ORACLE

📖 Ebook

Modern Best Practice Explained

Nothing is more counterproductive than old processes in new technology.

Steve Cox
Group Vice President,
Cloud Business Group
steve.r.cox@oracle.com

Introduction
Third Edition

After writing the sequel, I felt it was time to revisit my first book on digital business processes and include a few updates and insights after 5 years, 6,000 downloads, 200 pages on www.oracle.com and hundreds of successful adoptions of our cloud suite of applications based on Oracle Modern Best Practice.

The story's relatively simple, after attending an offsite, I had a flash of inspiration on an 11 hour plane journey: every definition of best practice in the technology world was flawed. It seemed all the vendors made the same argument. A thousand customers did this in this way so "this way" is "best practice". But at the same time, revolutionary new technologies were available so how could processes that leveraged old technology be best?

What was needed was a *new* definition of best practice: a crayon-simple approach that used data on the previous generation of best practices as historic input but factored in what could be done with new technologies:

cloud, mobile, analytics, social, big data and the internet of things (aka the enablers). Myself and our small expert team deconstructed a number of the most common and popular business processes and reassembled them—leveraging the new enablers, removing redundancy, simplifying and automating wherever possible.

So here we are at the end of 2019 where not only are cloud, mobile, analytics, social, big data and the internet of things commonplace, but they are joined by 3 new technologies ("the accelerants") machine learning, blockchain and AR/VR. The convergence of these 9 requires yet another new definition of best practice and new *business processes.

Steve Cox, September 2019

Surely all business processes are now digital?

Foreword

Since the original publication of this eBook, and over a thousand of downloads later, much has changed. Not the least, the creation of www.oracle.com/modernbestpractice where you can find all of the latest definitions of Oracle Modern Best Practice to help your business transformation.

At the time of writing, the modern best practice part of oracle.com is one of the fastest growing in terms of popularity with more web visits every month and one of the stickiest.

Inside Oracle, we have developed a rich pool of expertise on Oracle Modern Best Practice and digital transformation. Many of our team carry all of the modern best practices on their tablets along with demos and assets to show what can be achieved with a concept that is remarkably easy to adopt.

Our partner ecosystem has embraced Oracle Modern Best Practice extremely quickly and many of our partners have their own experts who can not only articulate how modern best practice can help your organization achieve radically superior results but also demonstrate how quickly and affordably Oracle solutions based on modern best practice can be deployed.

I am indebted to the team of luminaries inside Oracle that urged me to write this book back at the end of 2013. Colleagues and ex-colleagues old and new without whose enthusiasm, support and insight, Oracle Modern Best Practice would have remained just an idea.

Steve Cox, September 2019

Table of contents

Chapter 1

What is best practice?

Wikipedia: a _best practice_ is a method or technique that has consistently shown results superior to those achieved with other means.

Wikipedia goes on to say that best practice is used as a benchmark and, in addition, it can evolve to become better as improvements are discovered.

It's the evolution of best practice that we're going to cover in this short guide —Moving From Best Practice to Modern Best Practice.

Here's where our (re)definition of best practice and Wikipedia's diverge: in our view best practice evolves as improvements are discovered but in addition best practice evolves as the organization & its requirements change, and as new technologies or enablers become available.

"**Best practice evolves as improvements are discovered, as the organization and requirements change and as new technologies become available.**"

Best Practice is frequently visualized as a business process diagram.

But of course, it could be a dashboard with KPIs, an email template or a set of written standards.

The important thing is to show how the best practice is better and why versus the traditional approach.

Best practice needs to be simple to understand and easy to adopt.

Because the typical organization will have multiple business functions, our best practice needs to cover the relevant ones. And because multiple people are usually involved, we need to show who will be executing each component.

Having done this, our new best practice can be used to standardize our operations i.e. the new way we do things around here … though we'll be careful to standardize on modern best practice that preserves both competitive advantage and our unique identity and culture.

If you can't describe what you are doing as a process, you don't know what you're doing."

—W. Edwards Deming
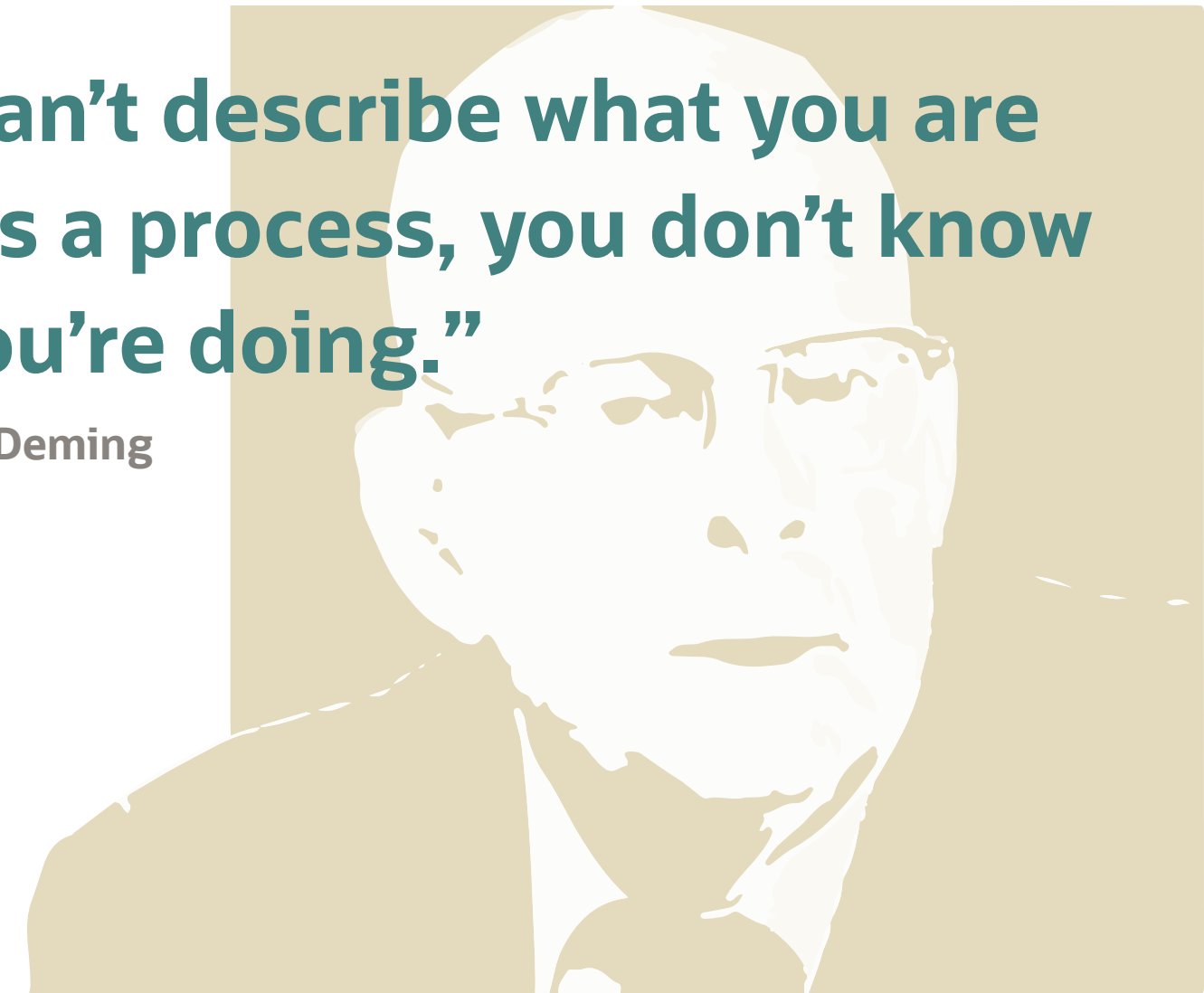
Let's say we want the best way to manage requisitions i.e. how people buy stuff.

Here's our Requisition To Receipt process. Looks simple doesn't it? But the devil is in the detail and we'll explore the detail later on.

1 Create
Sourcing Specification

2 Manage
Suppliers Responses

3 Raise
a Requisition

4 Approve
Requisition

5 Issue
a Purchase Order

6 Approve and Distribute
Purchase Order

7 Receive
Goods or Services

8 Approve
for Payment

Chapter 2

Why adopt best practice?

At the time of writing, a Google search on "best practice" generates 65,700,000 results spanning content from mobile phone networks, trade association, newspapers, government agencies, consultancies, healthcare bodies and many others. This tells us it's a popular subject for research —but what's in it for your organization?

Best practice in itself articulates how you execute to achieve consistently superior results. Evidence abounds to show that standardizing on best practices can deliver both top line benefits (to sales revenue) and bottom line savings (to costs).

… it's *standardizing* that matters. Standardizing on a common set of best practices across the organization helped Oracle achieve $1 billion improvement in its profit margins.[1]

[1] Source: http://www.oracle.com/us/corporate/investor-relations/financials/q1fy01-079227.html

Let's hear how Oracle customers have benefited from standardization on best practice.

"Oracle Modern Best Practice allows us to evaluate every business process that we have and be able to identify what's the best way for us to do that to lay the foundation to be able to implement new and exciting technologies and make more informed and data driven decisions." [1]

—Kevin Jensen, CIO, Monrovia Nursery Company

"When we brought our three companies together, we had three different processes. For instance doing forecasting required three different tools. Having tools like ERP Cloud and EPM, have require us really to have a unified best practice, which helps us to gain that alignment. A huge benefit for us!"

—Bill Roy, Senior Director, Western Digital

[1] Source: Monrovia Grows with Oracle Modern Best Practice

"Organizations become winners by spotting big opportunities and inventing next practices."

—CK Prahalad, HBR column Best Practices Get You Only So Far[1], April 2010

We agree. Though we prefer the term Modern Best Practice. Modern because not only is it new but because it's immediately achievable.

[1] Source: http://hbr.org/2010/04/column-best-practices-get-you-only-so-far/ar/1

Chapter 3

Oracle Modern Best Practice

Oracle Modern Best Practice is flexible, evolves with you to support growth and innovation and enables new ways of achieving radically improved performance.

Originally designed to exploit new capabilities made possible by the cloud, mobile, analytics, social, the internet of things and big data, Oracle Modern Best Practice has now updated to include new and improved processes made possible by machine learning, blockchain and AR/VR.

Oracle Modern Best Practice is a crayon-simple concept that enables any organization to outpace change, to become future-ready and to achieve more, faster and with less resources.

Oracle Modern Best Practice reflects customer needs and requirements rather than product capabilities—however, all Oracle Modern Best Practices can be executed with Oracle products.

Equally, modern best practice recognizes the need to maintain uniqueness and competitive advantage.

Now a recognized Oracle brand, Oracle Modern Best Practice keeps pace & evolves with growth and changes in a fast moving market whatever the size and complexity of your organization. It's local and global, enabling you to deliver the best results across departments, borders, languages, fiscal and physical domains.

So how does your organization move from best practice to Oracle Modern Best Practice?

Some examples of are included in the following section but the approach is simple:

First, we examine the existing business process, dashboard, method, policies, operating procedure or approach and optimize it: removing redundancies, ensure it's lean, checking the outcomes are as intended and that it's relevant to today's requirements.

Then we review the process against the 9 enabling technologies—'the enablers' as we'll refer to them from now on.

The enablers we'll use for our examples are:

- Cloud Computing ("The Cloud")
- Mobile
- Analytics
- Social
- The Internet of Things
- Big Data
- AI/ML
- Blockchain
- AR/VR

Examples of Oracle Modern Best Practice that include blockchain and AR/VR will soon be available at oracle.com/modernbestpractice.

Chapter 4

The enablers and the accelerants

The cloud, a mobile first philosophy, intelligence driven by analytics, the promise delivered by pervasive social networking inside & outside the whole organization, the benefits of the internet of things, big data, machine learning, blockchain and augmented/virtual reality can't be overlooked but …

the purpose of this brief guide isn't to go into detail on these technologies but to explain in crayon-simple terms the impact these enablers can have on your organization and how they help you generate an increase in top line revenue, better productivity, lowered costs and improved compliance.

On the next few pages we'll explore each of the enablers and accelerants and provide you with links to more information.

> **Key to our successful business transformation has been to blend transformative business process changes with next generation Oracle cloud automation in order to stay ahead of the ever-changing expectations of the customers we serve."**
>
> **—Doug Kehring, Executive Vice President, Corporate Operations, Oracle**

The enablers

The Cloud

The cloud enables you to purchase software & IT resources as a service, shifting the burden of capital expenses to a flexible, pay-as-you-go model. It resembles a utility that supplies water or power—users are able to access business applications at any time from multiple locations, track usage & scale capacity without large up-front costs.

Mobile

A mobile-first strategy enables your organization to securely access powerful analytics and forecasting tools, customer & supplier insights, real time information on sales opportunities, inventory, financial data, marketing campaigns and much more when & where you need it.

Analytics

How is your latest project performing? What could you change to lower costs? To increase profitability? What are the latest market developments that could affect your business? Analytics (also known as Business Intelligence) provides you with this information in the form of dashboards showing your KPIs & Metrics in real time.

The enablers

Social

A naturally collaborative social work environment seamlessly connects users and content, no matter where your people are located or which devices they prefer to use. Social capabilities are embedded directly into modern cloud-based business processes so it's easier to share information.

The Internet of Things

The internet of things delivers significant opportunities to generate value from the data collected by devices & things. Examples include smart meters to manage energy bills, remote patient monitoring to deliver high-quality care and telemetry for car safety.

Big Data

Big data is a collection of data from traditional & digital sources that when harnessed, can transform your business. It includes data from your own systems plus data from devices, data streams, blogs, social networks and more. It offers an opportunity to gain insight, quickly test new ideas and change business operations.

Accelerants—the new enablers

AI/ML

Machine learning focuses on building systems that learn—or improve performance—based on the data they consume. When we interact with banks, shop online, or use social media, machine learning algorithms come into play to make our experience efficient, smooth, and secure. In this book we show the dramatic improvement machine learning can make with two aspects Recommendations and Next Best Actions.

Blockchain

Blockchain builds a growing list of unalterable records (called blocks) that are linked together to form a chain that is securely distributed among participants. It allows organizations that might not fully trust each other to agree on a single, distributed source of truth. IT minimizes the cost and delays of using third-party intermediaries for financial transactions. It also eliminates manual, error-prone processes, and information redundancy.

Augmented and Virtual Reality

Though these two technologies are different, they are related. Augmented reality provides an interactive experience simulating the real-world which will prove particularly applicable to industries where maintenance, repair and similar activities dominate. Virtual reality provides a simulated experience that differs from the real world and promises to revolutionize training and education in particular.

Chapter 5

Examples: modern best practice illustrated

Though we could examine dashboards and written procedures, for our examples we'll take two common business processes:
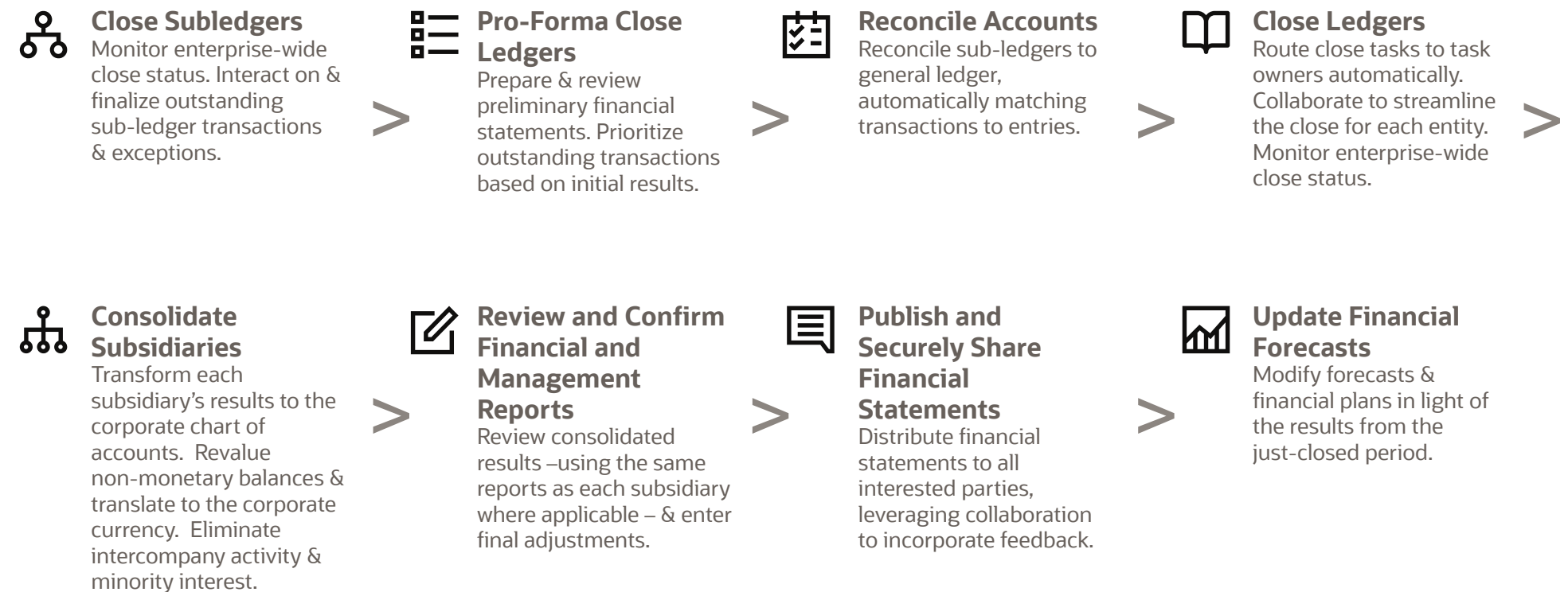
→ **Period Close To Financial Reports**

→ **Requisition To Receipt**

You'll recall Requisition To Receipt as we mentioned it in section 01 but let's first look at Period Close To Financial Reports. Two key metrics (or KPIs) to measure here are:

1. **Time to close**

2. **FTE hours to close**

Close Subledgers
Monitor enterprise-wide close status. Interact on & finalize outstanding sub-ledger transactions & exceptions.

>

Pro-Forma Close Ledgers
Prepare & review preliminary financial statements. Prioritize outstanding transactions based on initial results.

>

Reconcile Accounts
Reconcile sub-ledgers to general ledger, automatically matching transactions to entries.

>

Close Ledgers
Route close tasks to task owners automatically. Collaborate to streamline the close for each entity. Monitor enterprise-wide close status.

>

Consolidate Subsidiaries
Transform each subsidiary's results to the corporate chart of accounts. Revalue non-monetary balances & translate to the corporate currency. Eliminate intercompany activity & minority interest.

>

Review and Confirm Financial and Management Reports
Review consolidated results –using the same reports as each subsidiary where applicable – & enter final adjustments.

>

Publish and Securely Share Financial Statements
Distribute financial statements to all interested parties, leveraging collaboration to incorporate feedback.

>

Update Financial Forecasts
Modify forecasts & financial plans in light of the results from the just-closed period.

Product Mix: ERP Cloud (Financials), EPM Cloud (Account Reconciliation, Financial Consolidation and Close, Narrative Reporting).
Popular KPIs: time to close books, time to publish reports.

Cloud   **Mobile**   **Analytics**   **Social**

For our non-accounting audience, let's illustrate this with a story focusing on a journal entry adjustment.

You're a CFO. Your new CEO has asked for a review of all inventory on hand believing that much of the stock on hand will be obsolete by the end of the financial period and ought to be revalued. You've sent a mails out to your team, VP for Manufacturing, the VP for Sales and the logistics team to request the amount of inventory in each of your locations. After 20-30 mail exchanges, you have a clear assessment and approve the necessary journals. A year later you're asked by the auditor to provide detail to support the journal entry adjustment.

All good. The books balance & you found the mails for the auditor.

Let's explore how this might look with Oracle Modern Best Practice:

→ As each of your directs updates the system, the dashboards on your tablet with inventory-related KPIs are flagged red. You know that's an issue.

→ You create a social conversation (or channel) for the inventory review and add the relevant team members.

→ As each team member reports, they attach links to the current inventory status with additional info.

→ You review the social conversation and update it with approval of the journal entry adjustment required.

→ A year later, during a routine audit, you're asked why the adjustment was made so you add your auditor to the conversation or channel and tag the relevant transactions.

Check out https://www.oracle.com/applications/modern-best-practice/finance/close-to-reports.html

By socially enabling [Period Close To Financial Reports](#), executing it in the cloud, making it accessible on mobile devices and incorporating analytics, we achieved fast resolution with a an almost perfect audit trail.

"Almost all quality improvement comes via simplification of design, manufacturing, layout, processes, and procedures."
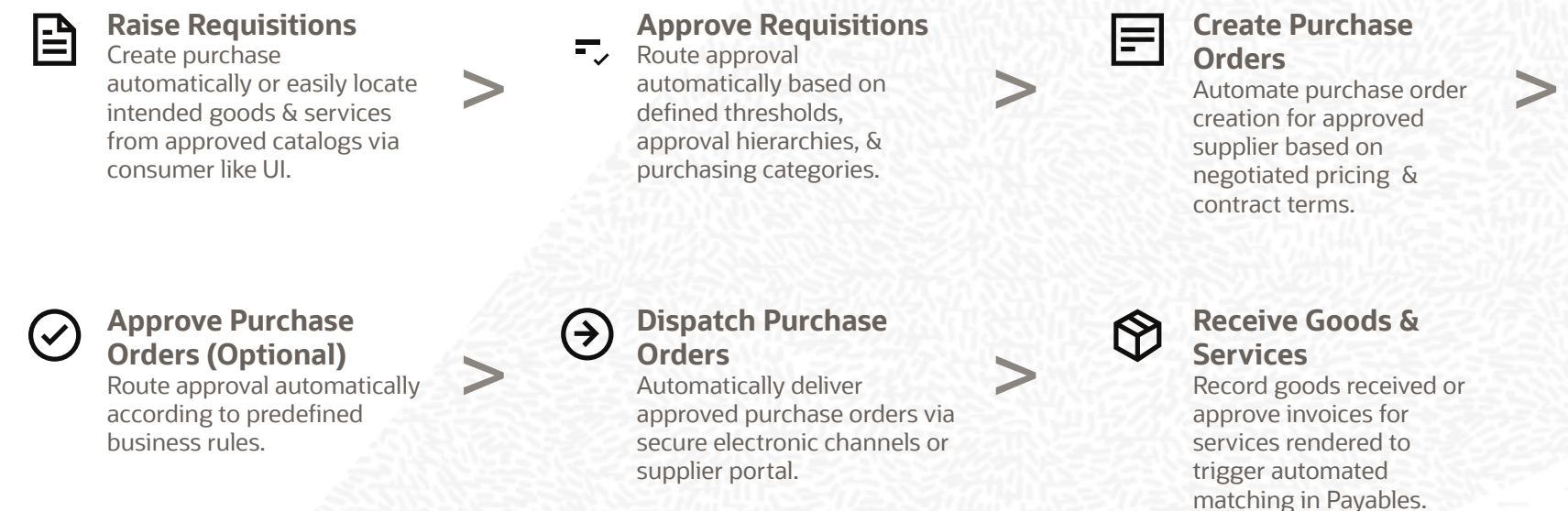
—Tom Peters
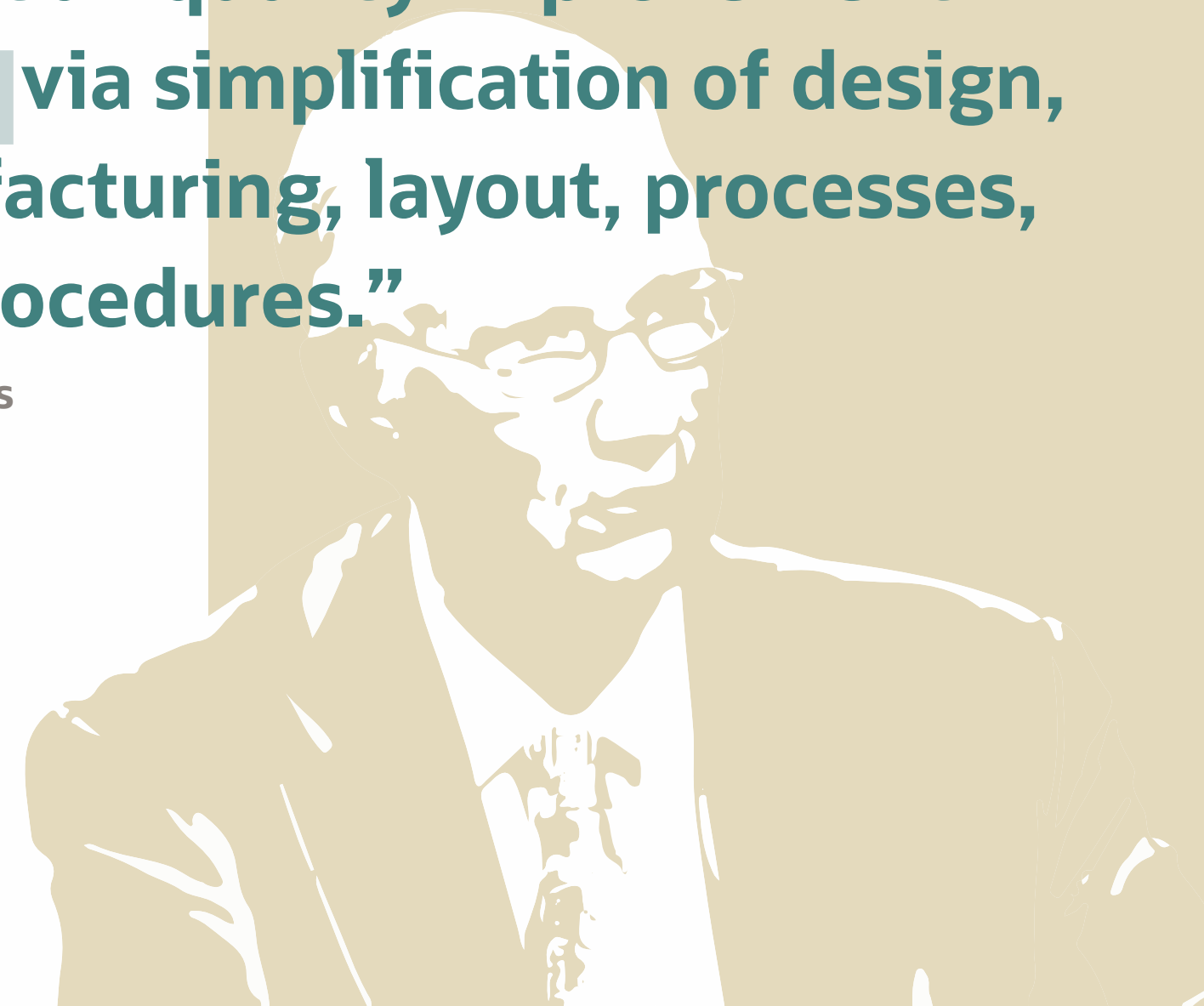
For our second example, we'll look at Requisition To Receipt and the transformative potential of the internet of things, analytics and mobile.

You're again the CFO. Your purchasing process is good but you're aware that production is sometimes disrupted by late delivery from your suppliers.

→ The supplier then delivers the goods or services.

→ Requisitions are raised by the production team on the factory after checking stock levels.

→ Once the requisition is submitted, it's reviewed and approved by buyers and distributed to suppliers.

→ The receiver confirms the goods are as ordered.

→ The suppliers invoice is received, matched and a payment authorized.

Three key metrics (or KPIs) to measure here are:

1. Procurement operating expense as a % of total spend

2. % automated PO process

3. Average processing cost per PO

Raise Requisitions
Create purchase automatically or easily locate intended goods & services from approved catalogs via consumer like UI.

\>

Approve Requisitions
Route approval automatically based on defined thresholds, approval hierarchies, & purchasing categories.

\>

Create Purchase Orders
Automate purchase order creation for approved supplier based on negotiated pricing & contract terms.

\>

Approve Purchase Orders (Optional)
Route approval automatically according to predefined business rules.

\>

Dispatch Purchase Orders
Automatically deliver approved purchase orders via secure electronic channels or supplier portal.

\>

Receive Goods & Services
Record goods received or approve invoices for services rendered to trigger automated matching in Payables.

Product Mix: ERP Cloud (Procurement).
Popular KPIs: processing cost per purchase order, procurement cycle time.

Cloud   Mobile   Analytics   Social   Internet of Things

Our new modern best practice features **sensors** on each storage rack that indicate when priority items are close to the minimum safety stock levels and leverage machine learning to deliver a set of recommendations to the team that are in line with the organizations policies and commitments to customer experience.

1. A requisition is triggered & an alert is sent to the production supervisor's smartphone with a visual set of recommendations together with data on the financial implications and possible impact(s) on customer satisfaction.

2. Due to the implications, the supervisor visually confirms stock level & approves the requisition.

3. The dashboard on the supervisor's phone now shows updated data for stock on hand and ordered.

4. Workflow routes the requisition to the buyer's tablet for approval on his morning commute.

5. A purchase order is sent via electronically to the supplier who responds immediately.

6. The goods are delivered, checked as usual and placed on the storage rack which confirms that stock levels are now at the required level.

Check out https://www.oracle.com/applications/modern-best-practice/procurement/requisition-to-receipt.html.

In creating a modern best practice version of Requisition To Receipt.

We harnessed the internet of things, mobile, analytics and machine learning to fundamentally speed up the process, remove delays caused by manual intervention and deliver the information needed to the right people.

Opportunities exist to review every process, procedure, policy, dashboard, report, campaign, sales approach and make improvements to leverage the enablers we've mentioned. In the next section, we'll explore what to do next and how Oracle can help.

> **"Full value of ongoing Next-Gen-ERP transformations can only be realized if the transition is combined with re-engineering of processes/establishing the future operating model."**
>
> **—"McKinsey perspective on ERP", September 2018**

Chapter 6

How Oracle can help your organization embrace modern best practice

In this brief guide, we've explored best practice and its successor—modern best practice.

We've also covered in just a little detail, the enablers of Oracle Modern Best Practice:

- The Cloud
- Mobile
- Analytics
- Social
- The Internet of Things
- Big Data
- AI/ML
- Blockchain
- AR/VR

Starting your journey to standardization is easy and the good news is, you don't need to do everything at once. You can take a modular approach. Addressing your immediate business challenges with simple to adopt Oracle solutions.

We know you'll want to know more and the Oracle sales team is ready and waiting to assist you. Call us now Phone: +1.800.ORACLE or visit oracle.com.

"Success is not just the destination; it's the entire journey, every bit of it. It's not just the outcome rather it's the entire process."

—**Mohsin Ali Shaukat**
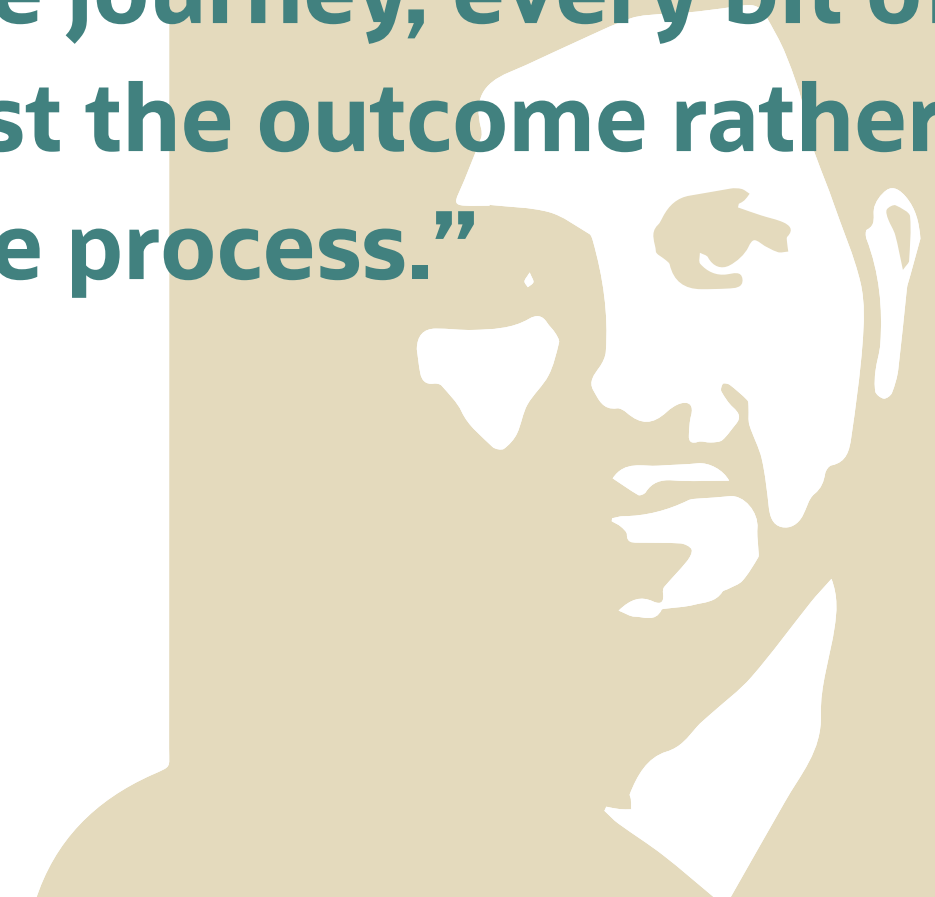
ORACLE CORPORATION

Worldwide Headquarters

500 Oracle Parkway, Redwood Shores, CA 94065, USA

Worldwide Inquiries

TELE + 1.650.506.7000 + 1.800.ORACLE1

FAX + 1.650.506.7200

oracle.com

Connect with us

Integrated Cloud Applications and Platform Services

Oracle is committed to developing practices and products that help protect the environment.