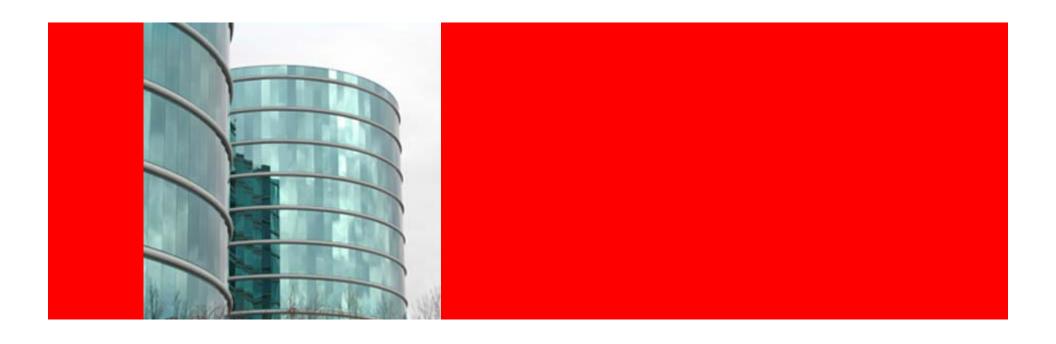
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Turbo Charging Purchasing, iProcurement & Payables: Hot Techniques for E-Business Suite Customers

Mark Peachey
Director, EBS Procurement Strategy

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The Future Of Purchasing & Supply

Sourcing Strategies Become a Critical Source of Competitive Advantage

Program Sourcing New skills needed to Mgr Mgr Number of key operate in globally complex suppliers fall and uncertain world Senior mgmt's expectations for purchasing grow **CPO Suppliers Buyer** Perf. metrics Ramts for better aligned w/ increased global & company obj. regional capabilities IT Sales Technology key to More flexibility & external globalization and sourcing customer focus required to strategies enterprise wide maximize supplier contributions

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

Goal: Achieve World Class Procure-to-Pay Processes

Drive 60% Higher Savings from Purchasing and Payables

Performance Indicator	Typical Purchasing Organization	World Class Purchasing Organization	Comparison Summary
FTE per \$Billion of Spend	104	54	48% Less Staff
Total Cost of Procurement (as % of Spend)	1.03%	0.72%	30% Lower Costs
Suppliers Per \$Billion of Spend	7,805	3,512	More Buying Power
Technology Investment per \$Billion spend	\$1.1 Million	\$1.4 Million	Better Information
% of Long-Term Contracts	37%	75%	More 'Planned' Spending
Cost per Purchase Order	\$10.35	\$1.52	Order of Magnitude Improvement
Purchase Orders in Electronic Form	17%	80%	Enables Effective Analytics
Cycle Time from Request to PO (hrs)	50.2	1.4	

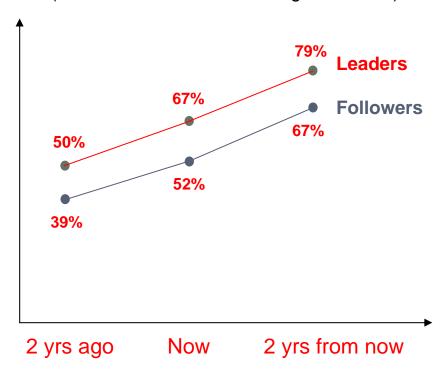
Source: Hackett Group & Oracle

- ✓ Shift Investment in Procurement to Higher-Value Activities
- ✓ Reduce Staff by Swapping Labor for Technology

The Lives of Procurement Professionals Are Expected to Change

Procurement Organization Focus

(% of Time Involved In Strategic Activities)



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

The CPO's Agenda

- 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.

A Difficult Transition...

Poor Order/Invoice Management

- Low % electronic POs (high transaction costs)
- Cashflow forecasting difficult with high non-PO buying
- Received by all, managed by none

Poor Cash Management

- Lost interest on prematurely paid amounts
- Unintentionally missed discounts (1% or more)

Kinks in the Supply Chain

- Premiums charged to serial late payers (1.5% or more)
- Delayed shipments due to late payments
- Up to 60% of invoices have errors (Meta Group)

Internal Control Gaps

- 'Floating' invoices = invisible and unaccounted liability
- Undetected overpayments = **erosion of profit margins**
- Disconnected payment processes = UNTOLD RISKS

The Procure-to-Pay Imperative

Lower Total Costs

With Online Negotiation and Collaboration

Streamline Procure-to-Pay Processes

With End-to-End Automation

Strengthen Compliance and Control

With Total Procure-to-Pay Visibility

Turbocharging Procure-to-Pay Processes

Reduce Manual Effort to Free Staff for Higher-Value Activities

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)



Transaction Execution

Compliant Procure-to-Pay Automation



Higher Value Activities (e.g., program management)



Higher Value Activities (e.g., supplier development)



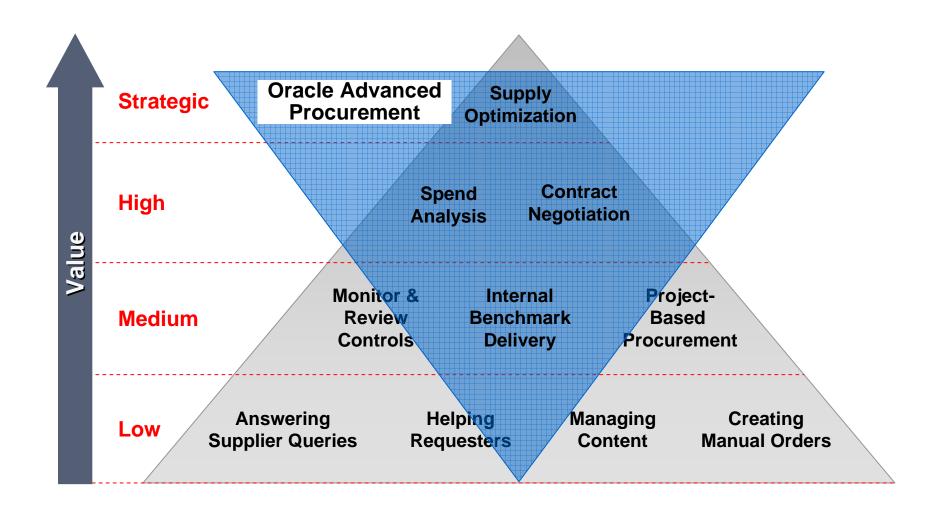


Buyer-Assisted Transactions

Exceptions

Turbocharging Procurement Processes

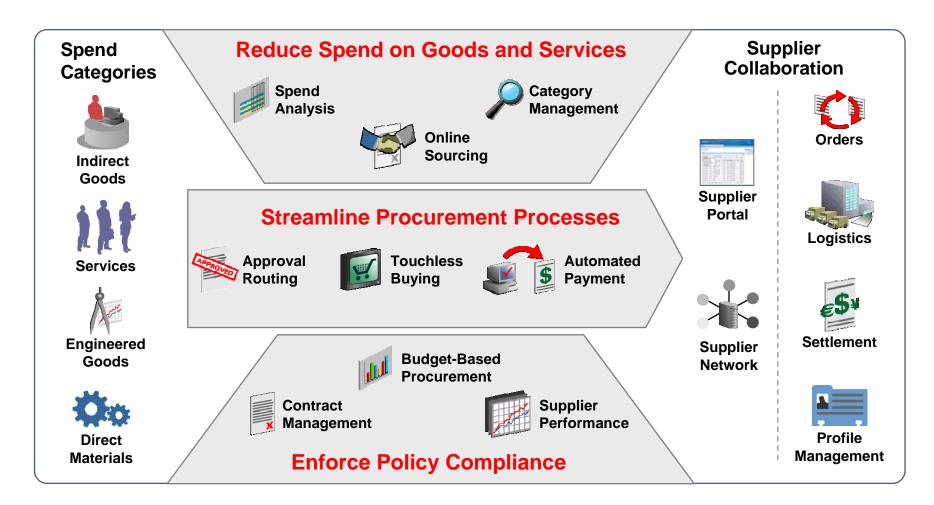
Rethinking the Organization Workload - Focus on High-Value Activities



How ORACLE® Delivers

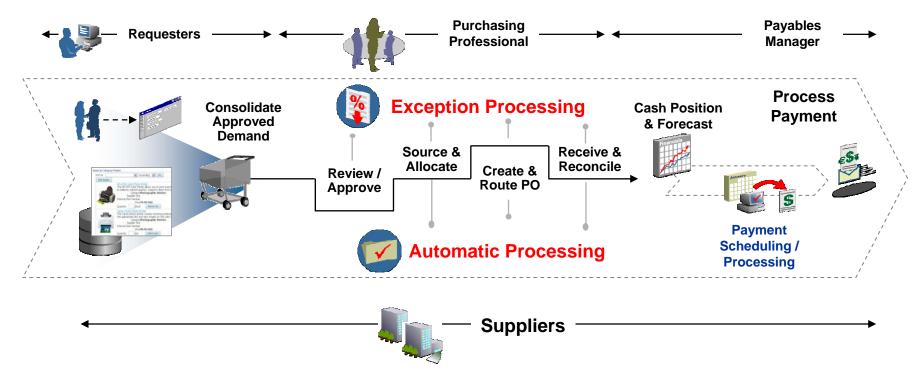
Oracle Procure-to-Pay

The Integrated Suite That Dramatically Cuts All Supply Mgmt Costs



Flexible P2P Automation

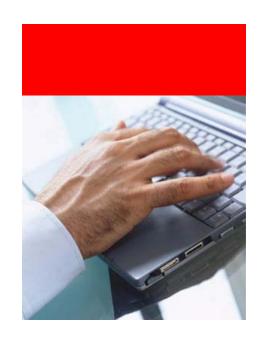
Eliminate Paper and Wasted Time



- Efficiently Create & Process Demand with Least Manual Work
- Automatically Allocate Spend to Suppliers via Embedded Sourcing Rules
- Speed Receiving and Settlement via Integration to Financials

Agenda

- Requester Managed Buying
- Touchless Purchasing
- Supplier Self-Service
- Payment Automation



Complete Tracking and Change Mgmt

Conserve Purchasing Staff Resources





Req & Order Management

- Easily locate & request goods / services
- Track approval and order creation
- Tolerances for autoapproval of new & changed orders
- Disposition supplier change orders



Fulfillment and Status Tracking

- View approval, order, acknowledgement, shipment, and receipt
- Automatically alert requestor on order exceptions (eg. non-receipt)
- Integrate to major small parcel carriers (eg. FedEx)



Receiving and Returns

- Record packing slip and waybill information
- Receive with "one-click"
- Easily return faulty goods
- Automatically invoice based on receipt (ERS)

Configurable Approval Management

Ensure End-to-End Compliance Enforcement

Corporate Policy

- Allocate spending to approved suppliers at negotiated prices
- Manage by exception

Approval Workflow

- Define rules-based approval list including amount, requestor, department, and project
- Validate funds availability in real-time
- Perform auto approval & automate notifications

Financial Controls

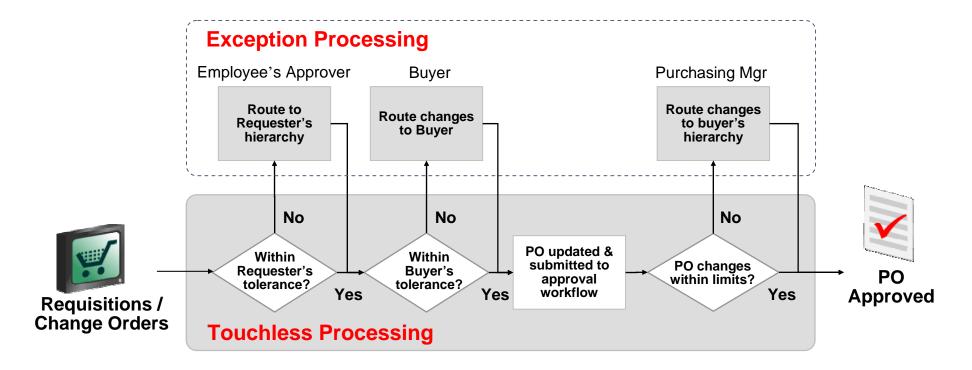
- Support budget, encumbrance, project, and grant accounting
- Set tolerances for commitments against a budget
- Allocate costs to one or more projects or grants

Role-Based Security

- Manage view, update and approval hierarchies
- Control requester access to authorized catalogs
- Define controls by user, costcenter, location, item, & commodity

Policy-Driven Self-Service Requisitioning

Automate and Control Employee Buying

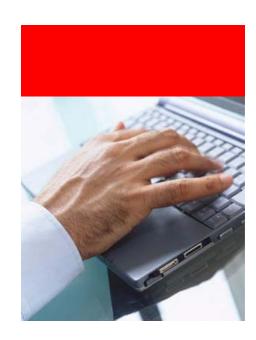


- Purchasing-controlled content for guided user choice (eg. preferred vendors)
- Implement policy in approval workflow engine

- Multiple approval paths with graphic displays and accounting enforcement
- Self-service order tracking, order changes, and tolerance-based auto-approvals

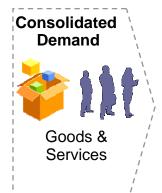
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Embedded Sourcing Rules

Make Buyers More Productive By Executing Touchless Buying



Rules-Based Auto-Sourcing Engine

- Configurable allocation logic with flexible hierarchies
- Define for item, commodity, cost center location

Purchasing Documents

- POs
- Blanket release
- RFQs
- etc.

Automatic Communication

- Supplier Portal
- OSN* / XML / EDI
- eMail
- Fax

Global contracts & blanket agreements

Demand plan, one-

time purchases



Approved supplier lists



Supplier profiles



Approval logic (optional)



Determine the Right Supplier Allocation and Create Orders Without Buyer Intervention

*Oracle Supplier Network



Demand Workbench

Efficiently Process Demand with Least Manual Work





View, search, sort, reassign, or reject demand from work queues

Buyer

- Determine supply source via ASL and policy rules
- 6 Auto-create by gathering lines from multiple requisitions

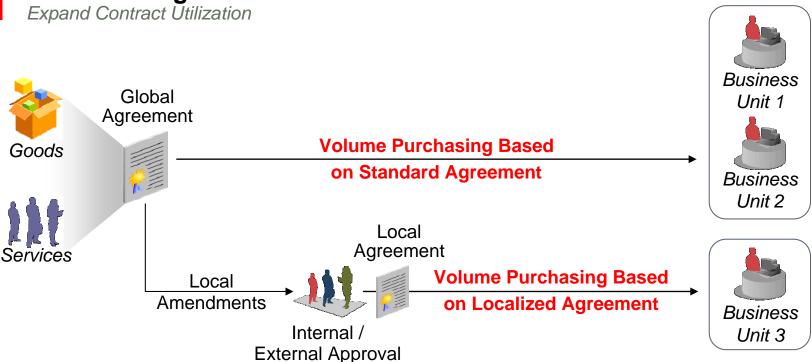






Manage Buyer Workload and Eliminate Error-Prone Manual Re-Keying PO Execution

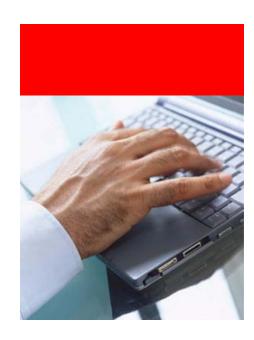
Shareable Agreements



- Centrally manage and share agreements within or across business units
- Capture base pricing, discounts, payment terms, volume agreements (cumulative and retroactive pricing on received / invoiced goods supported)
- Automatically utilize agreement and pricing to issue orders

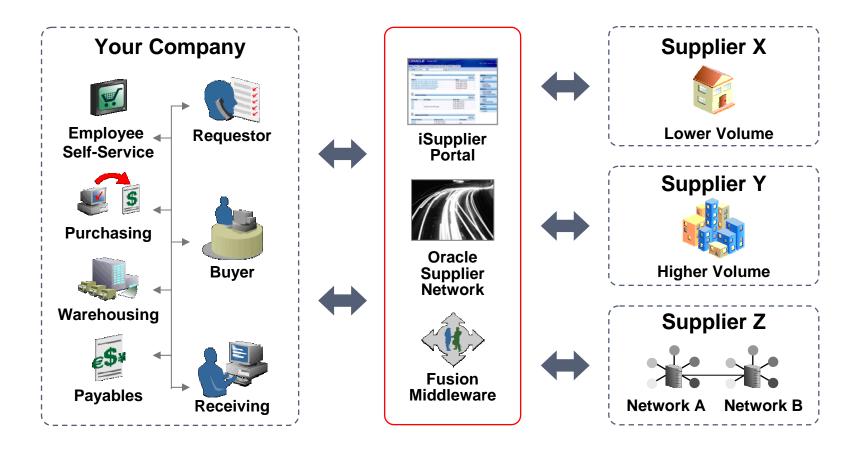
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Supplier Collaboration

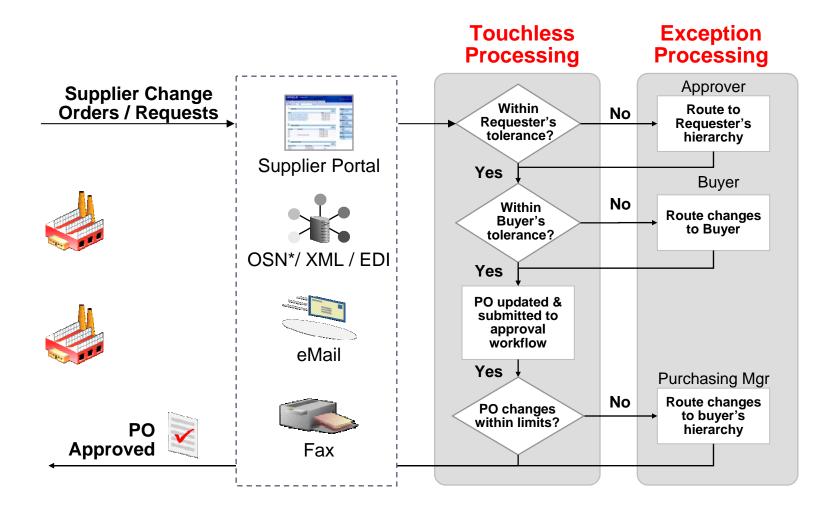
Lower Costs & Improve Service Through Structured Communication



Control Entire Procurement Process and Supplier Lifecycle

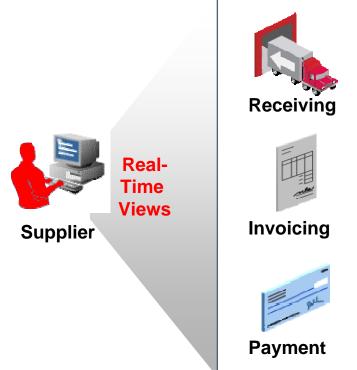
Supplier Change Orders

Eliminate Processing of Trivial Change Requests



Real-Time Receipt & Payment Status Views

Decrease Supplier Phone Inquiries Through Self-Service



Receiving

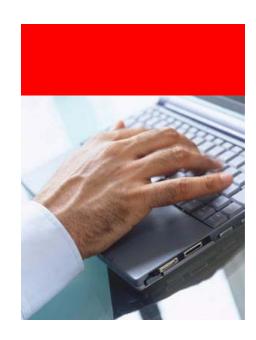
- Anticipate & respond to late shipments
- Improve put-away planning
- Quickly receive large shipments using license plate number
- Easily monitor return and inspection results

Invoicing & Payment

- View status of current and past invoices
- Check on-hold status reason code

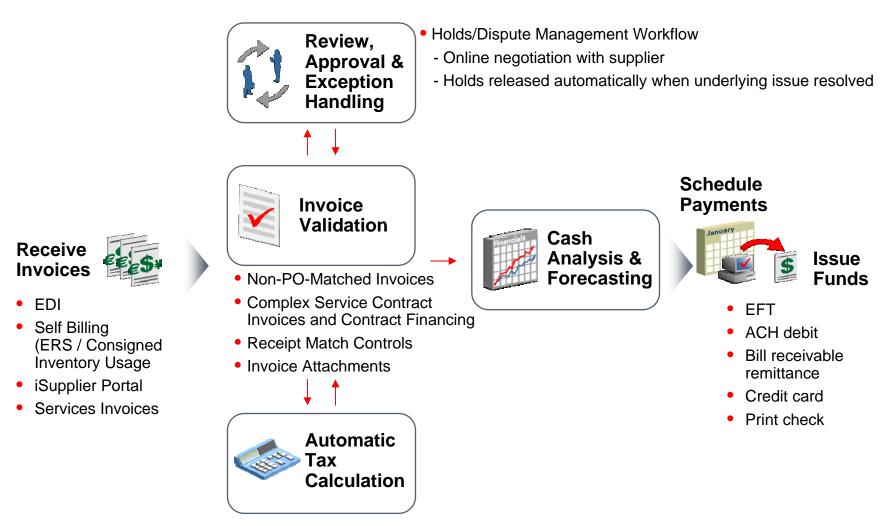
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Paperless Invoice Processing

Lower Costs & Improve Control with Electronic Invoicing



Time Payments to Capture Early Payment Discounts & Maximize Cash

Improve Operational Efficiencies

Multi Org Access Control

Transact and report across Operating Units without changing responsibility

- Streamlined access with appropriate security
- Batch Processing for multiple Operating Units simultaneously
 - Payment Processing (Payruns/ Payment Batches)
 - Invoice Import
 - Invoice Validation
 - Accounting



Oracle Procure-to-Pay

Packaged analysis of payables, spend, and suppliers; online negotiation and collaboration; embedded enforcement of pricing and terms

Lower Total Costs

End-to-end automation, policy driven self-service; structured supplier and banking communication

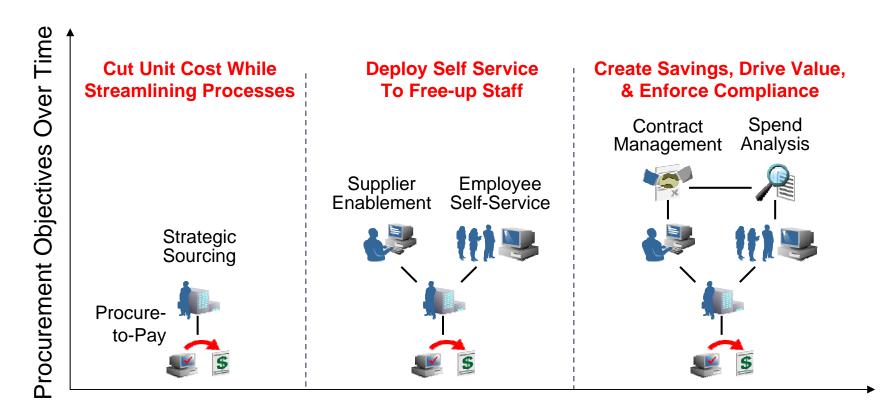
Streamline Procure-to-Pay Processes

Exception-based enforcement, budget-based expenditures, and total procure-to-pay visibility

Strengthen Compliance and Control

Implement Based on Procure-to-Pay Priorities

Adopt Applications On Demand or On Premises



- Focus early wins and ROI
- Operate fully integrated or stand alone
- Lower the time & cost to implement& maintain applications



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