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

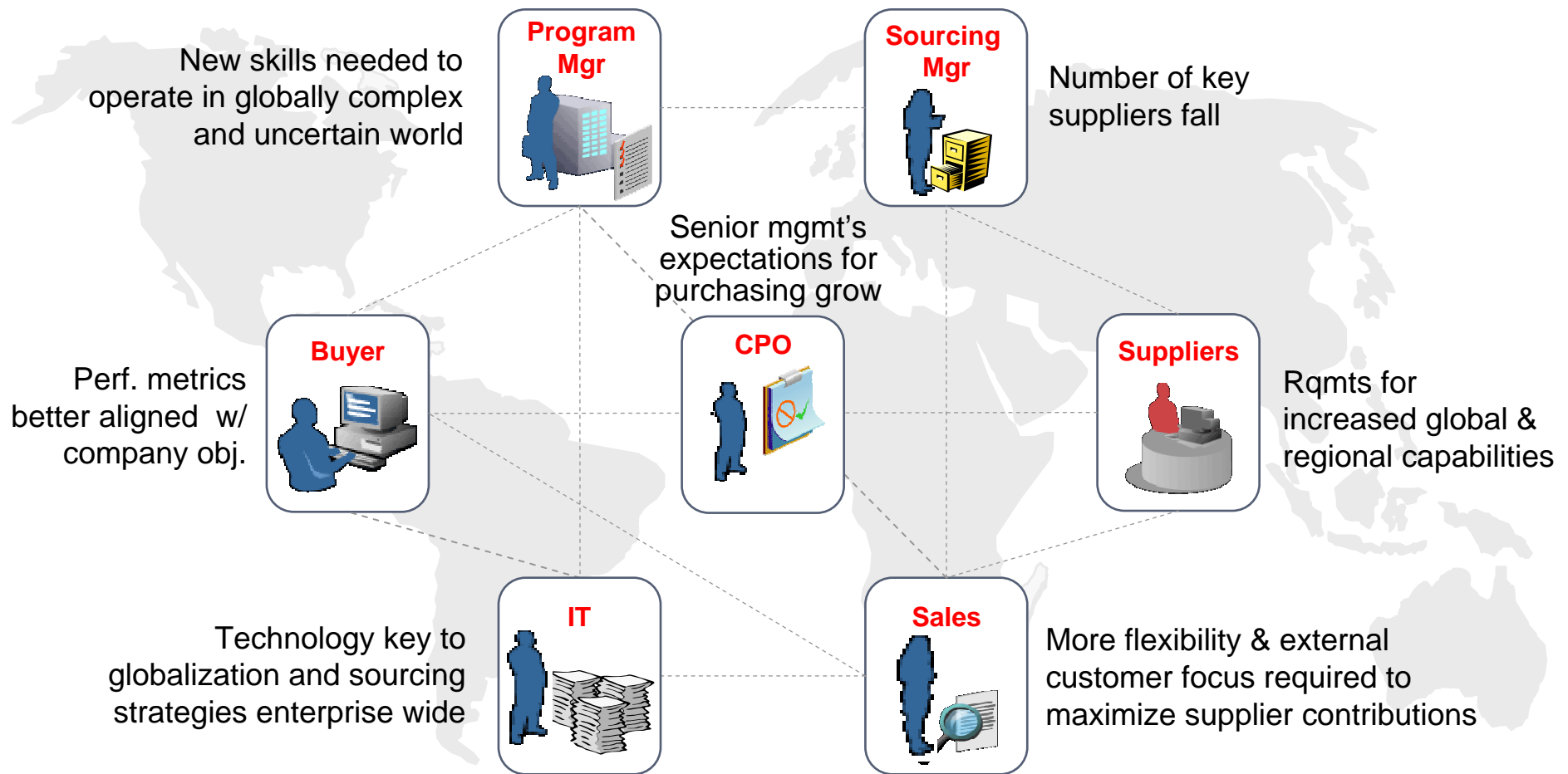
Mark Peachey
Director, EBS Procurement Strategy



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The Future Of Purchasing & Supply

Sourcing Strategies Become a Critical Source of Competitive Advantage



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

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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

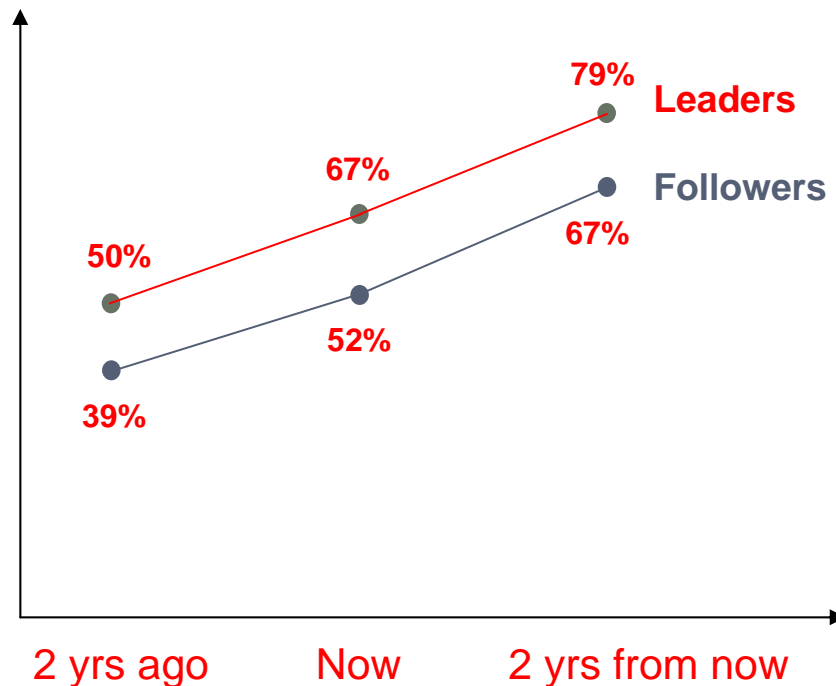
- ✓ Shift Investment in Procurement to Higher-Value Activities
- ✓ Reduce Staff by Swapping Labor for Technology

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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

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.



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

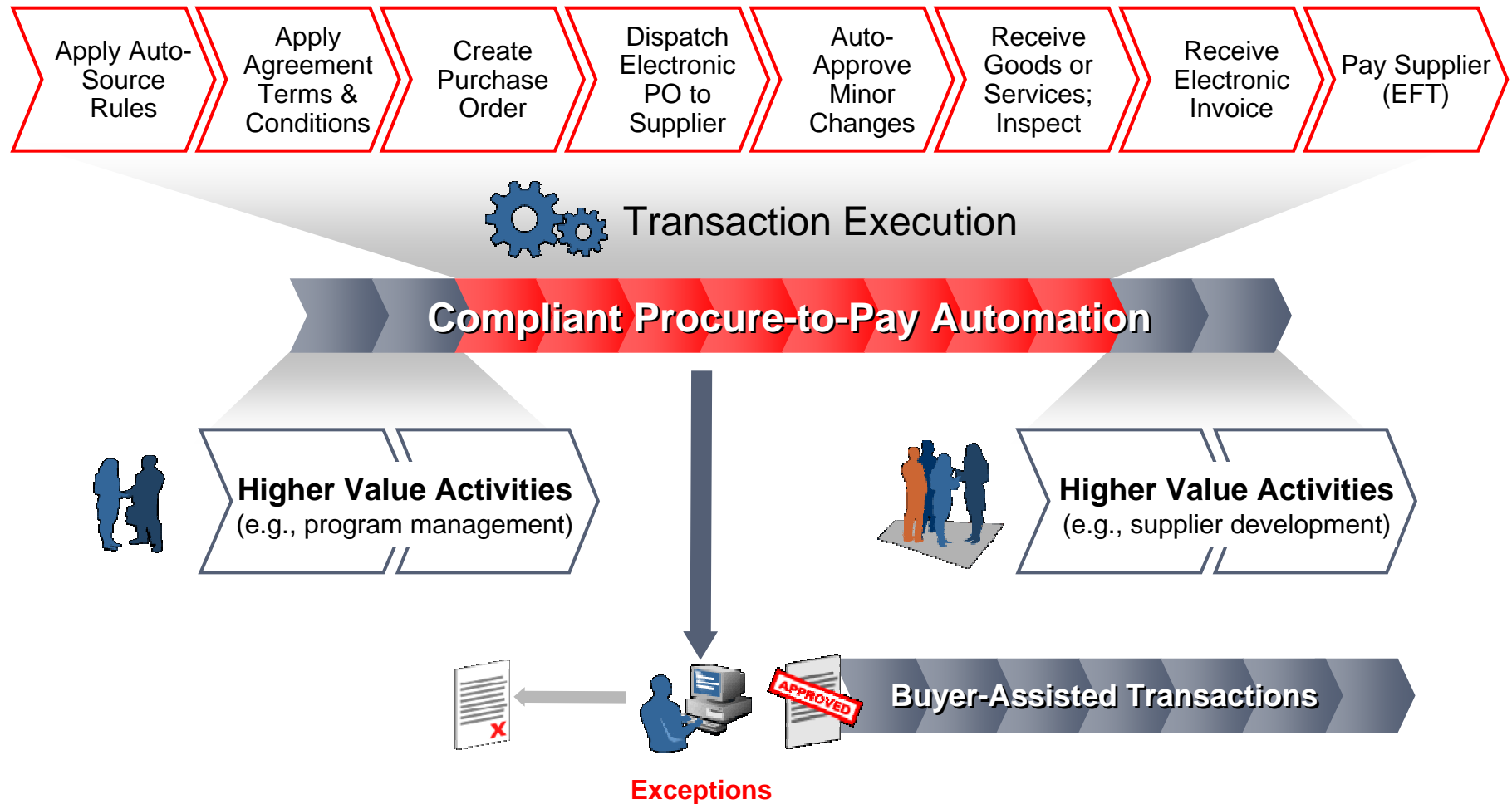
With End-to-End Automation

Strengthen Compliance and Control

With Total Procure-to-Pay Visibility

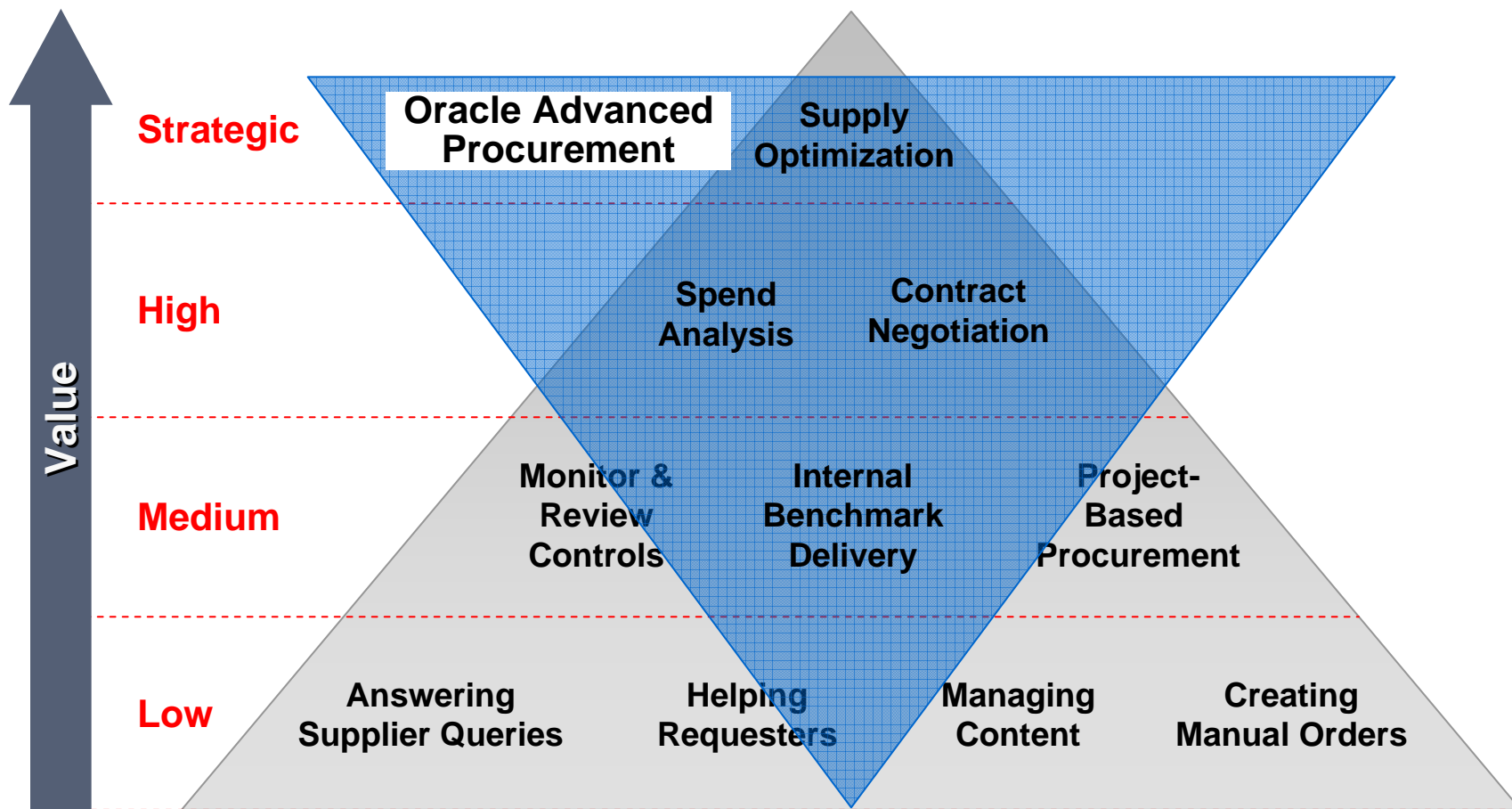
Turbocharging Procure-to-Pay Processes

Reduce Manual Effort to Free Staff for Higher-Value Activities



Turbocharging Procurement Processes

Rethinking the Organization Workload - Focus on High-Value Activities

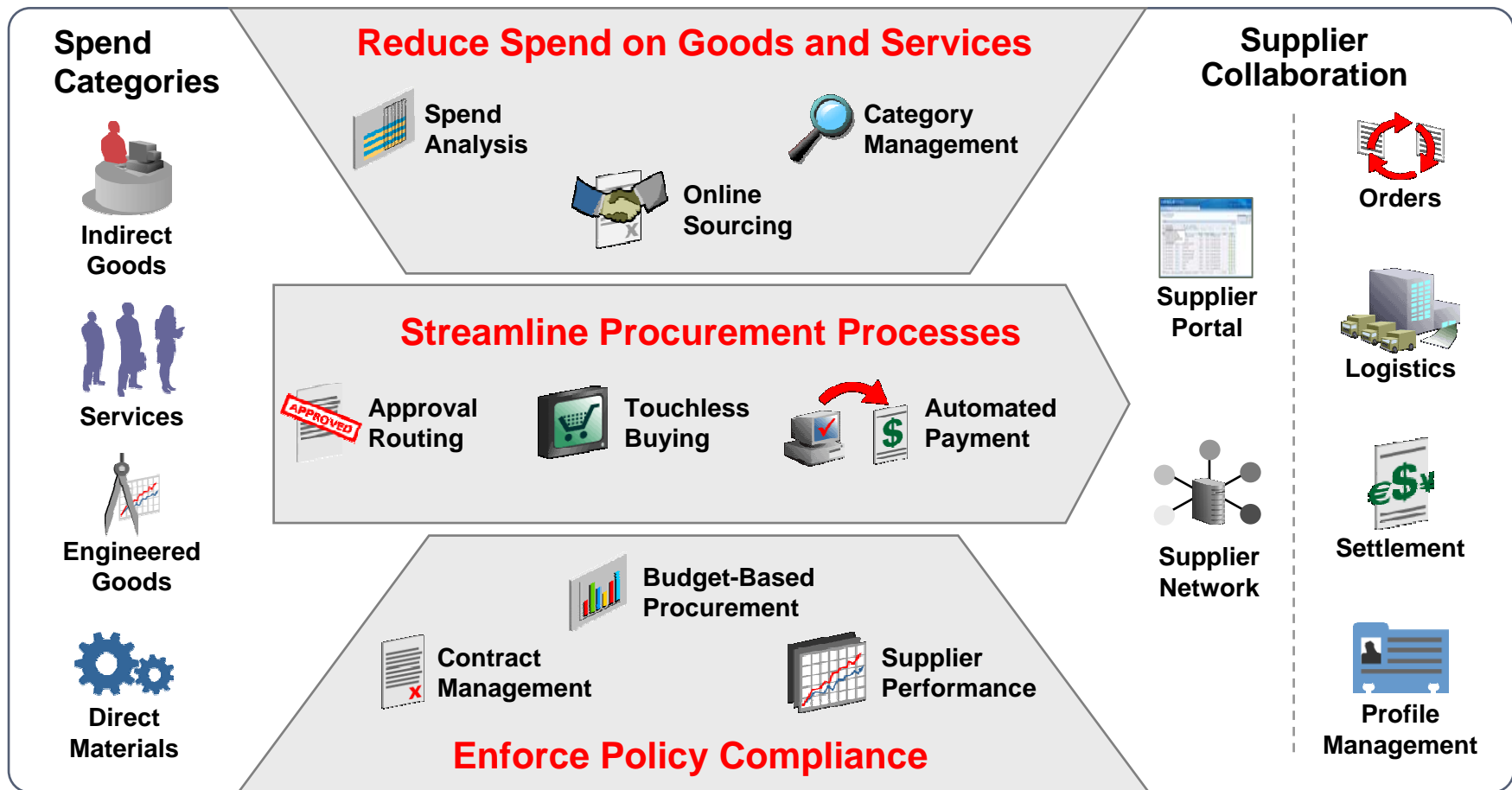




How
ORACLE®
Delivers

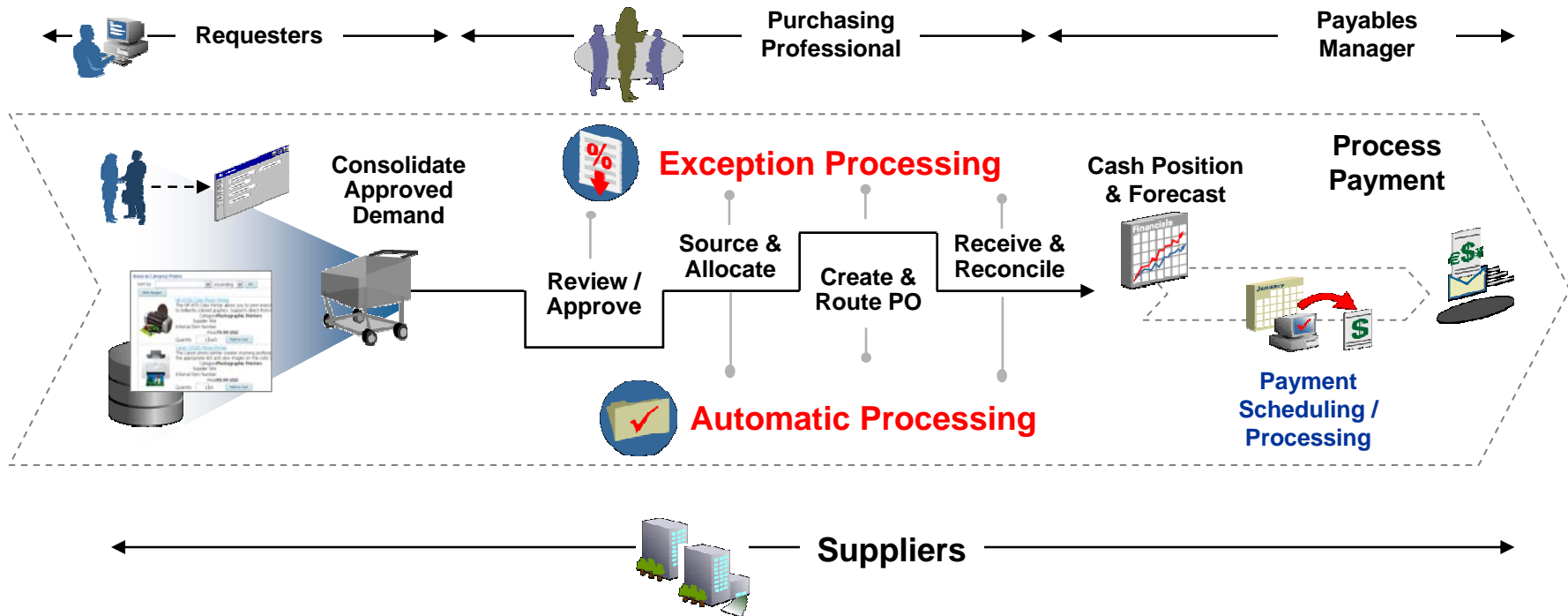
Oracle Procure-to-Pay

The Integrated Suite That Dramatically Cuts All Supply Mgmt Costs



Flexible P2P Automation

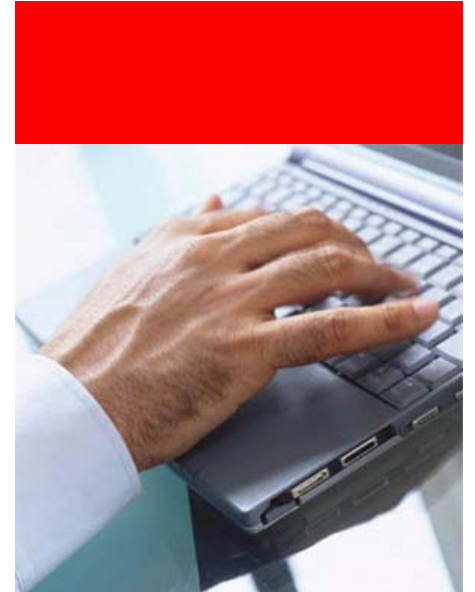
Eliminate Paper and Wasted Time



- 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

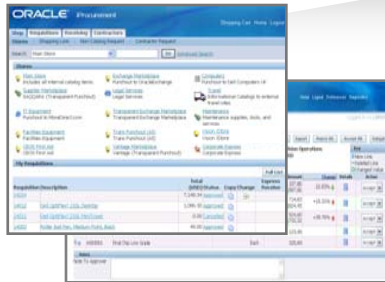
Agenda

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



Complete Tracking and Change Mgmt

Conserve Purchasing Staff Resources



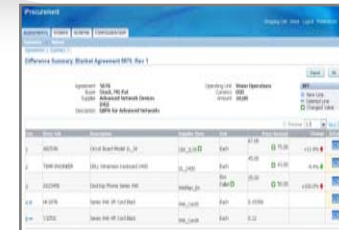
Req & Order Management

- Easily locate & request goods / services
- Track approval and order creation
- Tolerances for auto-approval 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)

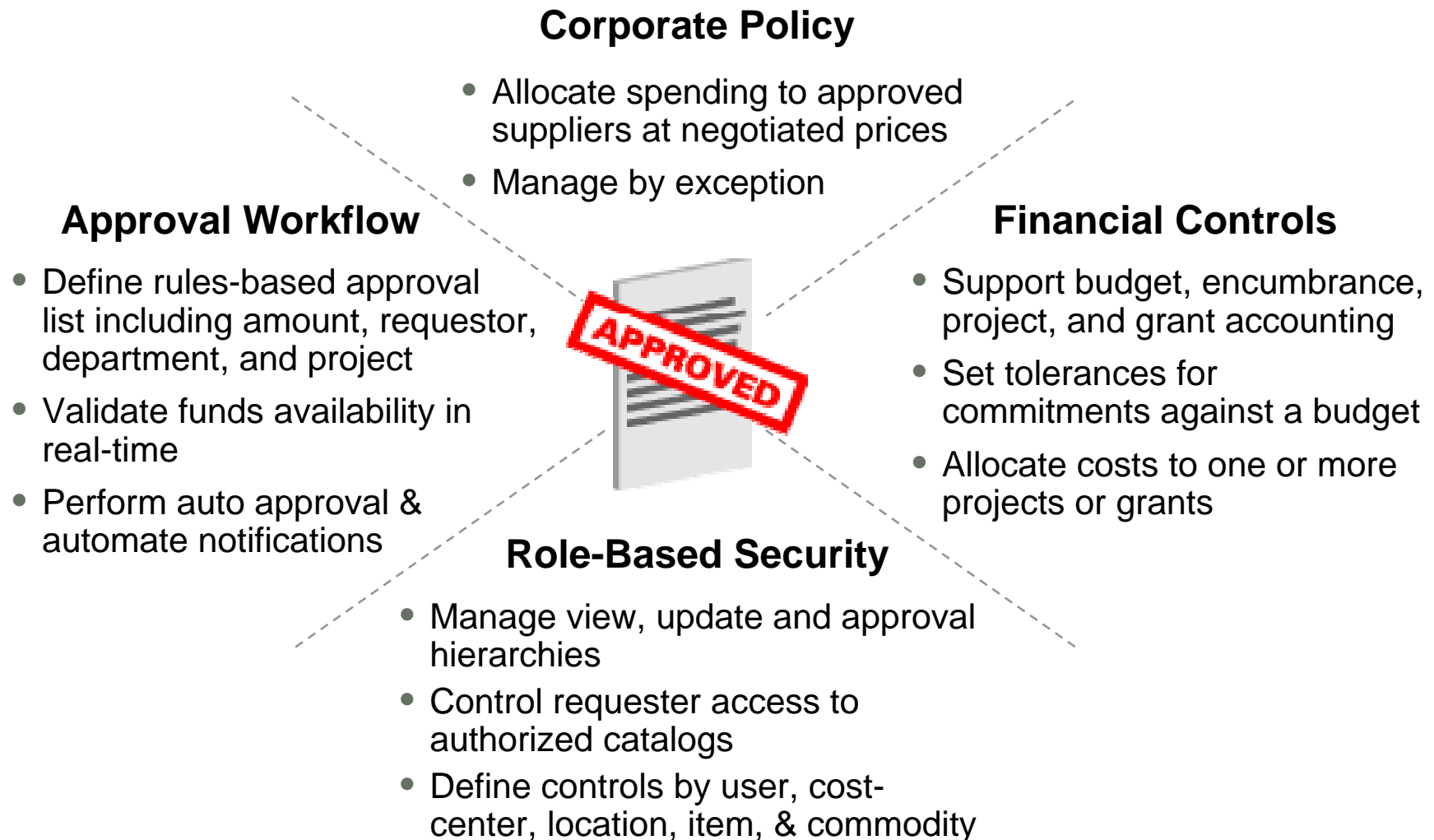


Receiving and Returns

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

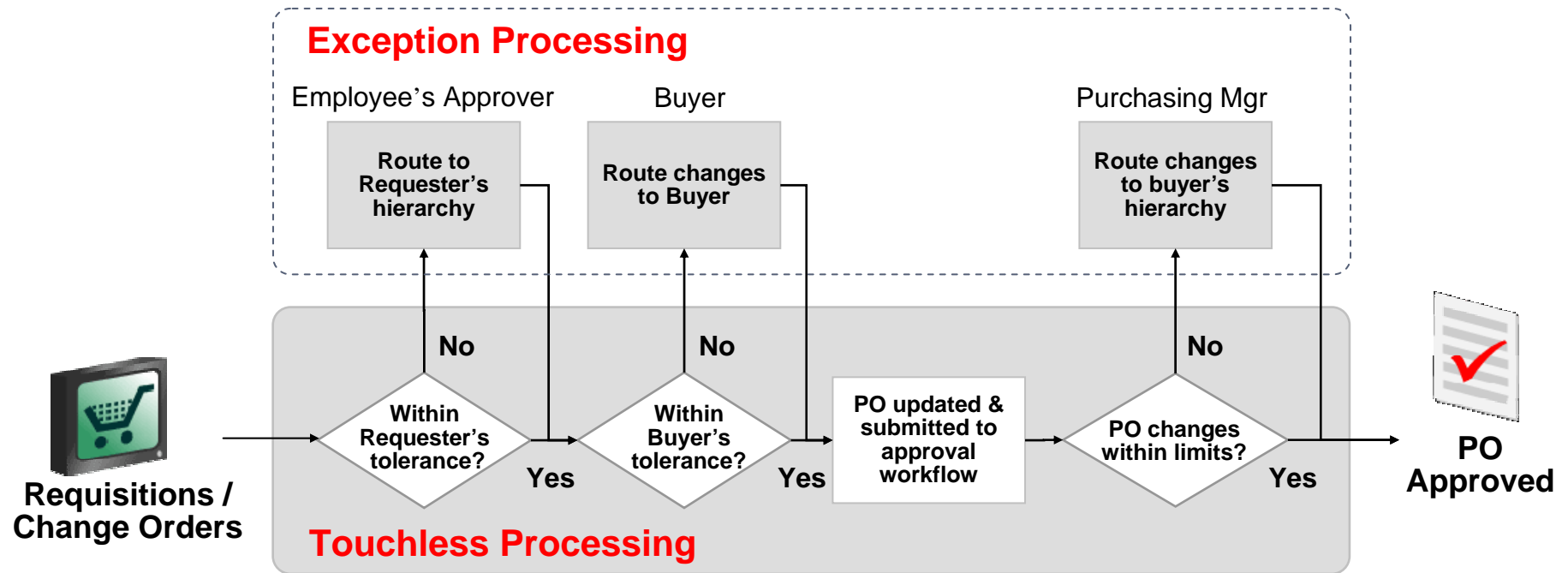
Configurable Approval Management

Ensure End-to-End Compliance Enforcement



Policy-Driven Self-Service Requisitioning

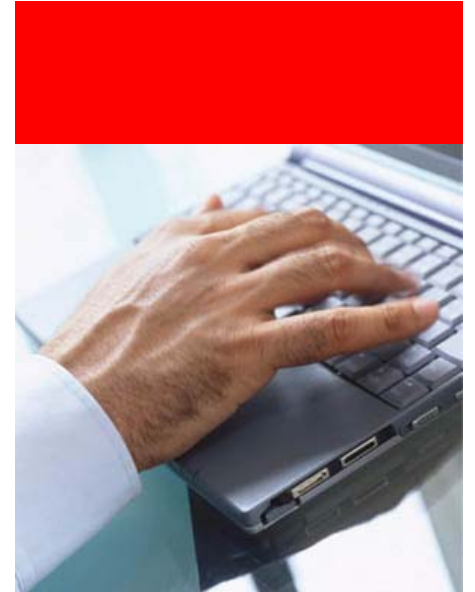
Automate and Control Employee Buying



- 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

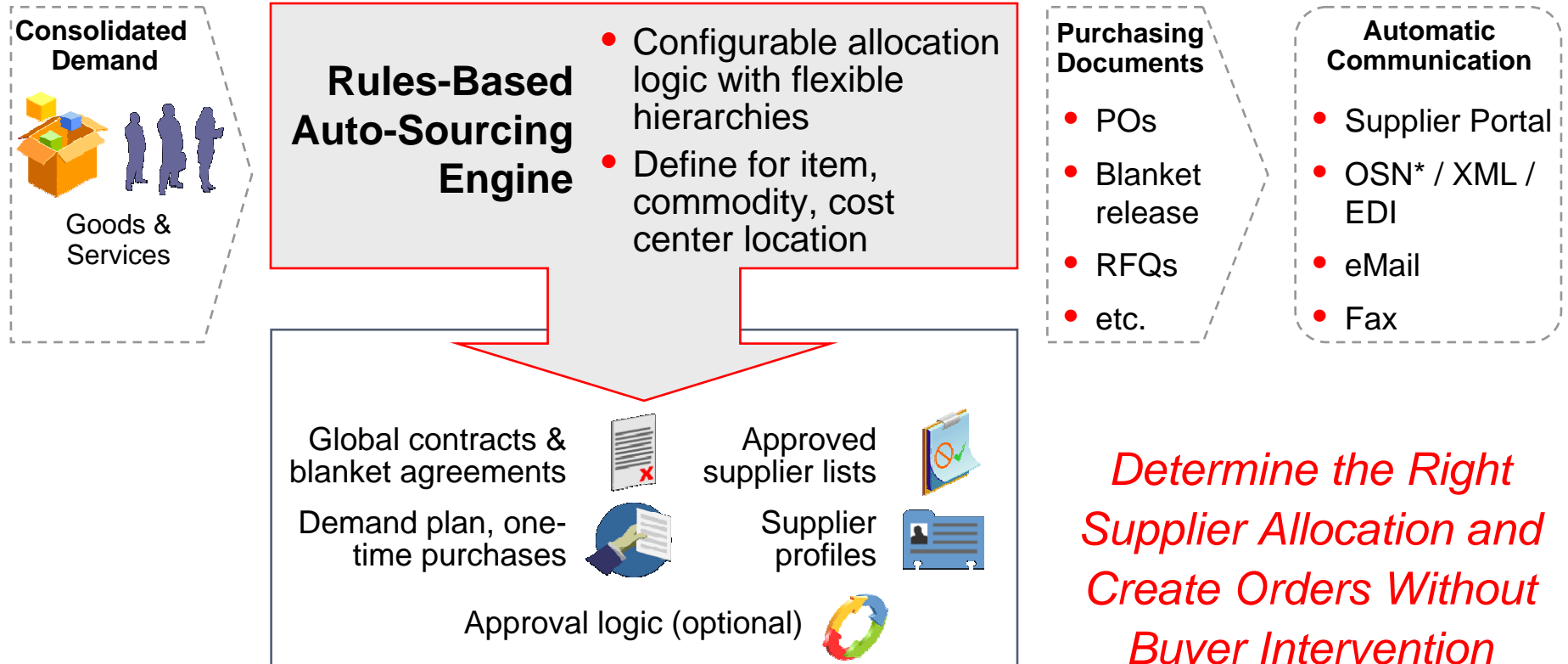
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Embedded Sourcing Rules

Make Buyers More Productive By Executing Touchless Buying

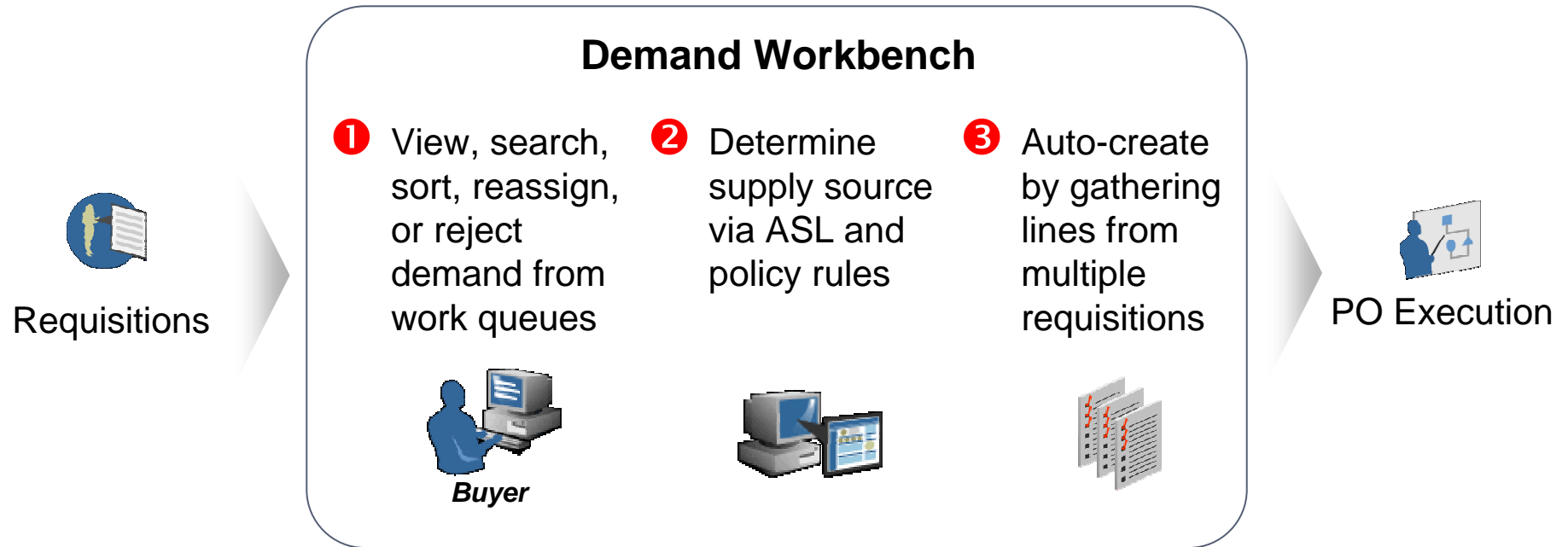


*Oracle Supplier Network

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Demand Workbench

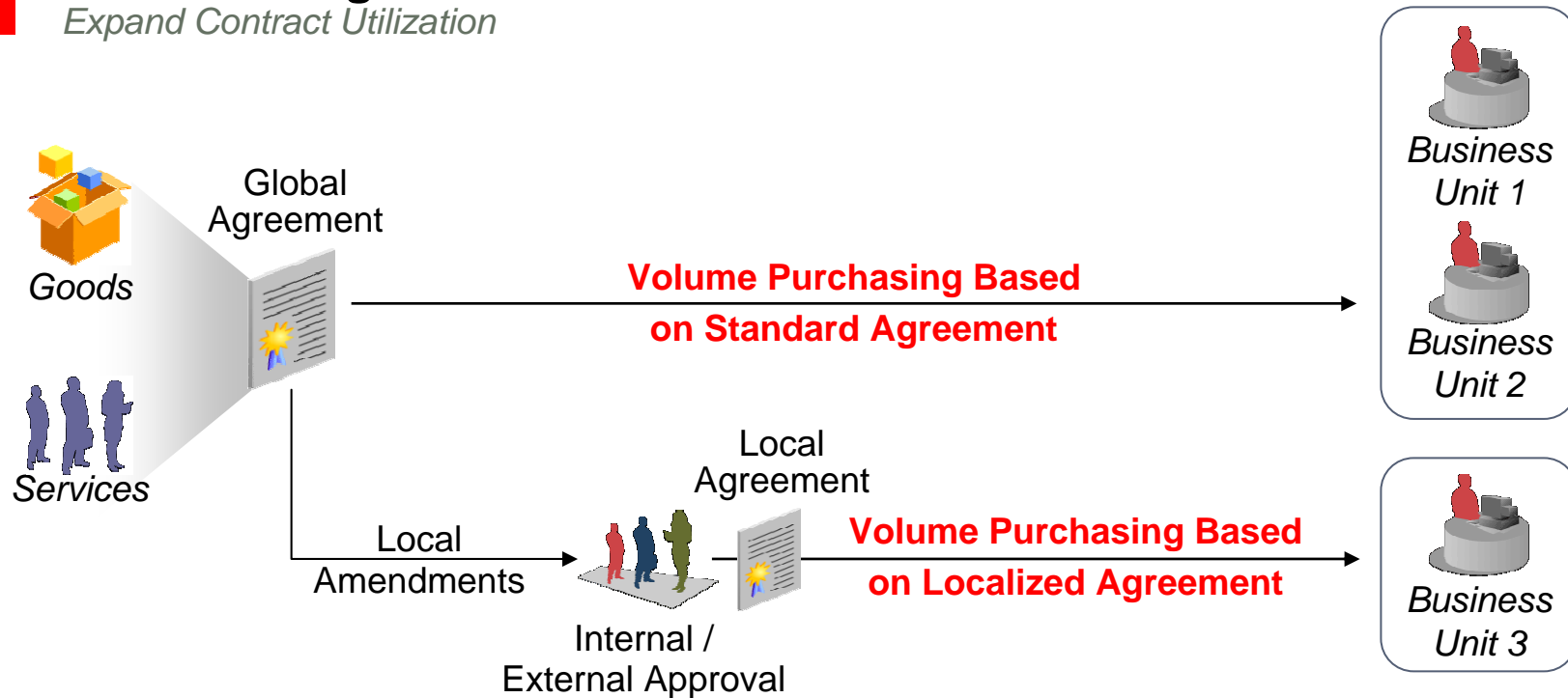
Efficiently Process Demand with Least Manual Work



*Manage Buyer Workload and
Eliminate Error-Prone Manual Re-Keying*

Shareable Agreements

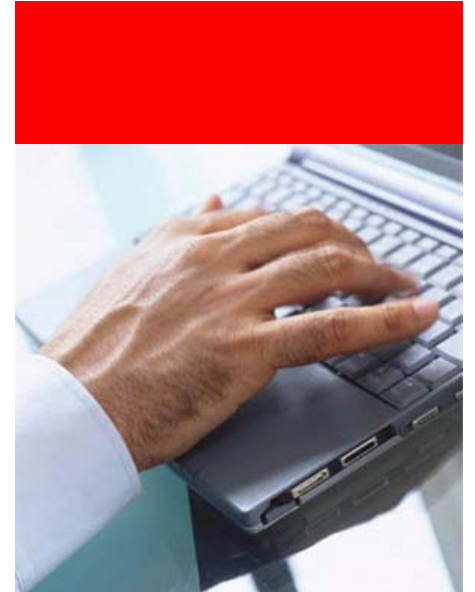
Expand Contract Utilization



- 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

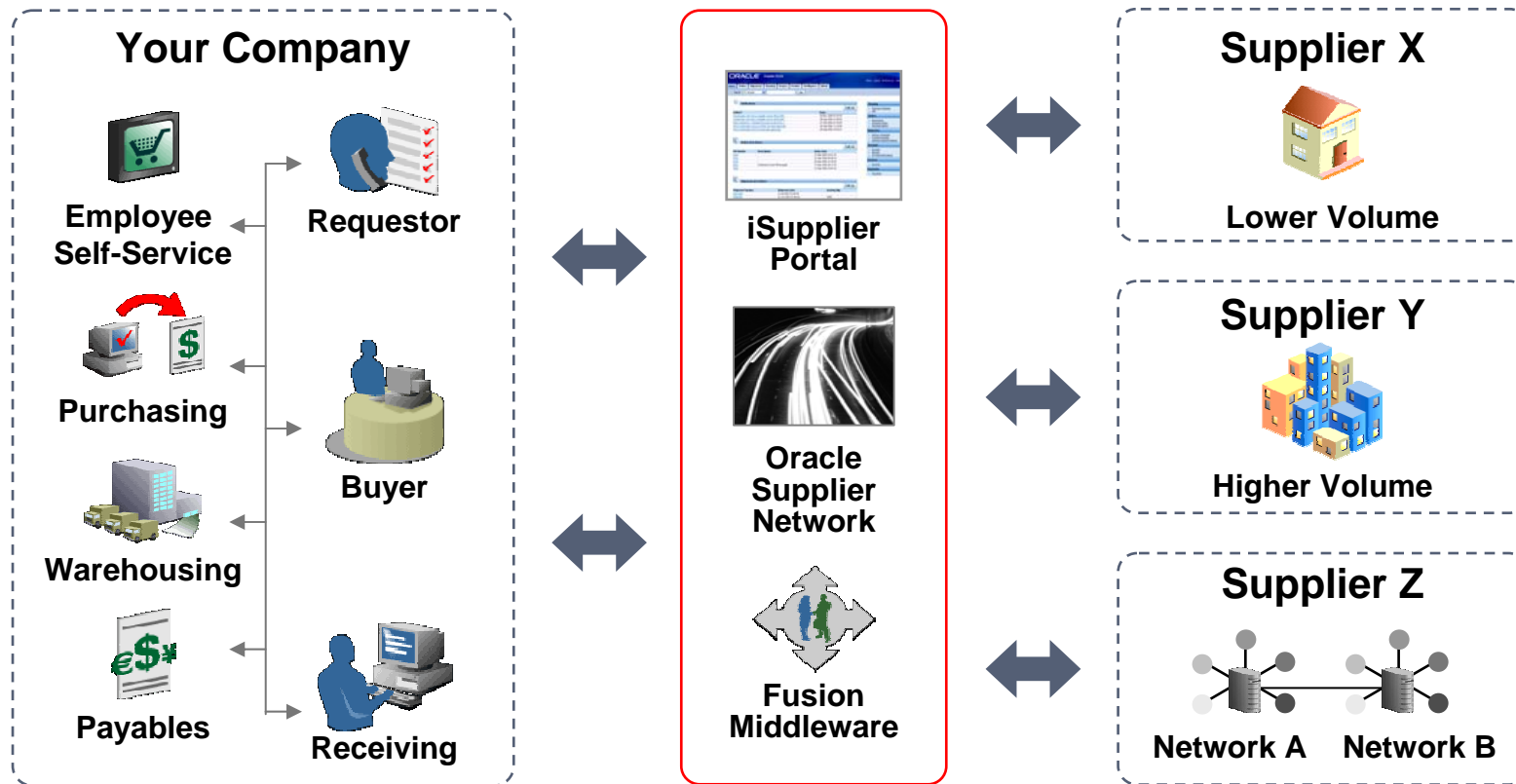
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Supplier Collaboration

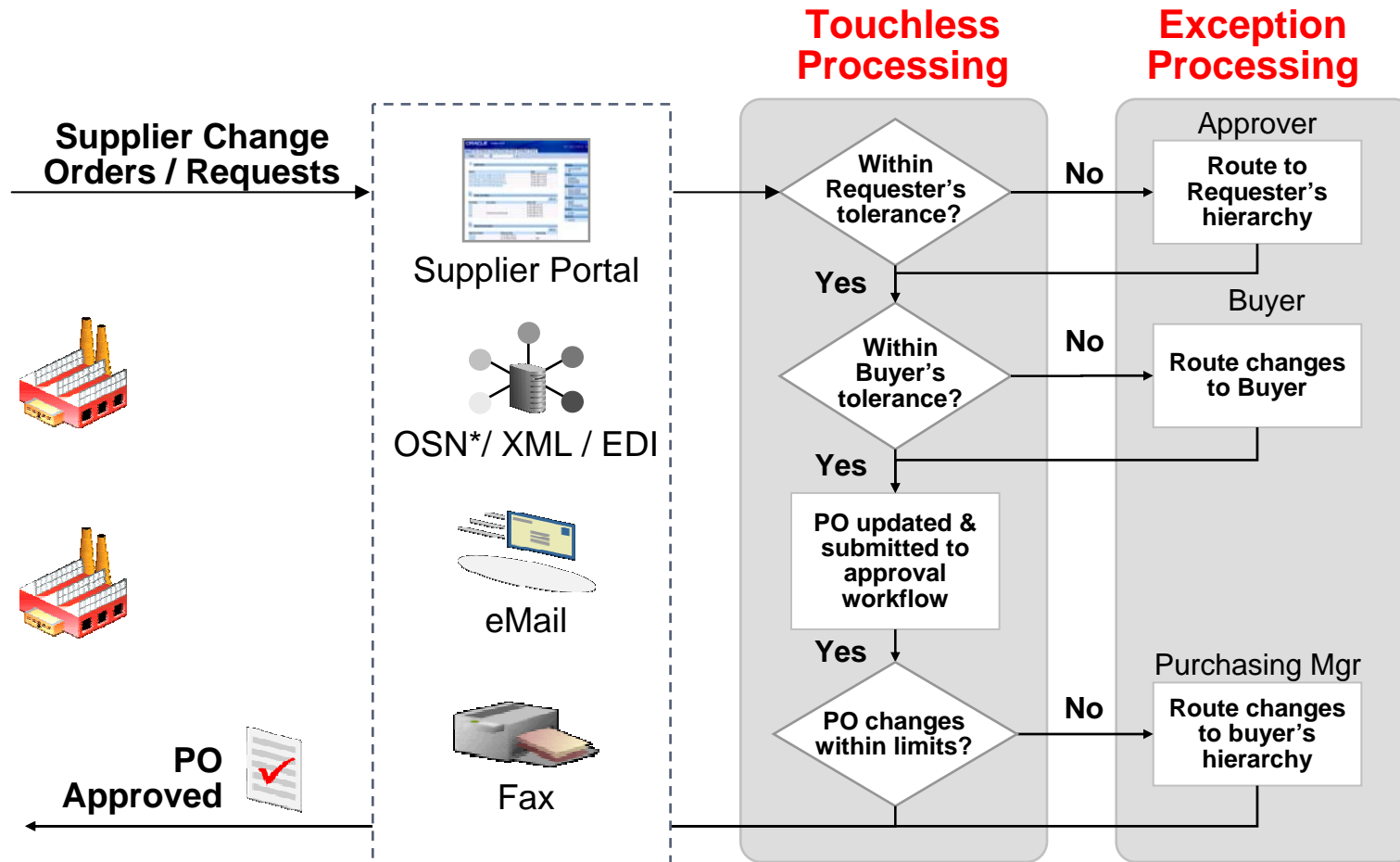
Lower Costs & Improve Service Through Structured Communication



Control Entire Procurement Process and Supplier Lifecycle

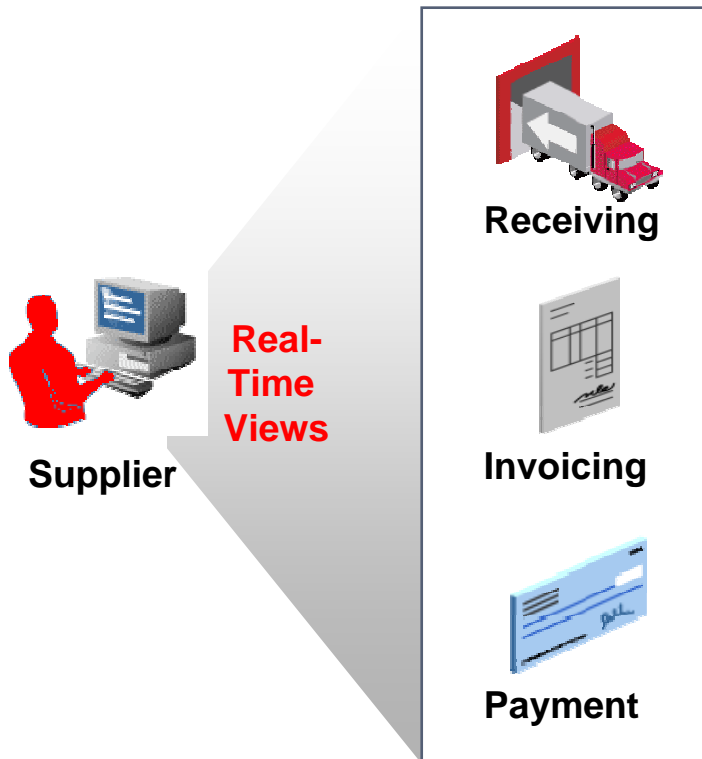
Supplier Change Orders

Eliminate Processing of Trivial Change Requests



Real-Time Receipt & Payment Status Views

Decrease Supplier Phone Inquiries Through Self-Service



Receiving

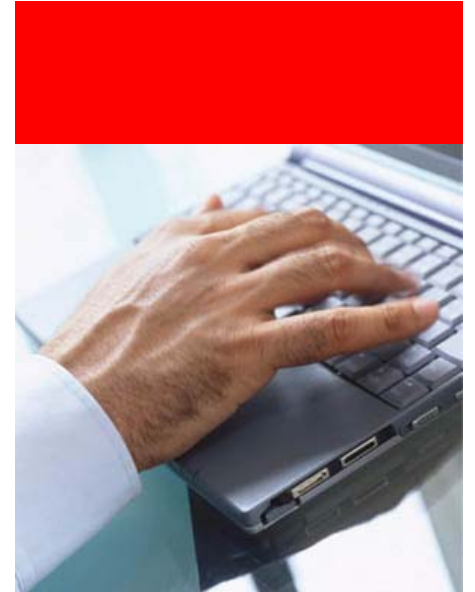
- Anticipate & respond to late shipments
- Improve put-away planning
- Quickly receive large shipments using license plate number
- Easily monitor return and inspection results

Invoicing & Payment

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

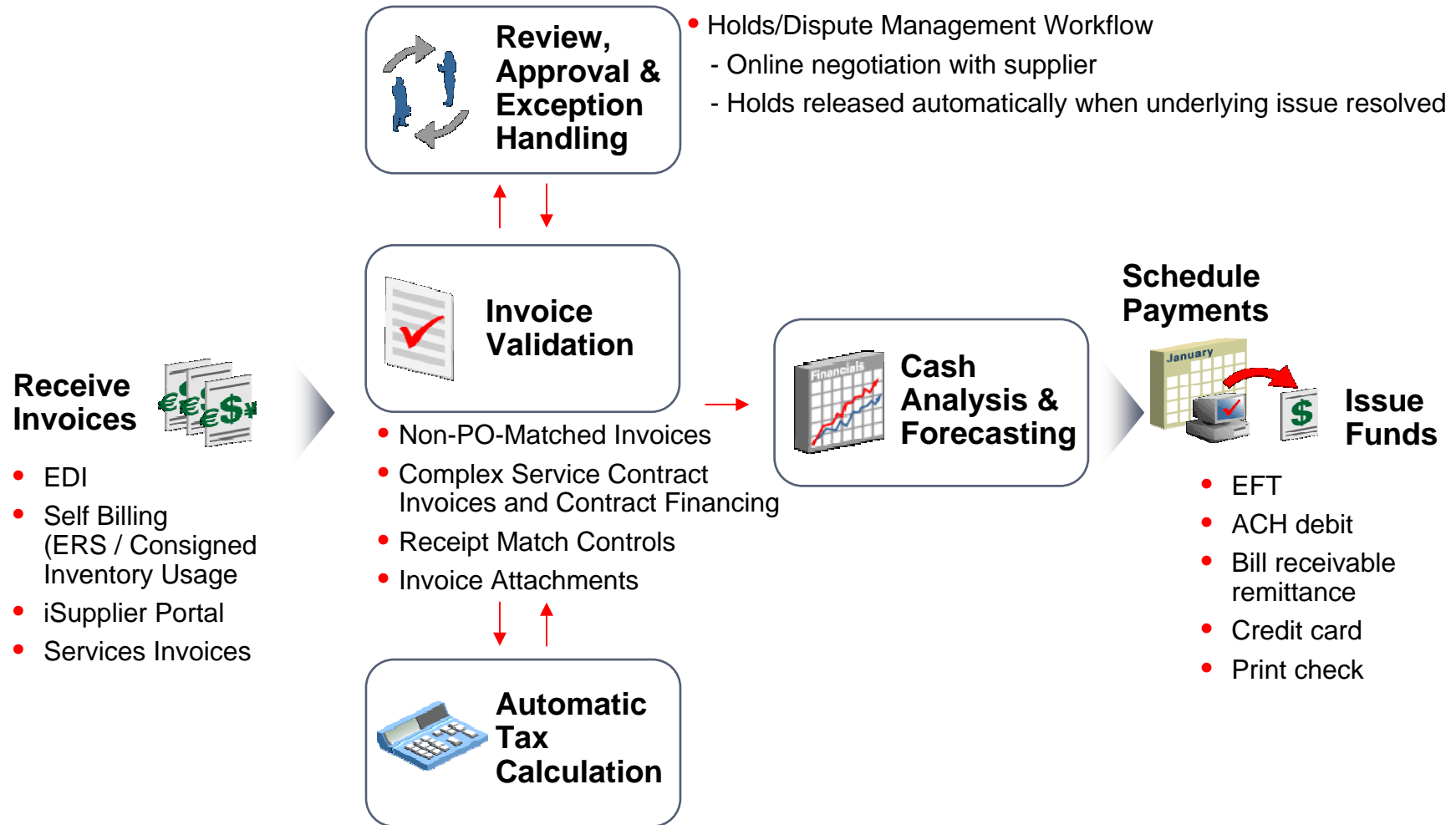
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Paperless Invoice Processing

Lower Costs & Improve Control with Electronic Invoicing



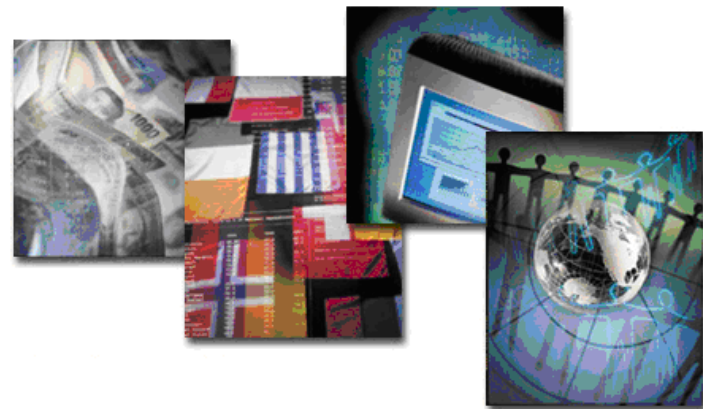
Time Payments to Capture Early Payment Discounts & Maximize Cash

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

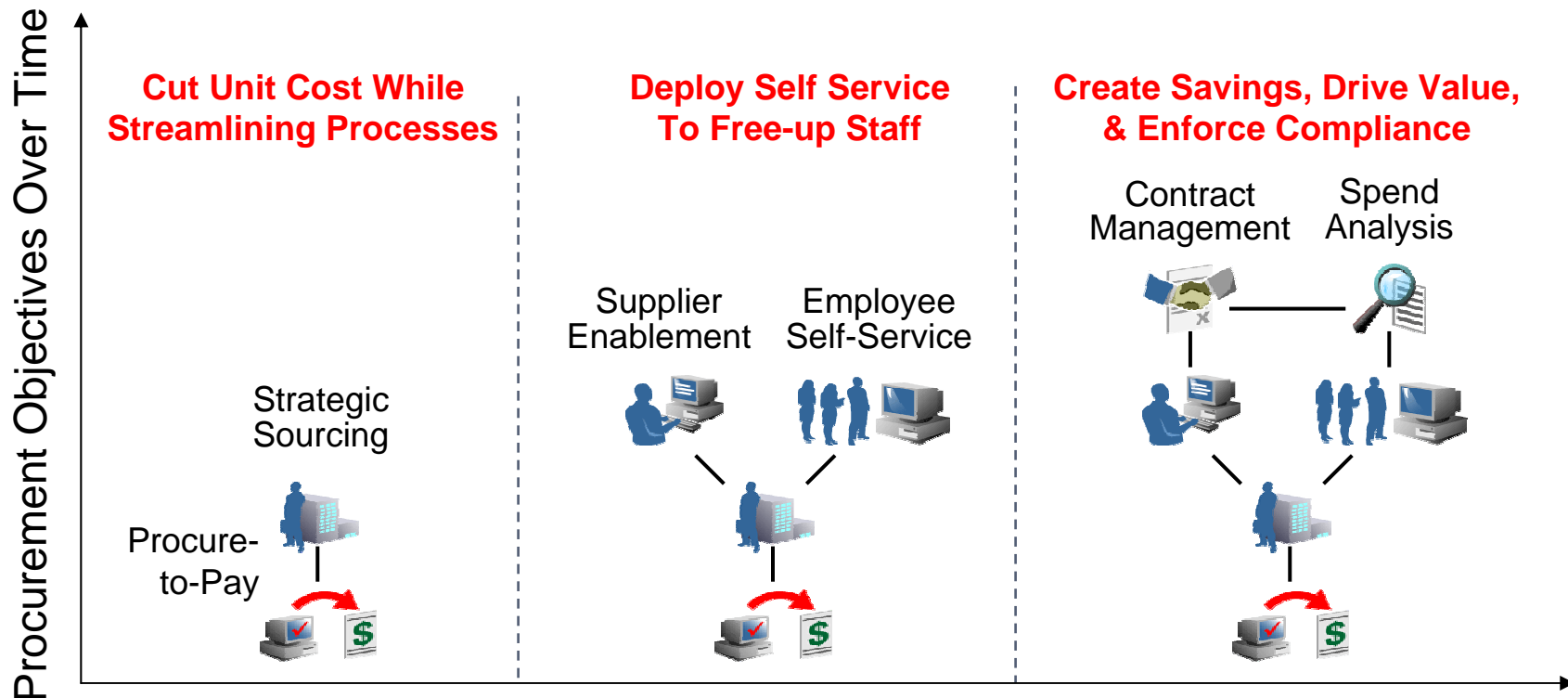
**Streamline
Procure-to-Pay
Processes**

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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