Coping with Supply Chain Risk through More Effective Supplier Management

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Program Agenda

1. Procurement Challenges
2. Oracle Procurement Cloud Overview
3. Future Ready Technology
4. Q&A
Increasing Demands on Procurement

“Business continues to change at an accelerating speed, as enterprises and their suppliers are forced to adjust to new, disruptive technologies, intensified competition and a marketplace that continually resets expectations.”

*Source: Ardent Partners

“This is a fundamental mistake. We need to automate the things that Procurement has traditionally done so we can have strategic conversations with the business.”

*Source: Fortune 200 CPO
Procurement must rethink its mission and model

The path to becoming a strategic business partner

**Transactional efficiency**
- Drive cost reduction
- Control spend
- Automate processes

**Strategic agility**
- Supplier management
- Sourcing excellence
- Contract compliance

Increasing efficiency to gain strategic agility

Sources: Ardent Partners CPO Rising; Deloitte CPO Study; AT Kearney
Why Transform Procurement?

61% of CPOs say they are only “somewhat effective” at delivering value

- 45% of spend is contract compliant
- 39% of addressable spend is actually sourced
- 63% of spend is linked to a purchase order

*Source: Ardent Partners CPO Rising*
12 to 18%

Cost difference between “maverick” spend and spend made against contracts achieved through digitization

-Ardent Partners

$6 million

Potential annual procurement-generated savings from digitization for world-class company with $10B in revenue

-Hackett Group

2.5X

Level of effectiveness in managing supplier risk vs. peers through digital transformation

-AT Kearney: “Mobilizing for excellence in supply management”
“Leaders are more than 2.5 times more likely to invest in positioning procurement as a strategic partner and transforming procurement by investing in digital technologies.”

Could you benefit from modernizing your procurement systems?

A.T. Kearney: “Mobilizing for excellence in supply management”
Digital Transformation: Raising the Bar

World-class organizations vs. that of peer groups

35% Performance improvement (measured by cost) using digital tools

39% Reduction in the number of lapsed contracts

3x Reduction in number of transactions requiring error corrections

30% Reduction in overall sourcing cycle times

Source: Hackett Group "Raising the bar in procurement"
Why Digital Procurement Technology?

- Efficiency
- Agility
- Strategic
- Diligent

Cost
Growth
Influence
Risk
Oracle Procurement Cloud

A complete and modern source-to-settle solution
Future-Ready Solution

- Secure
  - Virtual tenancy
  - Unified access control
  - Local data residency

- Scalable
  - Most scalable architecture
  - 200M+ transactions per hour

- World Class
  - Tier IV facilities
  - Strong regulatory compliance
  - Rigorous operational governance

- Integration
  - Seamless integration across clouds, on premise and 3rd party apps

- Innovation
  - Rapid and customer-driven innovation with true cloud

POWERED BY POSSIBILITIES.
Future-Ready Technology

**Usability**

**Voice Interaction**

**Big Data**

**Intelligent Applications**
Modern Usability
"Conversational AI-first" will supersede "cloud-first, mobile-first" as the most important, high-level imperative for the next 10 years.
Modernizing procurement through intelligent bots

Simplify interaction using modern technology

Increasing use of bots in enterprise applications

- 4.1 Billion users on messaging apps such as Slack
- 6 of the Top 10 most used apps globally are messaging apps
- 90% of businesses use Facebook to respond to service requests
- Already 30,000 bots on Facebook and Kik, according to McKinsey & Company and TheVerge.com in 2016
Adaptive Intelligent™ dynamic discounts

Optimize working capital and increase savings

Use real time internal and external supplier data to evaluate suppliers and recommend the best dynamic discount candidates

Integrate with cash flow modeling to determine if and when to offer dynamic discounts
Oracle IoT applications

Powerful applications. Simple to deploy. Simple to use.

- **Asset monitoring**
  - Monitor assets, their utilization, availability

- **Production monitoring**
  - Manufacturing equipment Monitoring & prognostics

- **Fleet monitoring**
  - Monitor fleet vehicles, driver behavior and costs

- **Service monitoring**
  - Monitor operation of connected assets, diagnose and correct problems

- **Connected worker**
  - Enhance worker safety through monitoring of workers and environment

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**POWERED BY POSSIBILITIES.**
The Future of Supplier Information Management

- Leverage big data to validate and augment supplier information
- Provide a complete and accurate view of supplier profile information
- Simplify qualification and onboarding
Learn What’s Possible with Future-Ready Procurement

End-to-end source-to-settle in the Cloud

- Real-time, in context analytics that optimize decision making
- Integrated collaboration improves productivity and value
- Self service procurement and approvals increase spend compliance
- End-to-end source-to-settle solution improves agility
Questions?
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