

ORACLE

Oracle Playbook

Supply Chain
Excellence

Maximizing Flexibility, Efficiency, and Speed



Our strategy for relentlessly focusing on our people, processes, and systems so we can achieve more with less

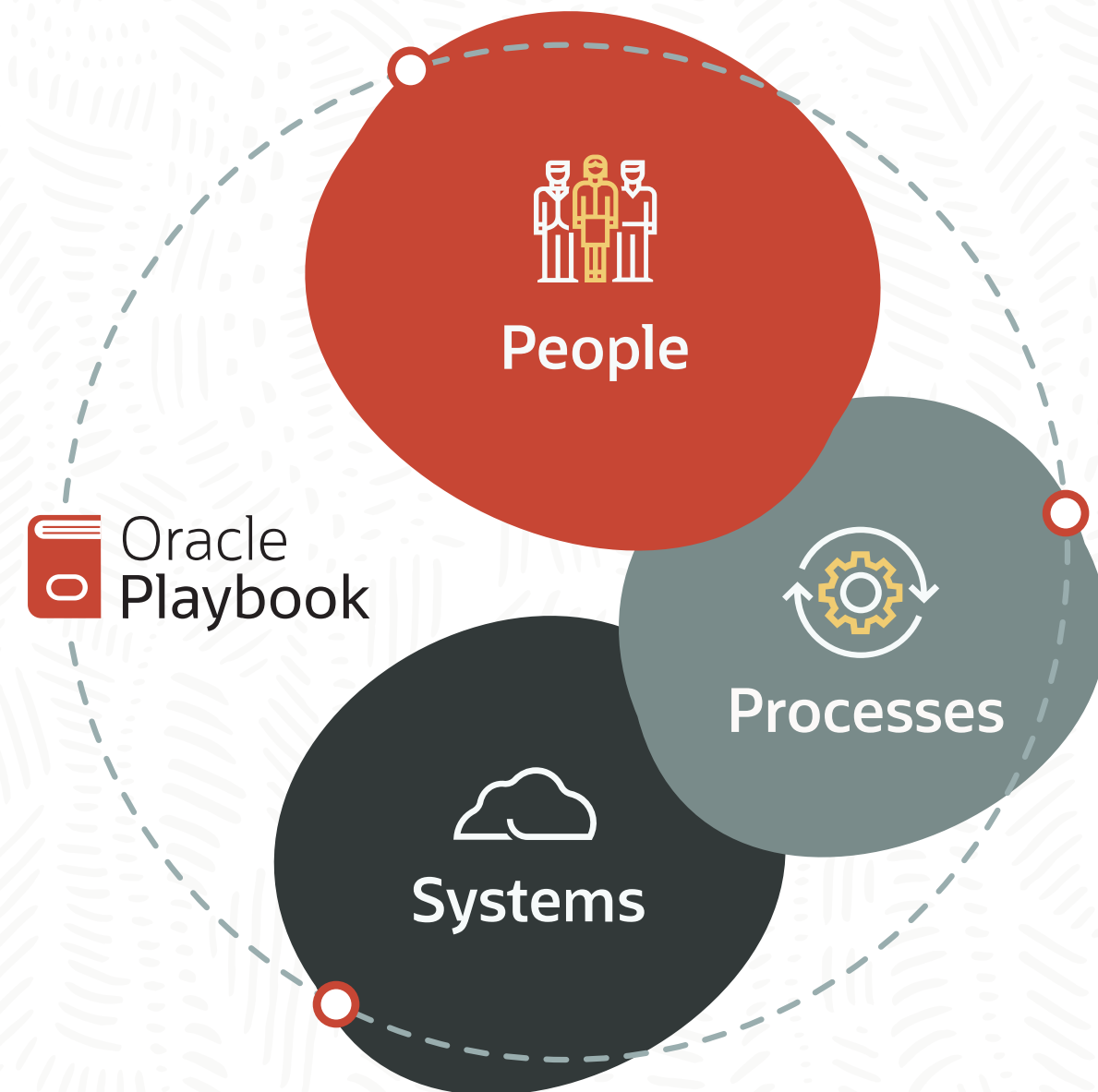
Although the supply chain disruptions of the last several years are behind us, supply chain leaders still face a challenging macro environment, including labor and skills shortages, economic uncertainty, and geopolitical instability. In many cases, they also have to contend with aging and rigid supply chain software systems that can't keep up with evolving business needs. As a result, it's more important than ever that supply chain leaders think differently and focus on achieving more with less.

At Oracle, our supply chain management team has been doing just that, leveraging automation to drive greater efficiency, velocity, and agility across the function. For example, we've reduced the time involved in adjusting our supply chain and communicating changes to supply chain partners by 70%. As a result, when supply chains were disrupted in recent years, we were able to quickly adjust plans as needed in response to global lockdowns, demand and supply fluctuations, and budget changes. And despite the uncertainty around us, we were able to continue delivering an exceptional experience to our customers and partners.

What's the key to our success? We call it the Oracle Playbook for Supply Chain Excellence. Going way beyond technology, the playbook is our strategy for relentlessly focusing on our people, processes, and systems to achieve more with less. It describes the secrets to how we transformed our supply chain management, from planning to delivery. And we're sharing those secrets here to help you realize similar success.

Our framework for driving supply chain excellence

When it comes to our approach, we mentioned that we focus on three major vectors: people, processes, and systems. Each area is essential.



People

Our people power our success, so we start by aligning each employee with our strategy and common goals. We then organize for success and instill a culture of continuous innovation.

Goals

Our focus on people begins with providing clarity on what's most important and aligning the work of every function and employee with our corporate goals. Oracle Chairman Larry Ellison and CEO Safra Catz clearly communicate, at every possible opportunity, that customer success is our true north. With that focus, every team continuously determines how they can best support our customers while driving our financial success—recognizing that what our customers may have needed to succeed in the past might be different than what they need today.

Organization

Another critical element related to our people is how we organize our teams to drive continuous improvement and innovation.

We've established global process and solution owners within each functional business area, which provides us with clear accountability and focus. This model has been essential to our ability to continuously optimize and improve our business operations.

Global process owners (GPOs) are individuals who sit in the business, and they're responsible for determining the most efficient process for their area of focus, as well as identifying ongoing improvements.

Each GPO is closely connected with a global solution owner (GSO) on our IT team, who is focused on the same area and responsible for the automation of Oracle processes. The GSO is an expert in Oracle technology and helps the GPO understand how they can optimally leverage Oracle Cloud Applications and Infrastructure, including the new features delivered every 90 days, to continuously improve and innovate.

This partnership helps align our business and IT functions, and, in working together, these two individuals continually simplify and improve Oracle operations. For example, in our supply chain organization, the GPO for delivery has collaborated closely with the GSO for Oracle Fusion Cloud SCM to create a best-in-class, automated process for dynamically routing delivery orders to the best carrier for optimal cost and velocity using the Fusion application.

Culture

Finally, when it comes to people, successfully driving and adapting to ongoing change and improvement means building a culture of innovation.

At Oracle, we're always learning and looking for ways to improve, better serve our customers, and become more efficient. We relentlessly question assumptions and are always willing to disrupt ourselves. And beyond that, our culture of innovation is one that doesn't just point to opportunities to improve—each one of us is a problem solver, innovator, and part of the solution.



Processes



We continuously review our end-to-end business operations, which underlie the experiences we deliver to stakeholders. We use a three-step approach to help us in our ongoing evaluation of our internal processes.

Streamline

Our first step is to streamline the journey for the customers, partners, and employees we serve. We start here because processes can become very complex when organizations look to solve every possible corner case or include every possible team. So we start with the person we serve in mind and the outcomes they're trying to achieve, and then we design the simplest possible process for that individual to achieve those outcomes.

Empower

Once we've looked at how we can streamline processes, the second step is to empower customers, partners, and employees to complete tasks even faster, ideally without manual intervention. To maximize efficiency and deliver the best possible experience, we look to automate internal processes to speed things up, reduce errors, and drive consistency and effectiveness.

Delight

Finally, we look for ways to delight those we serve so they can not only successfully and quickly complete their activities but also understand what's coming next, prepare, and enjoy the process too. People want to do more than just move quickly. They also want to achieve exceptional outcomes and make the best decisions.

Systems



Our final focus area in our ongoing pursuit of supply chain excellence is the systems part of our people-processes-systems approach.

Centralize applications

One key to our success has been centralizing our corporate applications. This has allowed us to eliminate complexity, costs, time, and other obstacles that would otherwise limit our agility and ability to deliver exceptional experiences. In addition, this centralization on Oracle's end-to-end cloud applications provides a single source of truth for data and a holistic view of our operations, which helps us make better decisions faster. For these reasons, whenever we acquire a new company, we aim to quickly integrate those acquired businesses into our centralized systems, with Oracle Fusion Cloud Applications playing a key role. For example, when we acquired Cerner—a large supplier of health IT services, devices, and hardware—we moved their supply chain operations to Oracle Cloud SCM in less than 18 months, which resulted in significant operational efficiencies and cost advantages.

Continuously innovate

We also leverage the end-to-end automation and embedded AI that Oracle Cloud Applications and Infrastructure provide to create seamless and exceptional experiences. And we use the innovation that's continuously released via Oracle

Cloud updates to improve on an ongoing basis—versus the old industry practice of waiting years and years to upgrade to new systems and take advantage of new functionality.

Deploy out of the box

As a rule, we've eliminated application customizations, which has allowed us to reduce overhead and reliance on IT support. Plus, without customizations, we're able to quickly adopt the new features released every 90 days through Oracle Cloud Applications. This has helped us future-proof our processes and operations as new updates and advancements become available.

And finally, every time we test a new feature or process improvement, we not only test the flows from end to end with our users, but we also watch them as they go through the new experience. Often, we find that what we thought might provide a better experience may actually introduce a new challenge or may not be as intuitive as we'd assumed. As such, we use “watch parties” to ensure those we serve find the new experiences just as streamlined, empowering, and delightful as we intended them to be.

Preparing for the transformation

Oracle's supply chain team works with more than 100 suppliers to help us develop thousands of products and fulfill tens of thousands of orders every year, both for customers and the Oracle data centers that host our cloud services—over 75 data centers currently, with more being added each year.

100+ suppliers



1,000s of products



Tens of 1,000s of orders



Like many of our customers, we previously relied on disparate systems and processes for our supply chain operations, and moving data between siloed applications slowed our planning cycles. To move more quickly and speed up our time to market, we set out to create best-in-class processes for all key supply chain functions—planning, inventory management, manufacturing, order management, logistics, product lifecycle management, procurement, and delivery—and leverage Oracle Cloud SCM to provide a unified architecture that would put all these functions on one platform.

After documenting how we wanted each of these processes to work, we then established critical priorities for configuring Oracle Cloud SCM to support operational excellence and exceptional customer experiences. Let's look at a few examples.

First, for most customer orders, we configure-to-order at scale and contain costs by drop-shipping to customers directly from third-party integrators or original equipment manufacturers. For all major product lines, we also ensure an optimal customer experience by controlling outbound freight movements globally with pre-established, fixed lead times.

As another example, we saw an opportunity to use Oracle Cloud SCM to automate tax credit refunding. In the US alone, we've captured more than \$20 million in tax credits to date through the duty drawback program. This ability to automate duty drawback reporting is particularly noteworthy given that 80% of duty drawback dollars are left on the table because organizations can't find a way to easily track and report the information required to receive the tax credit.

\$20M+

in tax credits captured through automated duty drawback reporting

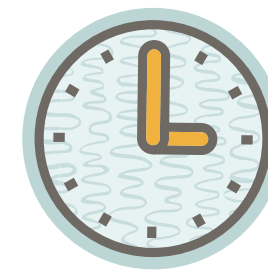


And as a third example, we use Oracle Cloud SCM to align and consolidate deliveries within a single sales order. For many of our customers, it's important to receive a consolidated delivery, even if the material for a single sales order ships from multiple different places around the world. Oracle Cloud SCM allows us to coordinate this "aggregation" in transit, without physically bringing the material together first.



Reducing planning cycles by nearly 70%

Moving to Oracle Cloud SCM has given us simpler, faster, and better ways to plan and execute our operations strategy. For example, it lets us generate multiple demand scenarios in parallel and run them through a supply availability assessment to determine risk and opportunities. Once we align on a specific forecast, we can automatically communicate our demand forecast, along with any subsequent changes, to our suppliers. This means we're communicating with no manual intervention or manual adjustments.



The result: We've reduced the total time involved in our supply chain planning cycles from three weeks to one week—a nearly 70% reduction. And incremental plan changes can now be made in 24 hours, rather than a week.

We've also used Oracle Fusion Cloud Supply Chain Planning to improve our supplier forecast communication and commit process. It enables us to combine demand insights, supply constraints, and stakeholder input, while the Supply Chain Collaboration capability helps us engage our partners in decision-making to reduce the impact of supply chain disruptions. With these capabilities, we've implemented a weekly supplier forecast communication and commit process that covers an 18-month planning horizon and lets us continuously stay aligned with suppliers via a closed-loop, automated system.

In addition, using the sales and operations planning capability within Oracle Supply Chain Planning, we can execute a continuous, forward-looking planning process that connects our sales strategy, financial analyses, and operations requirements. Using this capability, we're able to synchronize finance and material planning, evaluate scenarios, settle on an operations plan that optimizes resourcing and usage, and resolve any issues that may come up along the way.

As an example, this planning process is particularly important when it comes to building new data centers for our cloud customers, a high-stakes call we've made more than 75 times. To develop the build plans, we have to bring together insights from our sales, finance, and supply chain operations teams, taking into account factors such as the expected customer demand, expense management, and our ability to obtain the materials we'll need in a given time frame. To avoid unnecessary delays when building a data center, we use Oracle Supply Chain Planning to help us position preassembled racks and infrastructure materials close to where the data center will be built. As a result, we've been able reduce the time it takes to meet our data center expansion needs by 80%.



80%

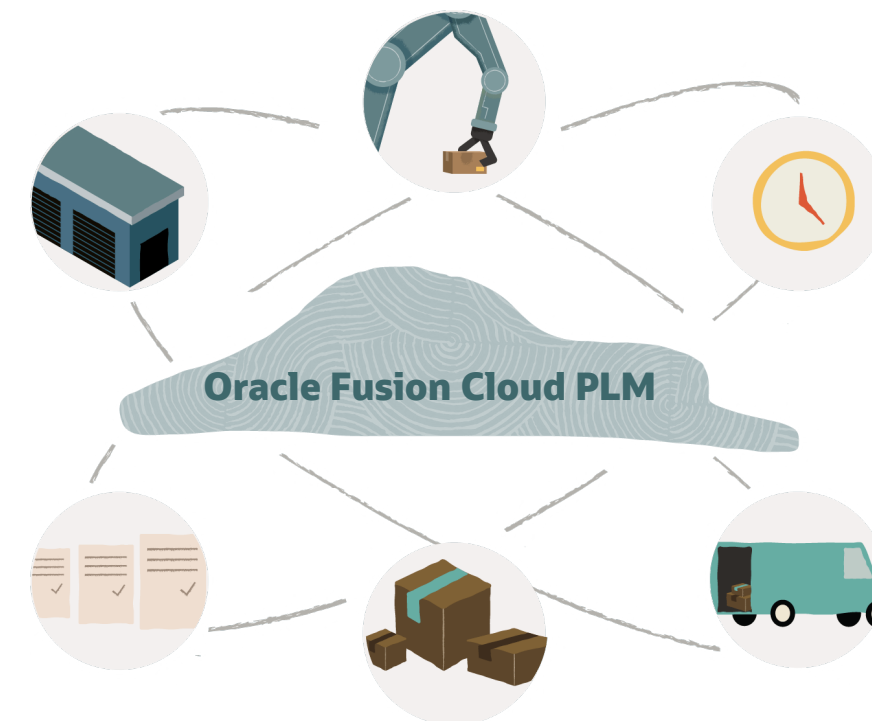
faster response time for data center expansion needs



Standardizing on a single data model for product management and supply chain execution

Before we moved to Oracle Cloud SCM for product management, we had separate systems to manage different parts of the supply chain. As a result, there was a lag between systems when making engineering changes, which caused delays, data discrepancies, and other inefficiencies.

In our move to Oracle Fusion Cloud Product Lifecycle Management (PLM), we standardized all product release and attribution functionality in a single data model—i.e., a single place where product data is automatically stored and made accessible to all relevant business processes and applications.



This standardization and automation allows downstream applications to connect to a single source of truth, providing real-time synchronization. So as soon as a change is made to the product structure, bill of materials, or quantity, that information is immediately available to all consuming applications.

The move to a single data model has provided numerous other benefits as well. For example, it has allowed us to integrate multiple user groups into a single environment and enabled instantaneous item updates across all modules, thereby reducing item records by 50%. In addition, it's helped us drive best practices such as ensuring work orders aren't released to the factory floor if there's an issue with the product or bill of material definition. It's also enabled controlled, granular access to product data, bill of material content, and attribution for contract manufacturers and other external partners. Plus, the single data model and tight data integration with our contract manufacturers has allowed us to incorporate external elements such as manufacturing facilities and component hubs into a single global plan, as if they were part of Oracle.

Oracle Cloud SCM also lets us achieve greater efficiencies in other ways. Using generative AI capabilities in the application, we can create market-ready product descriptions, saving time and reducing errors. Generative AI also helps us source qualified suppliers to reduce risks and increase savings. And we're using AI to help us accurately predict demand even as our business and the market around us are constantly changing, which has improved our planning and reduced costs.

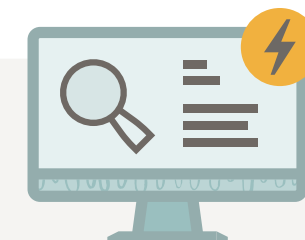


Oracle Cloud SCM

We're using GenAI to draft product descriptions, source suppliers, and predict demand

Another key benefit of moving to Oracle Cloud SCM is business intelligence. The application's embedded analytics capabilities, also known as Oracle Transactional Business Intelligence, provide live data for real-time reporting. This lets users create custom analyses and powerful dashboards—such as those displaying product exceptions and production progress—for better day-to-day execution right in the same application area where they initiate transactions. For example, users can quickly drill down into key performance indicators, manage exceptions, and focus on important tasks in a single integrated environment. They can even generate a list of action items to work on and get answers to questions such as “What is my open order backlog today?” In addition, search and query for orders is 60% faster than before, and the time it takes to access work order history is 50% shorter.

60% faster to search and query orders



50% faster time to access work order history

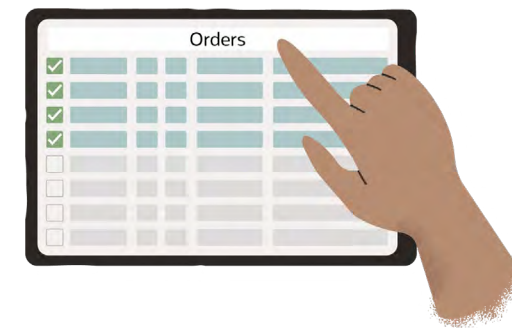


Improving order management to better support customers and partners

In addition to reducing planning cycles and providing the benefits of a single data model, Oracle Cloud SCM has enabled us to deliver a better experience to our customers and partners. Using Oracle Fusion Cloud Order Management—an end-to-end, omnichannel, order-to-cash solution—we can orchestrate orders across multiple systems, simplify product configuration, and more quickly and effectively meet our commitments.

Oracle Cloud SCM

We can orchestrate orders across multiple systems



As an example, because order management and logistics systems are integrated within Oracle Cloud SCM, we have quick online access to shipping documentation and delivery details at our fingertips, which means we can provide faster and more accurate answers to our customers and partners. Plus, when order changes are requested, we can make all the updates in a single place versus moving between systems. This alone has resulted in a 65% reduction in the steps needed to resolve inquiries and an 80% reduction in the time it takes to process changes.

65%

reduction in the steps needed to resolve customer and partner inquiries



By using the Order Orchestration capability, we're able to align and synchronize customer sales order milestones with subsequent purchase orders (POs) sent to our suppliers. Oracle Fusion Cloud Order Management has helped make our drop ship process, which previously relied on a clunky custom solution, fully automated and much more efficient and robust. For example, it has allowed us to reduce the number of manual change transactions in drop ships by almost 35%, and it has greatly reduced the risk of mis-shipments and customer frustration.

In addition, Oracle Fusion Cloud Procurement lets us automate PO approval decisions—while still providing the flexibility of configurable notifications—minimizing overall research and information-gathering exercises and resulting in a 20% reduction in PO approval processing times.

20% reduction in PO approval processing times



To address the growing complexity of our supplier landscape, we also designed an automated solution within Oracle Cloud Procurement for global suppliers that want to receive POs at a central processing location but fulfill demand from multiple locations.

To support the global and complex nature of our transportation network, we use an AI-based feature in Oracle Cloud SCM that gives us better visibility into shipping lead times, reduces deployment delays, and increases customer satisfaction. We've also taken advantage of the automated export validation and license management solutions integrated with Oracle Cloud SCM. For example, Oracle Fusion Cloud Global Trade Management can account for the technology content of deliverables being scheduled and assess what trade limitations there might be on such technology. It also fully automates the process of providing export license details for sensitive technology.

Similarly, Oracle Cloud SCM integrates product compliance limitations with the ordering process. This is achieved by automatically preventing the quoting of products that aren't compliant with specific country or regional regulations, thereby saving time and avoiding making customer commitments that can't be fulfilled.

Finally, the integration of Oracle Cloud Order Management and Oracle Transportation Management environments has allowed us to configure a freight charge model that helps us calculate freight costs based on source, destination, size, and weight, which means we can tell customers up front what the cost will be.



Other benefits we've achieved with Oracle Cloud

As you can see, Oracle Cloud SCM provides tremendous benefits to our supply chain management team. However, the advantages of moving to Oracle Cloud are much broader.

We've connected our business from end to end, automated many operational processes, increased employee productivity, and gained a real-time view of our business through integrated analytics and interactive dashboards. This has enabled us to plan and respond much faster to changes all around us while delivering better experiences to our customers, partners, and employees.

Oracle Autonomous Database

80%

reduction in the time IT spends on administrative activities, such as database management



For example, with Oracle Autonomous Database, our IT team has been able to reduce the time it spends on administrative tasks such as database management by 80%. In addition, as we moved Oracle Fusion Cloud Applications to Oracle Cloud Infrastructure, we improved the performance of Fusion Applications by 30%—which has meant even faster access to data, insights, and recommendations.

And the benefits don't stop there. The system performance improvements translated into benefits for our customers and employees as we went from 99.7% service level availability to an industry-leading 99.9%. That means less downtime a year, which, for an organization of more than 160,000, means we've gained almost 1.5 million hours of employee productivity.

Another example of productivity and performance improvements is that we're now closing our books and releasing our earnings in less than 10 workdays—nearly 60% faster than average and faster than any other company on the S&P 500.

Oracle Fusion Cloud ERP and EPM

<10
workdays

to close our books and release earnings, faster than any other company on the S&P 500



And we're using AI to assist employees with inquiries and issues that come up in their day-to-day work and reducing the amount of time required to complete repetitive and administrative tasks.

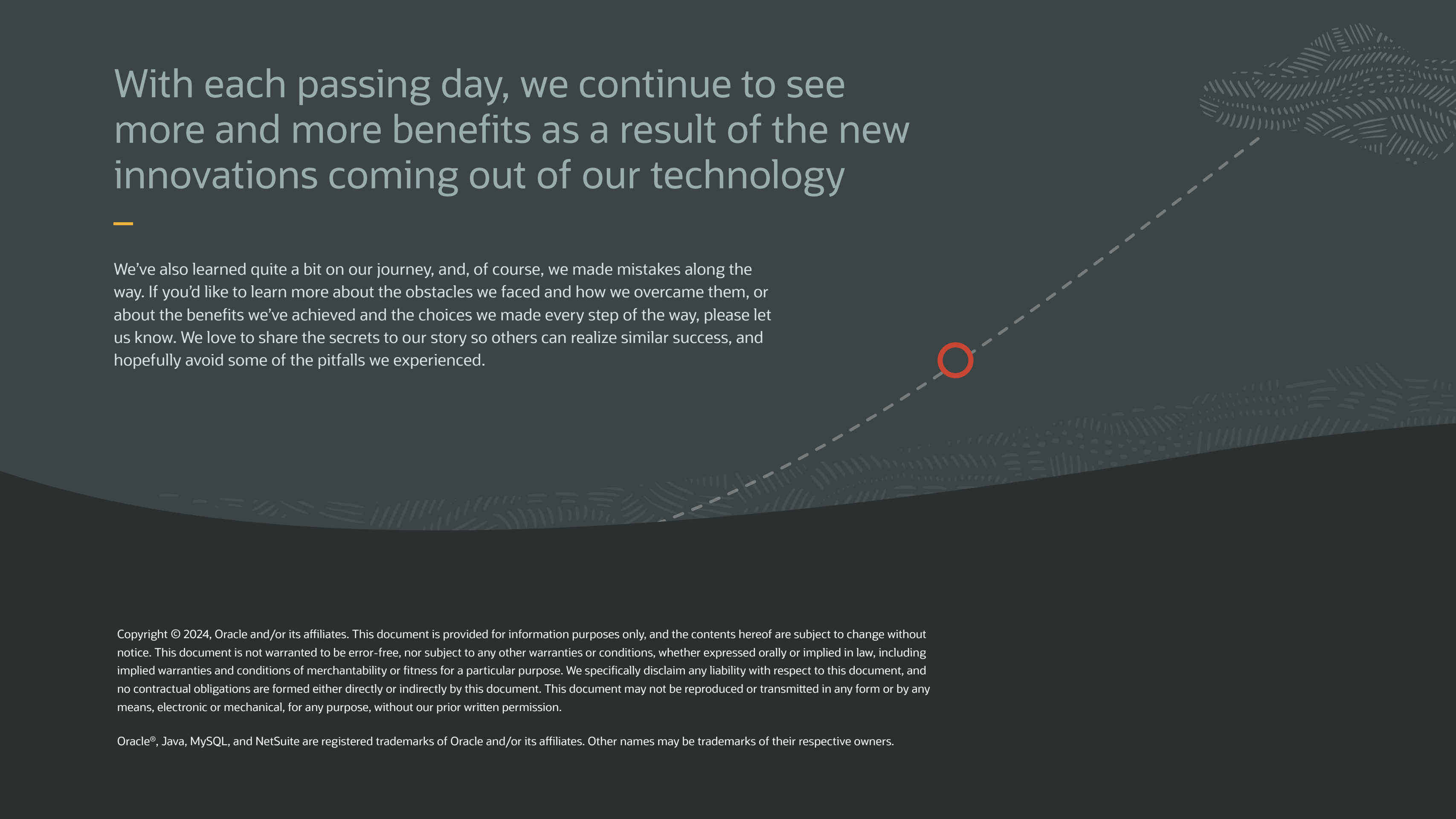
In CX, we're automating the transactions we complete with our customers so they can get started and begin realizing value right away. So far, more than 75% of customer transactions are fully automated.

We're incredibly proud of these results, especially when you consider the size and complexity of our business. We employ more than 160,000 employees and serve more than 400,000 customers across 175 countries. And yet, because of our focus on people, processes, and systems and our use of Oracle Cloud Applications and Infrastructure, we're achieving what some might say is impossible.

With Oracle Fusion Cloud HCM, we're onboarding new employees—more than 20,000 new faces each year—within 24 hours of their start dates. To put that in context, before we used Oracle Cloud HCM, it could take weeks, or even months.



With each passing day, we continue to see more and more benefits as a result of the new innovations coming out of our technology



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We've also learned quite a bit on our journey, and, of course, we made mistakes along the way. If you'd like to learn more about the obstacles we faced and how we overcame them, or about the benefits we've achieved and the choices we made every step of the way, please let us know. We love to share the secrets to our story so others can realize similar success, and hopefully avoid some of the pitfalls we experienced.

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