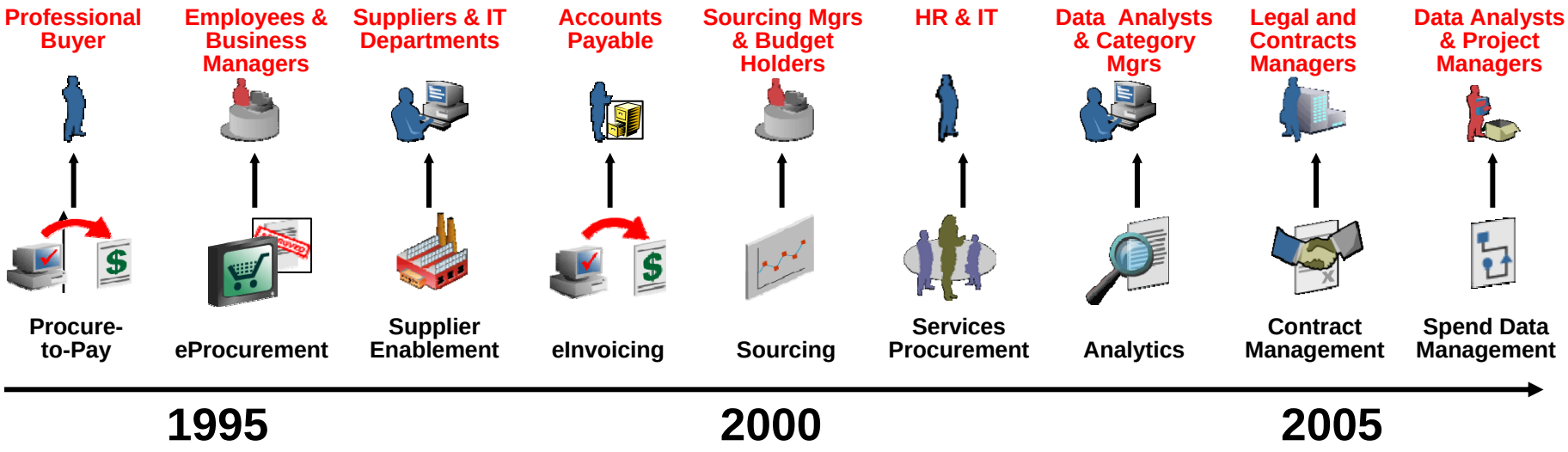
A Decade Of Procurement Innovation

What's Wrong With This Picture?



As niche start-ups drove action "at the edges", the tools needed for the daily business of procurement were taken for granted

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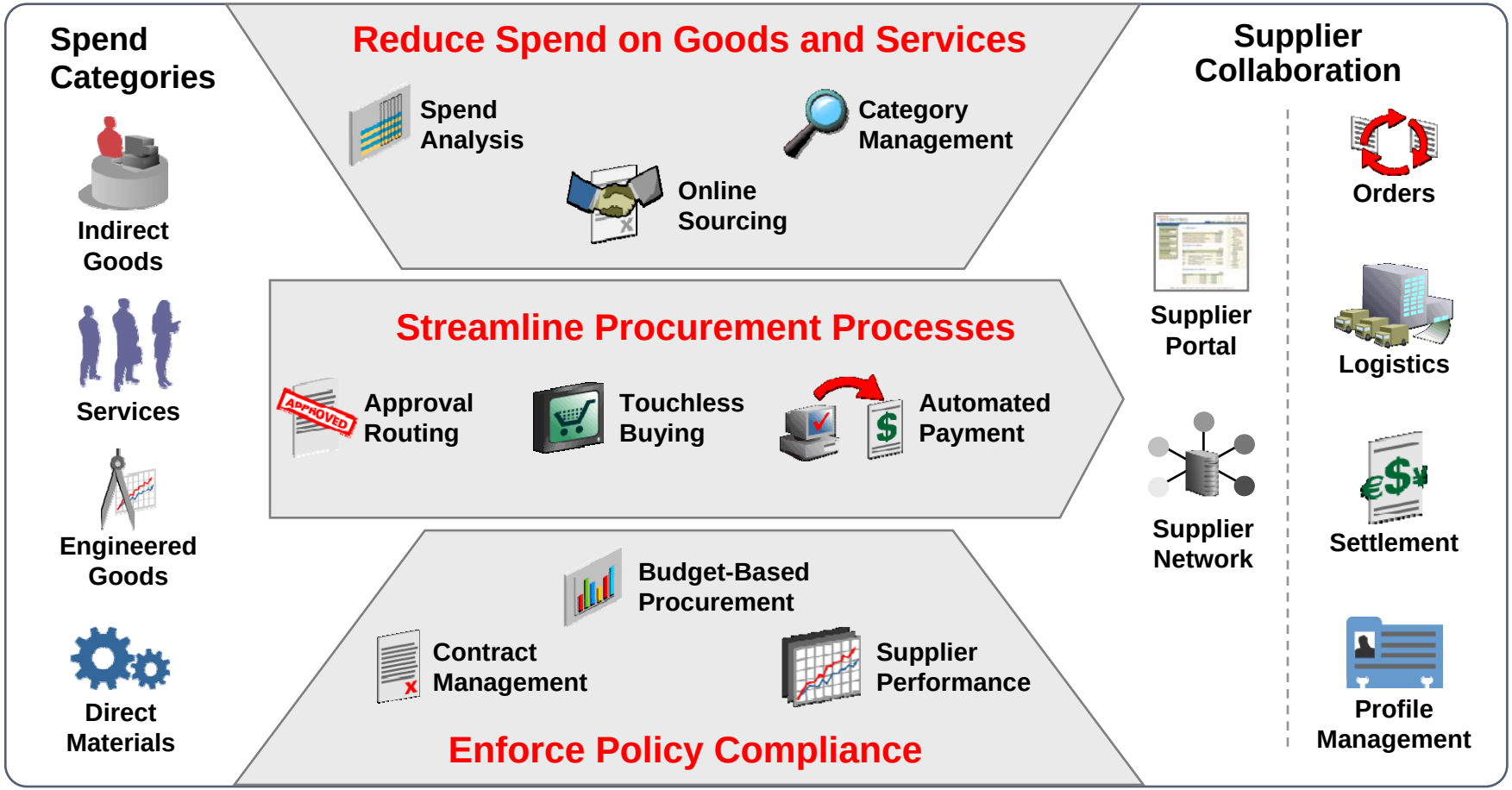
Oracle Advanced Procurement

The Integrated Suite that Dramatically Cuts All Supply Mgmt Costs…



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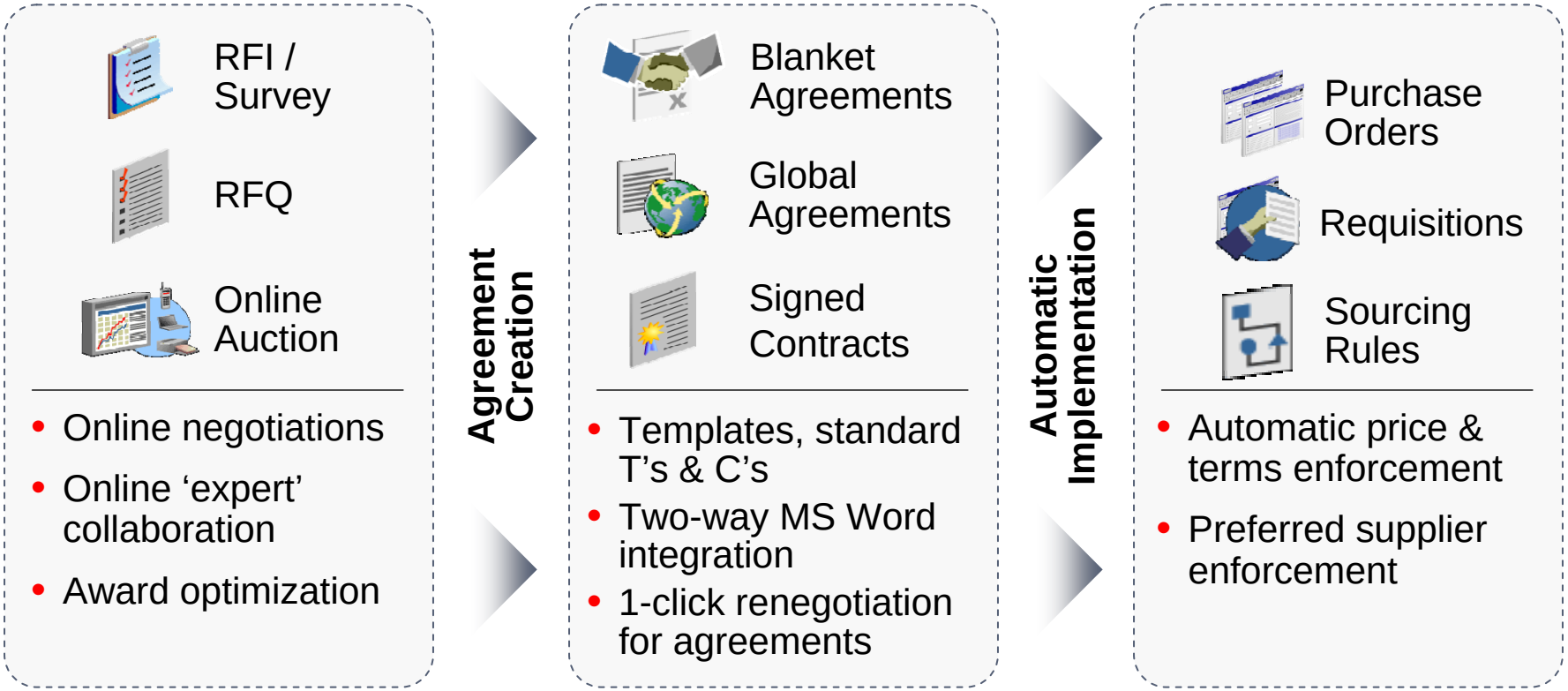
Reduce Spend on Goods and Services

Increase Sourcing Efficiency and Effectiveness



Exploit Savings Opportunities and use Open Competition to Improve Price / Terms

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Streamline Procurement Processes

Reduce Manual Effort to Free Staff for Higher-Value Activities

Free Staff for Higher-Value Activities

e.g., Implement Strategic Agreements

Drive Continuous Improvement

Procure-to-Pay

Apply Auto-Source Rules

Apply Agreement Terms & Conditions

Create Purchase Order

Dispatch Electronic PO to Supplier

Auto-Approve Minor Changes

Receive Goods or Services; Inspect

Receive Electronic Invoice

Pay Supplier (EFT)

Automate Lower-Value Activities

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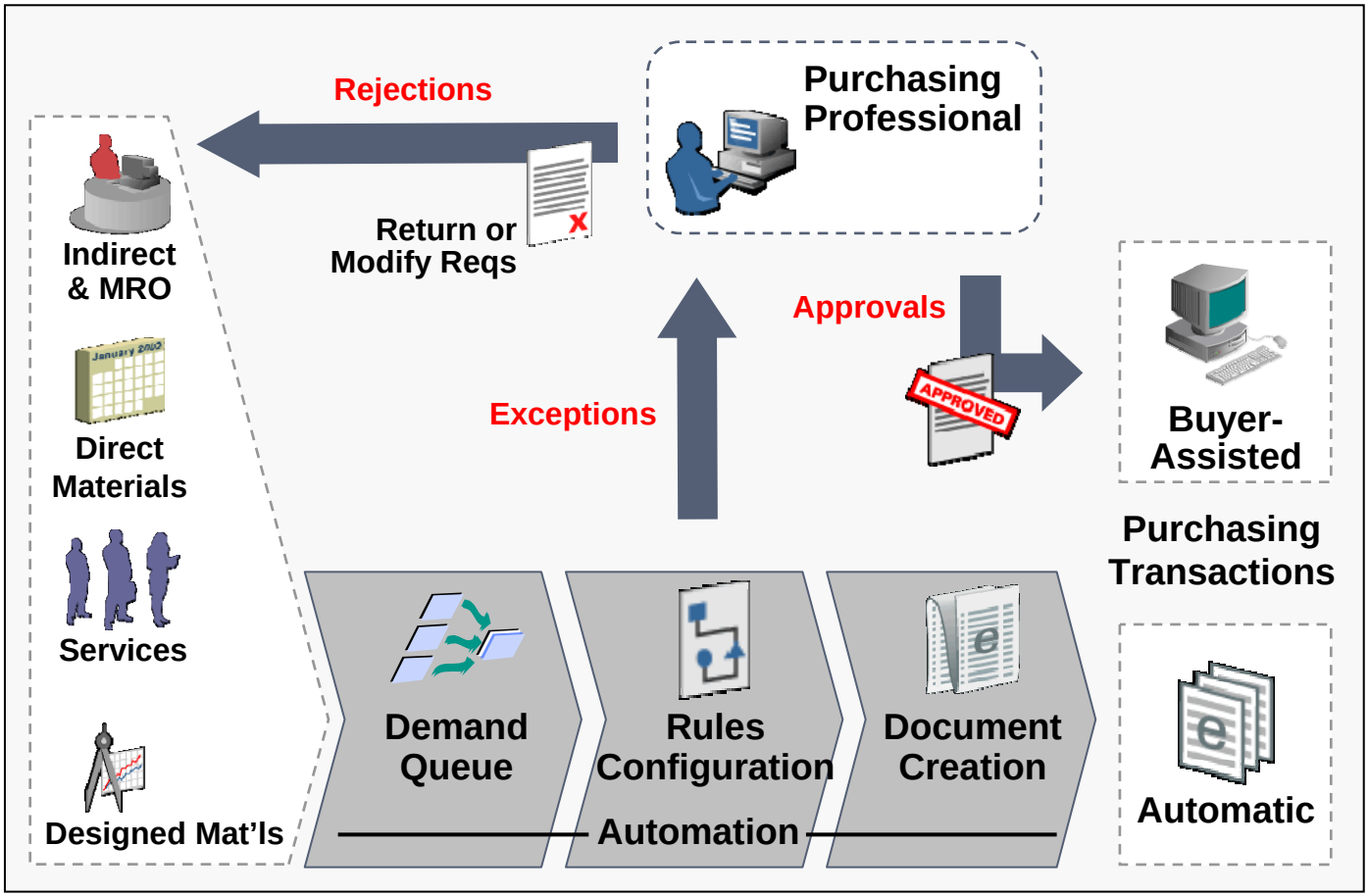
Enforce Policy Compliance

Identify and Rectify Policy Violations



- Configurable workflow & automation of routine transactions
- Automatic bubble-up of exceptions
- Single point for defining and enforcing purchasing policy

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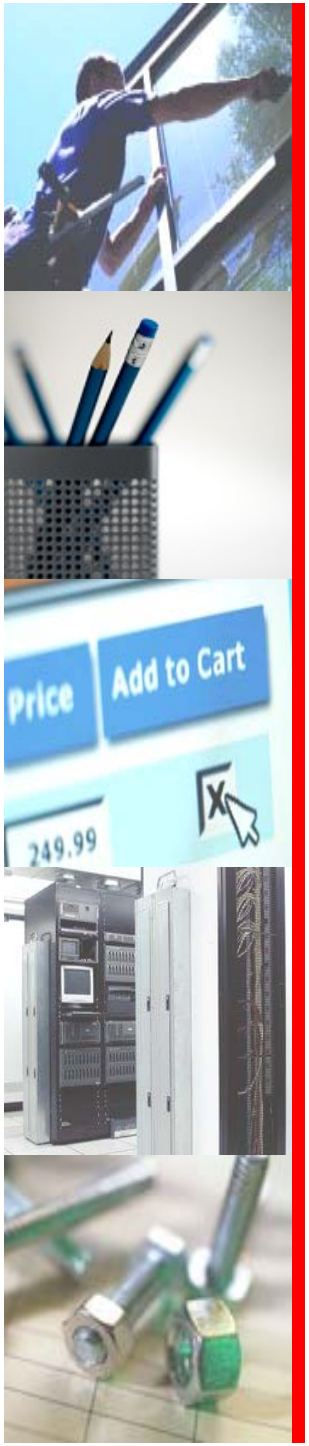


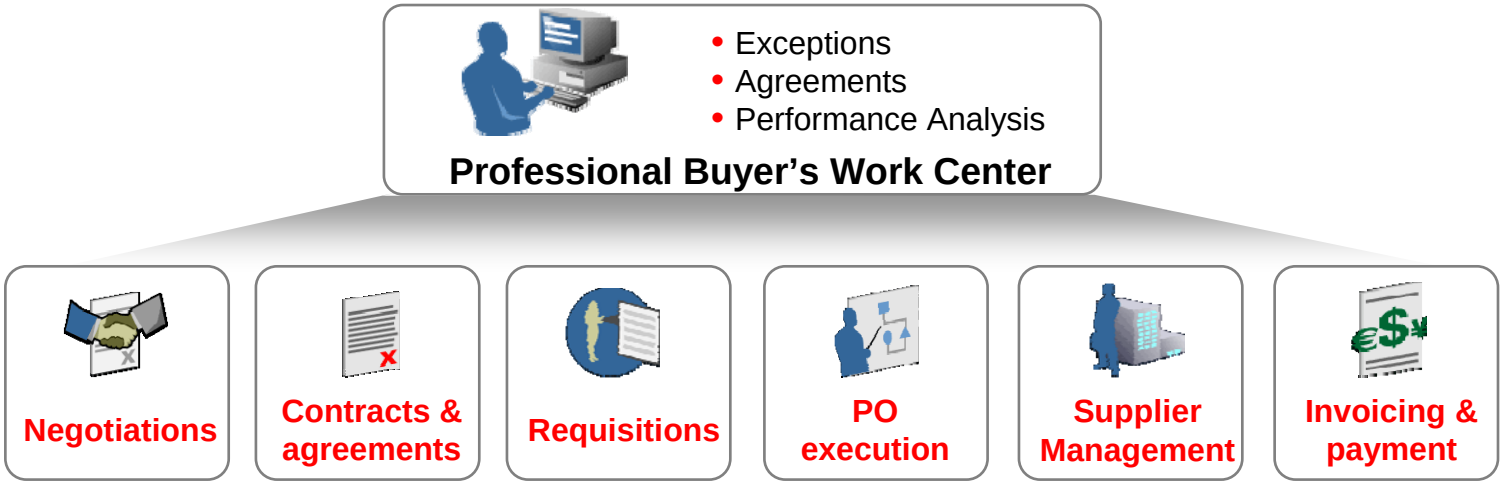
Advanced Procurement R12

The Procurement Professional's Release

1. **Unified Workcenter For All Procurement Responsibilities**
2. **Improved Support for Complex Goods & Services**
3. **Expanded Supplier Management & Enablement**

Professional Buyer's Work Center

Enable Command & Control for the Procurement Professional



- View exceptions across multiple applications and operating units
- Create, implement, and execute agreements
- Analyze performance of procurement & suppliers

Single Access Point for All Responsibilities

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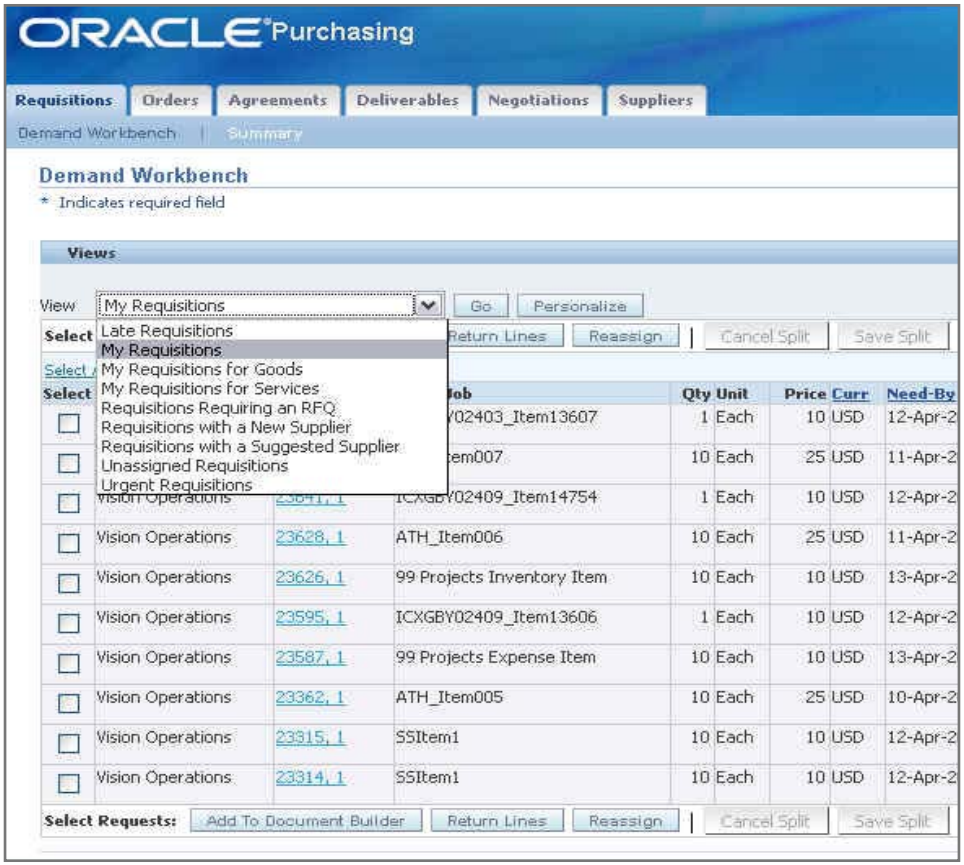

- Intuitive UI and streamlined workflows
- Status at-a-glance
- Multi-Org Access Control for shared services
- Extensive options for personalization

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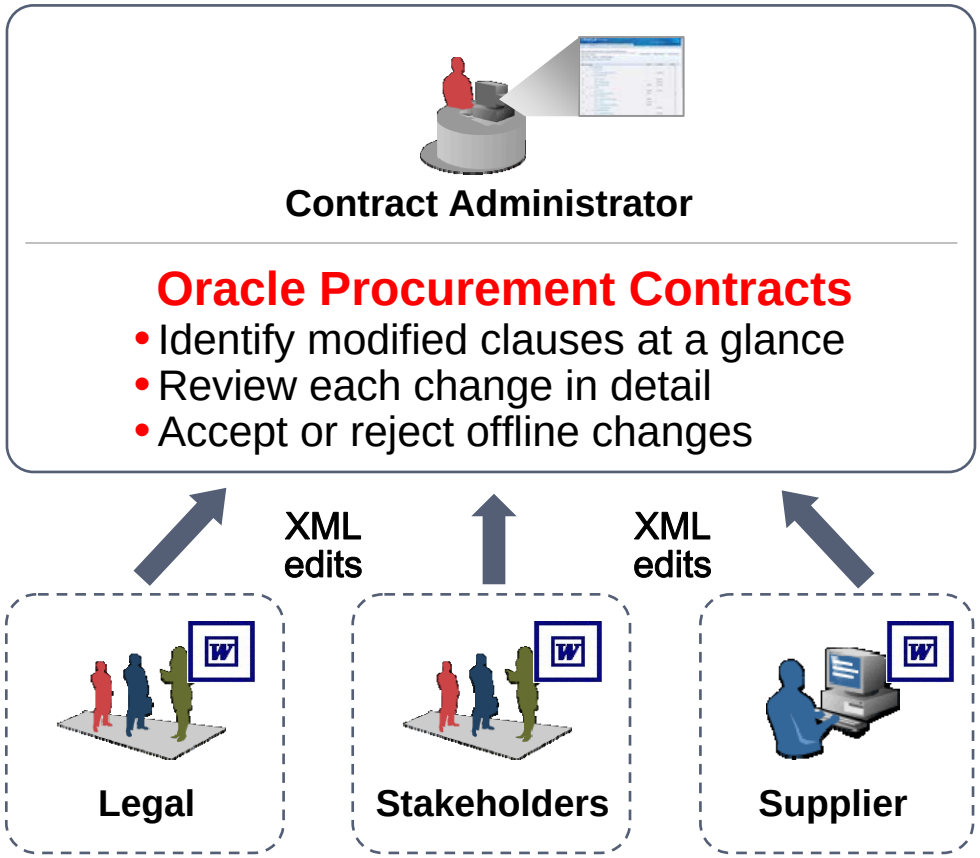
Two-way MS Word Synchronization

Automatically Import Redline Changes for Superior Compliance



- Streamline internal collaboration and supplier negotiation by allowing key stakeholders to be involved in the contract review process
- Improve contracting efficiency while reducing effort
- Minimize errors and risk from manual updates

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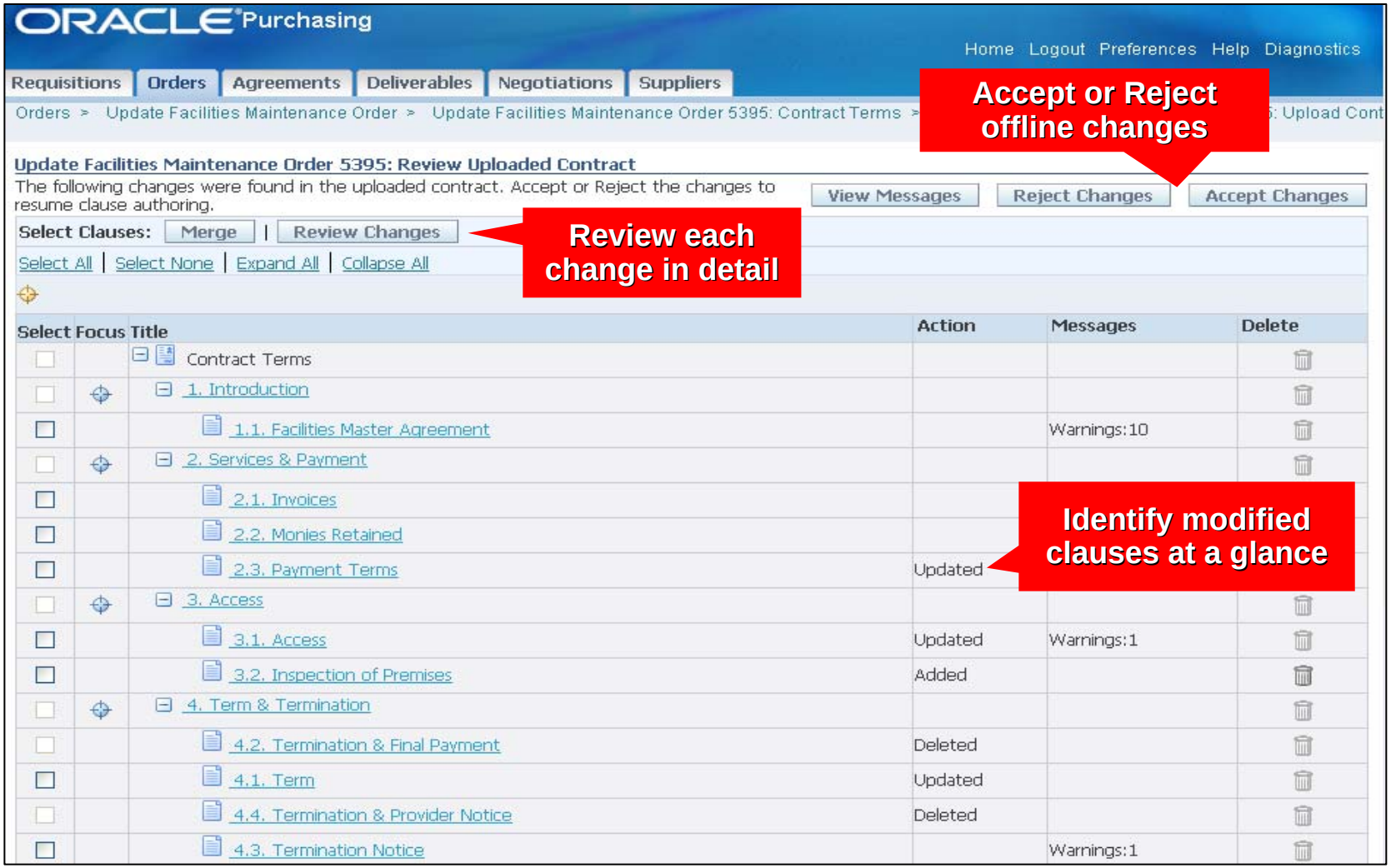

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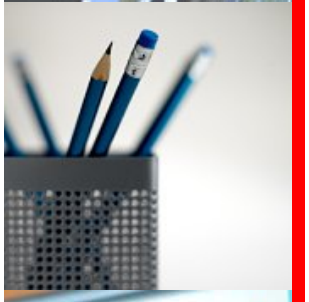

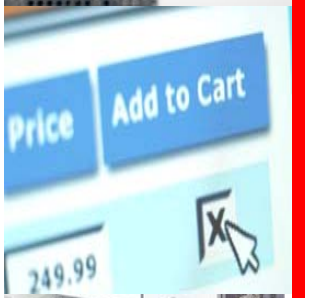

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❶ **Unified Workcenter For All Procurement Responsibilities**

❷ **Improved Support for Complex Goods & Services**

❸ **Expanded Supplier Management & Enablement**

Complex Requisition Approvals

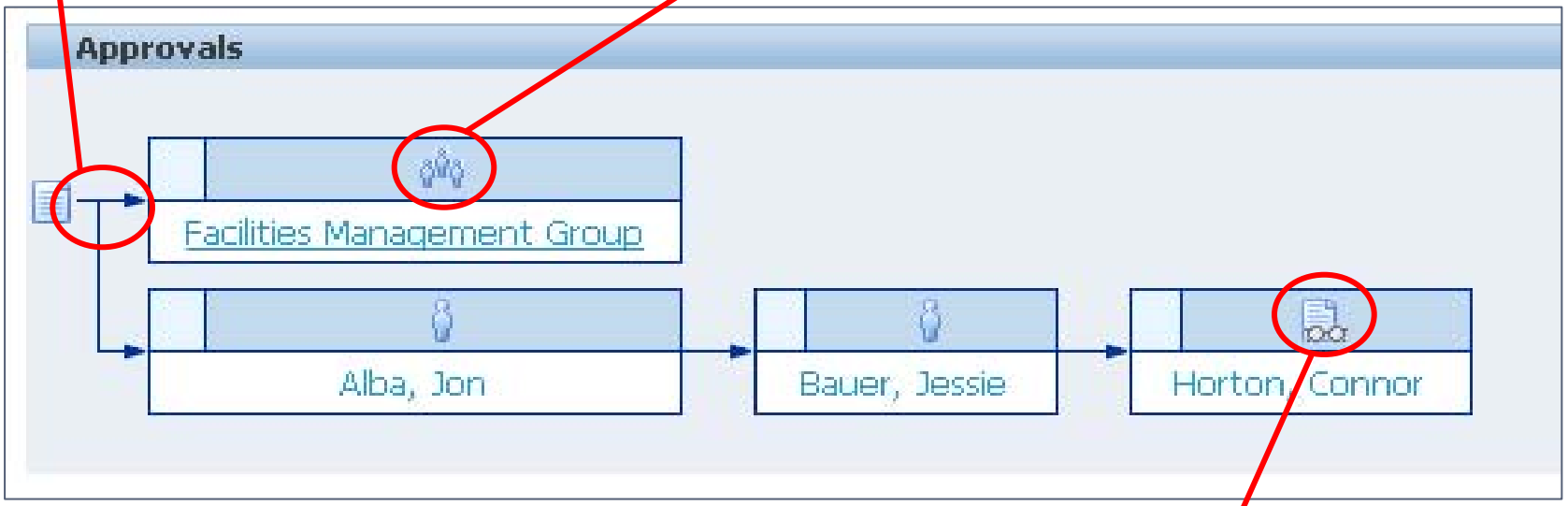
Graphically View Approval Chain and Requisition Status

Parallel Approvals

- Notify multiple approvers of a requisition simultaneously
- Reduce approval cycle time

Position Hierarchy Support

- Define approval routing structures that remain stable, even if individuals / organizational structures change
- Minimize workflow maintenance



Support for Viewers

- Keep people informed of business purchases & decisions without requiring a response
- Maintain key stakeholder engagement & oversight

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Team Scoring of Requirements

Technical Team

- John = 90
- Mary = 85
- Sue = 80

Technical Capabilities (40% weight)

Commercial Team

- Sue = 75
- Doug = 80
- Tina = 85

Price (40% weight)

Quality Control Team

- Alan = 90
- Mark = 80

Past Performance (20% weight)

Quote ABC

Technical Capabilities = 34

Price = 32

Past Performance = 17

TOTAL SCORE : 83

- Each team member scores the assigned section
- Oracle Sourcing calculates average of individual score sheets to determine section score
- Sum of team scores determines overall response score (as input to optimization)

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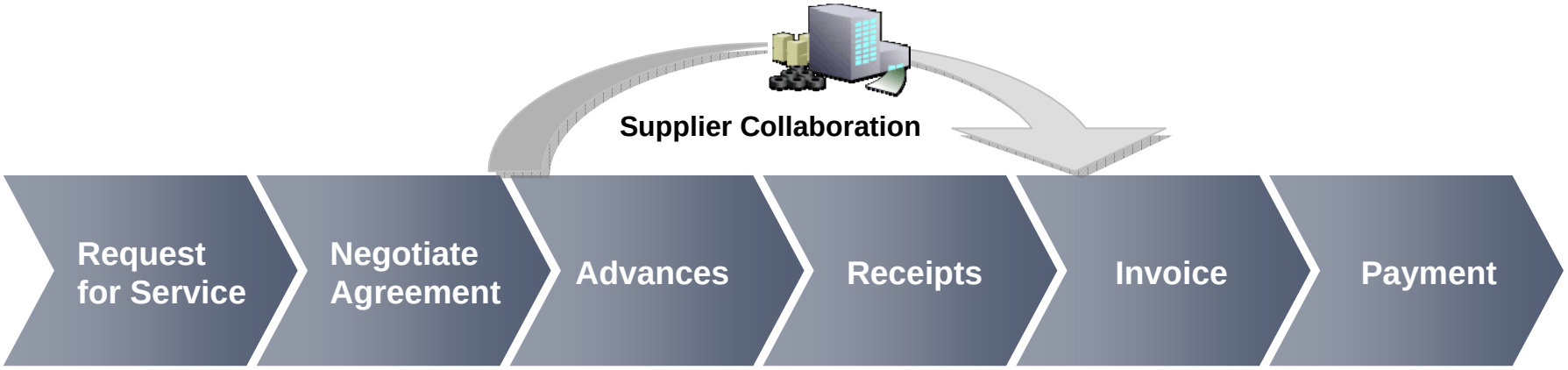
Procurement for Complex Services

Source to Settle Support for Complex Payments



Examples:
- Facilities services
- Landscaping services
- Architectural services
- Field engineering services

Negotiate Payments:
- Milestones
- Rates
- Advances
- Retainage
- Lump Sums

Make Payments:
- Track project details

Validate:
- Timecards
- Receipts
- Work confirmations

Match:
- Agreements
- Invoices
- Receipts

Enforce:
- Terms
- Recoupment of advances
- Release of retainage

Drive Consistent Execution of Negotiated Terms and Conditions in All Spend Categories

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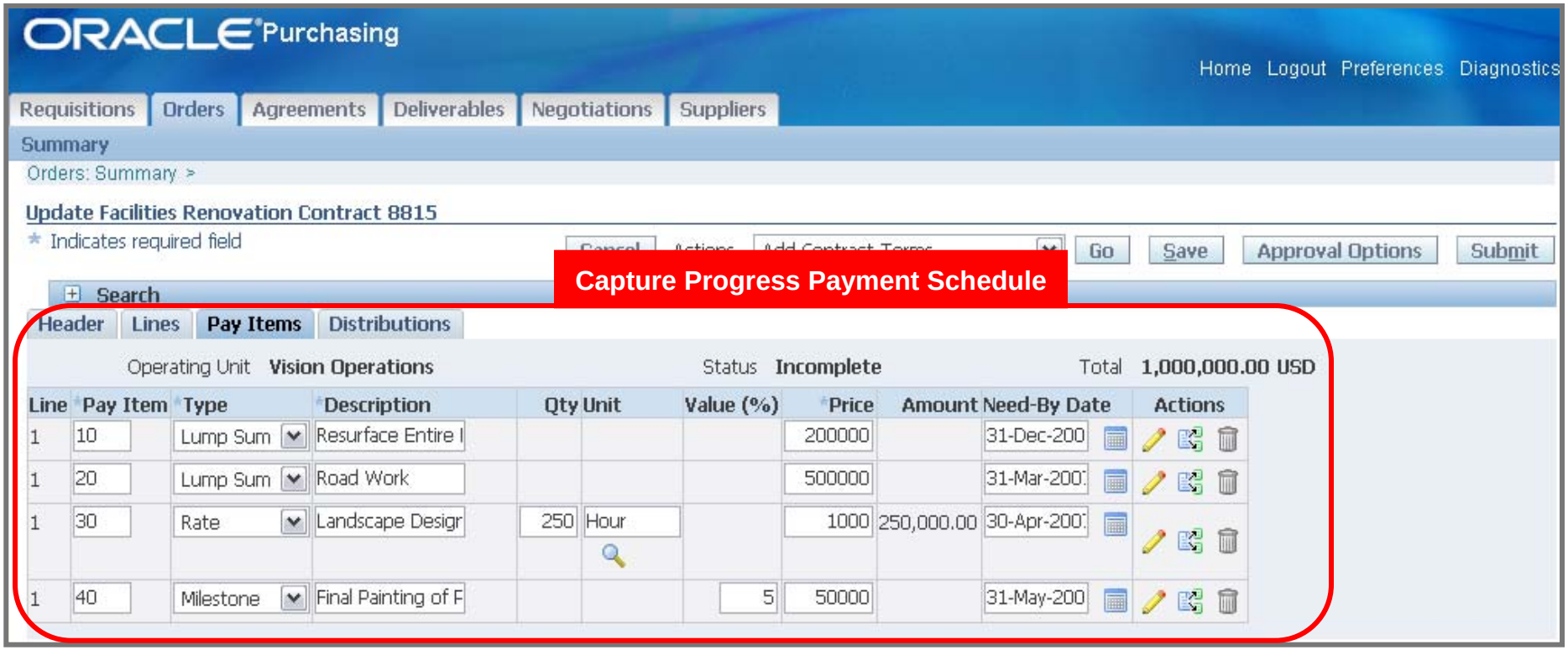
Procurement for Complex Services

Define Progress Payment Schedule



- Flexible Progress Payments - Rate, Lumpsum & Milestone Pay Items
- Pay Item Owner
- Project Details, Attachments

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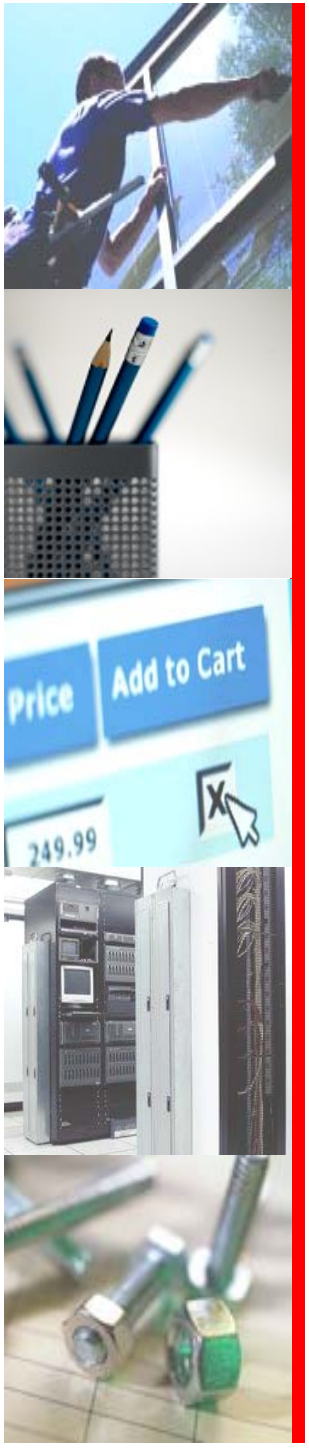

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Supplier Registration

Reduce Overhead with Self-Service Registration

Self-service supplier registration

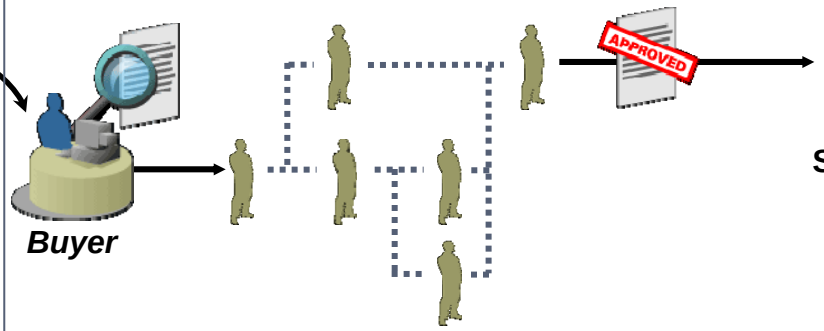
Supplier Self-Registration

Configurable Qualification Form

Supplier requests

Review & Approval

- Configurable approval flow (AME)
- Approver has option to update details



Buyer

Supplier record automatically created

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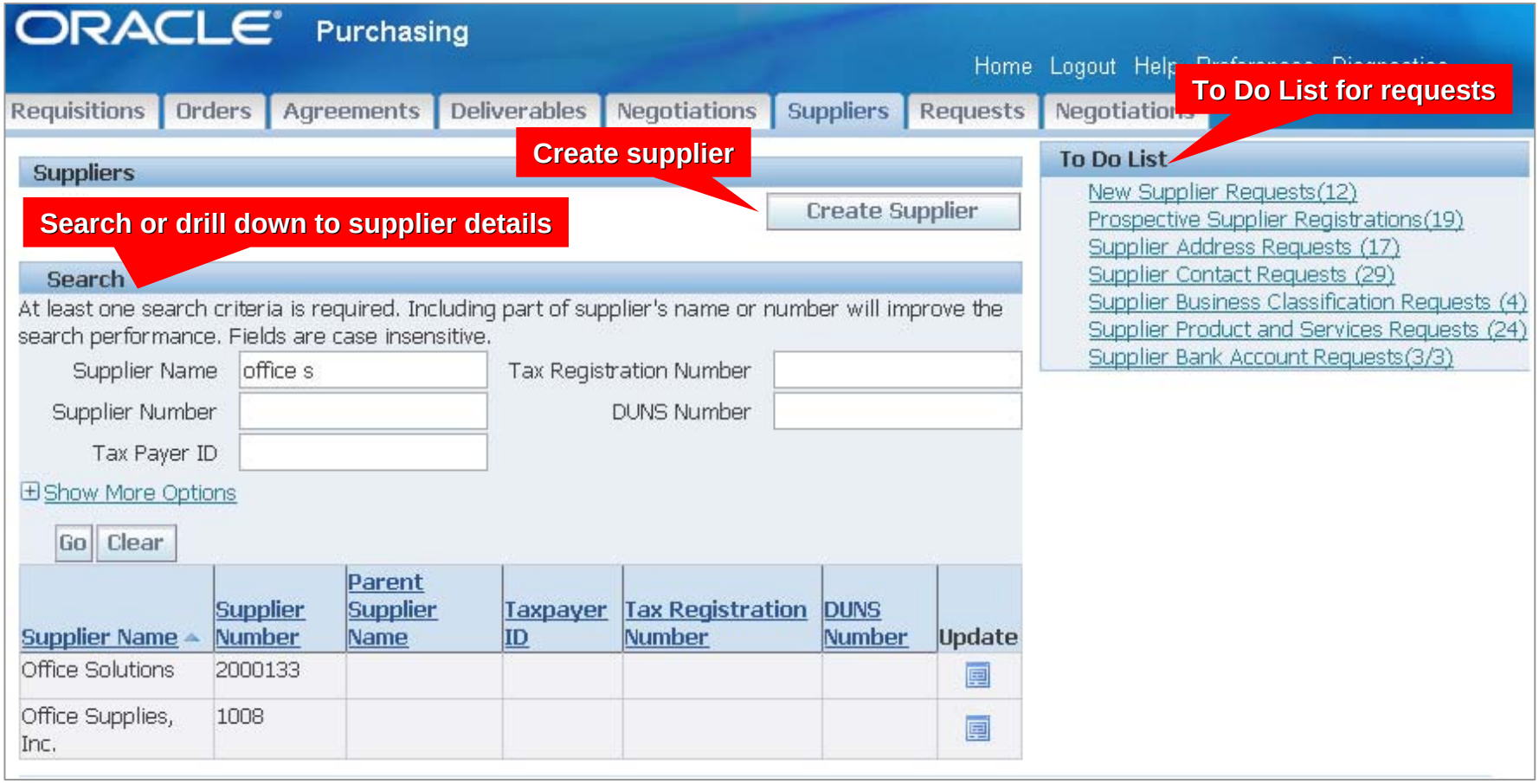
Supplier Management User-Interface

Streamlined supplier profile management



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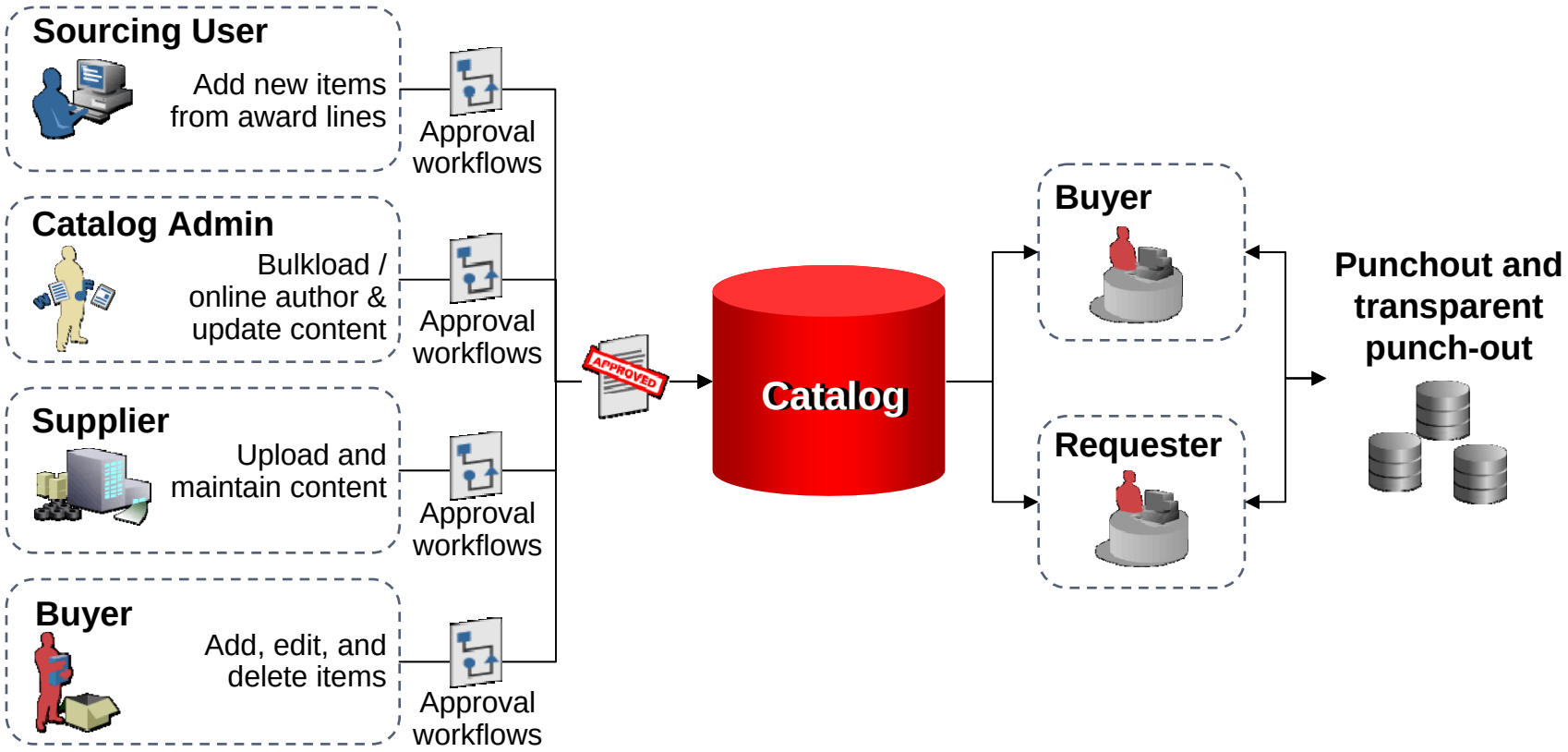
Unified Catalog Architecture

Establish a Single Authoring, Ordering, & Maintenance Environment



Reduce Maintenance Efforts and Drive Spend Visibility

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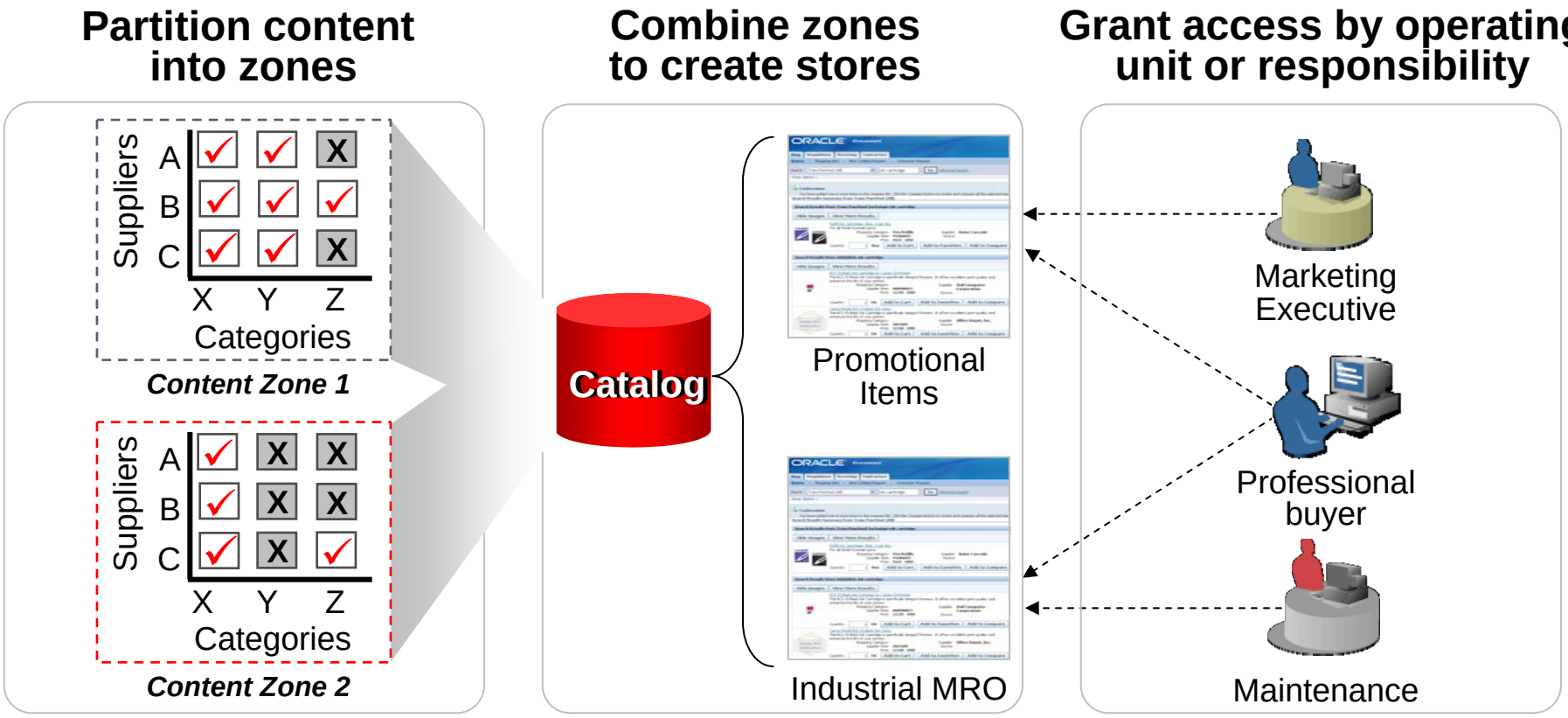
Content Security

Provide the Right Content to the Right People



- Improve control over what end users can see & user buying experience
- Execute organizational unit-specific procurement strategies
- Reduce risks associated with sensitive categories

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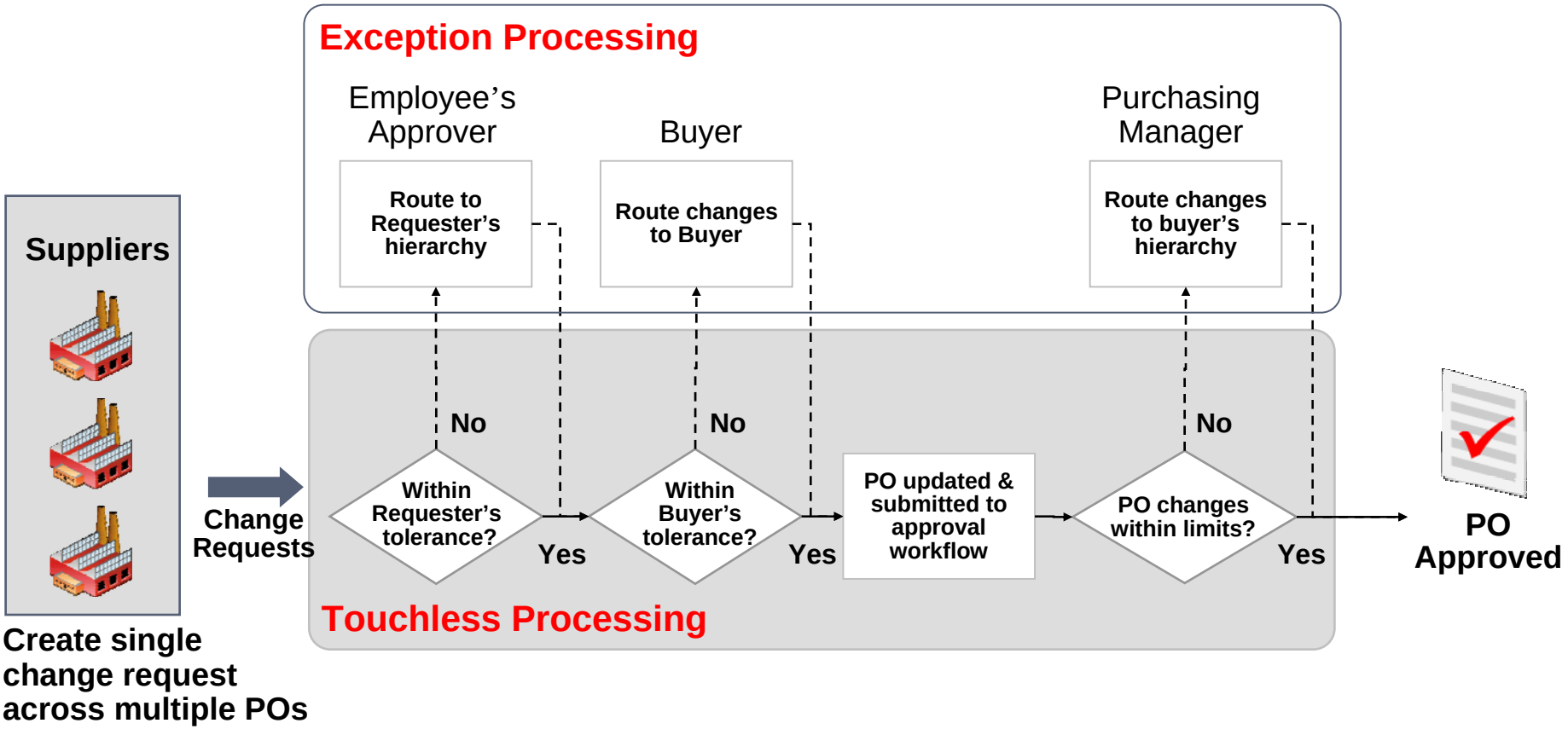
Supplier Change Orders

New capabilities for process automation



Eliminate Processing of Trivial Change Requests

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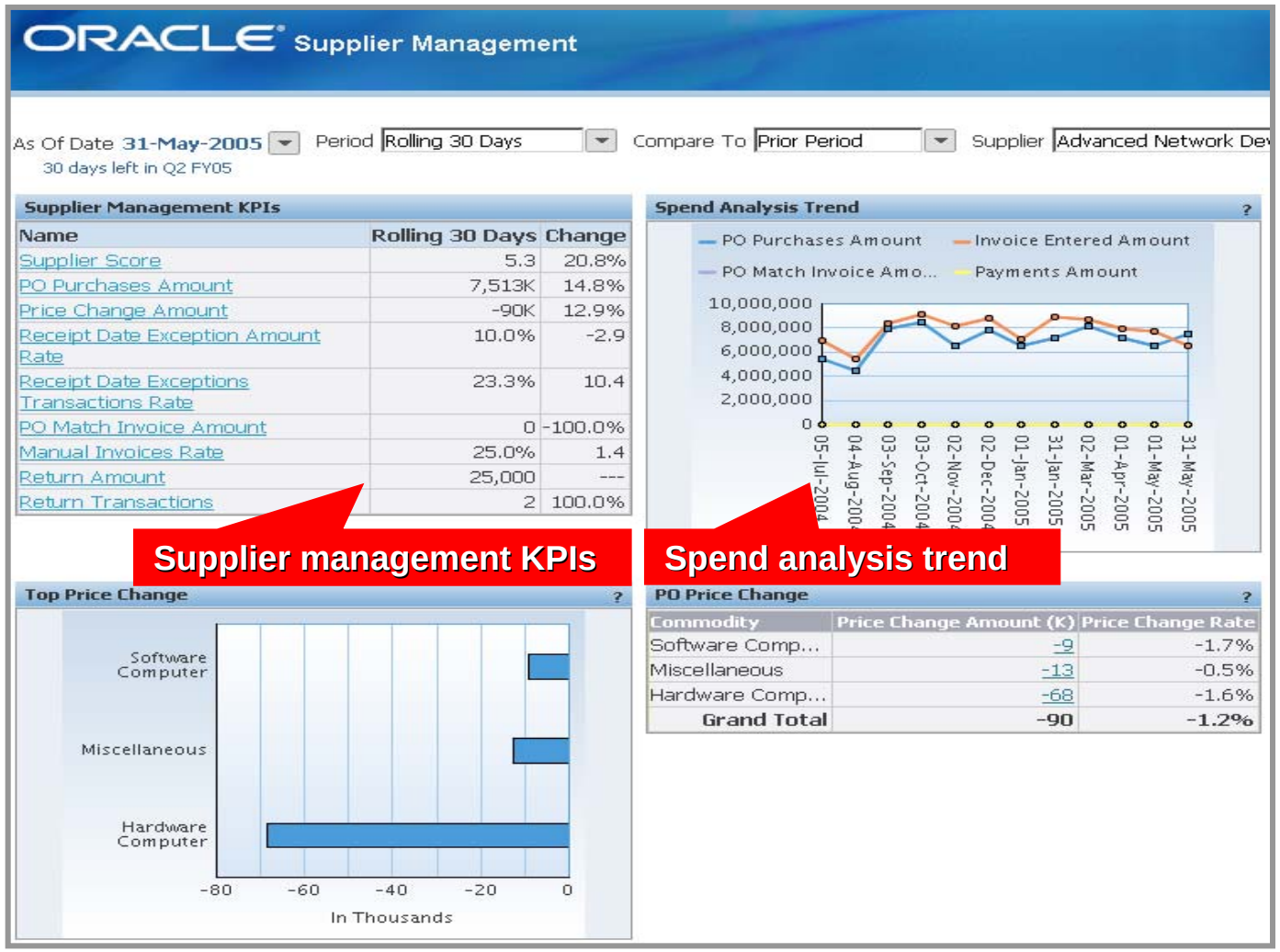
Self-Service Supplier Performance Mgmt

Drive Improvements with Instant Access to Information



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Evolution of Oracle Advanced Procurement

Base Differentiators…

- Self-service enterprise requisitioning from suppliers or internal stock
- Integrated asset and production planning
- Supplier Self-Service
- Flexible invoice matching including match to receipt
- Automatic invoice and debit memo generation
- Project- and budgetary-based purchasing
- Multi-attribute scoring for reverse auctions and RFQs
- Packaged spend, supplier , and commodity intelligence
- Advanced pricing capabilities
- Transparent Punchout
- Global Agreements

New in 11i.10…

- Services procurement – contingent labor & bus services, negotiation through payment
- Procurement contracts – global T&Cs standards, negotiation, doc & change mgmt, compliance
- Formula-based pricing & tiered discounts (Advanced Pricing)
- Retroactive pricing including automated invoice adjustments
- Negotiate with subjective scoring and what-if analyses
- Automatic bid scoring and award (Sourcing Optimization)
- Shared services procurement
- Requisition “SmartForms”
- LPN & lot/serial receiving
- Supplier managed banking
- XML publisher for .pdf printing

New in R12…

- Professional Buyer’s Workcenter
- 2-way MS Word integration
- Unified catalog architecture
- Shared services support
- Requestor directed procurement
- Prospective supplier registration using iSurvey
- Supplier catalog authoring
- Tolerance based order change auto-approval
- Supplier scorecarding
- Prospective supplier registration
- Advanced pricing integration
- Team scoring of sourcing requirements
- Parallel approvals
- Position hierarchy approvals
- Complex work procurement
- eTax integration

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What's Next

Potential Future Enhancements

- Sourcing Enhancements
  - Two Part RFP Support
  - Spreadsheet Enhancements
  - PDF Report Export
  - Award Optimization Enhancements
  - Countdown Clock
- Agreement Enhancements
- Mass Update and Mass Close
- And more…

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Oracle Advanced Procurement

Integrated packaged spend analysis, online sourcing, and embedded pricing enforcement	**Reduce Spend on Goods and Services**
Full procure-to-pay automation with employee self-service and structured supplier communications	**Streamline Procurement Processes**
Budget-based procurement, exception-based enforcement and total spending visibility	**Enforce Policy Compliance**

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