

Ebook

Your Complete Guide to Modern Supply Chain Management

A Handbook for Innovation-Focused Business Leaders



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Supply Chain Management for a Demand-Driven World



Supply chain has become the battleground for customer loyalty as companies respond to fast-changing demands and business conditions. New technologies enable deeper visibility and more precise control in supply chain management (SCM) for both B2B and B2C brands, and companies that adopt modern, cloud-based SCM systems are being rewarded with efficiency gains, higher productivity, and growing revenues and profits.

It's no surprise that the C-suite is paying more attention to SCM and raising expectations for top- and bottom-line contributions from supply chain managers. Two long-term trends are contributing to this shift:

1. Massive disruption: Over the past decade, market disruptors used technology as a virtual battering ram—knocking down barriers to competition and obliterating traditional order-to-deliver business models. This started in the B2C sector and has spread to B2B. While the rate of change may vary across industries, it's now clear that there's nowhere to hide from the realities of digital disruption.

2. Changing Expectations: Online companies such as Amazon and Deliveroo didn't just reshape their industries; they also set off a revolution in B2B buyer expectations for:

- Smaller and more frequent deliveries
- Free-of-charge services with real-time visibility into the location and status of goods
- Unique and personalized product and service “experiences”

These expectations require more agility and real-time processing than traditional SCM technology and practices can deliver.

By the end of 2018, fully
**one-third of
all companies**
will find themselves disrupted by
digitally enabled competition.¹

¹ IDC, *Making Supply Chain Operations More Effective and Efficient by Moving to the Cloud with Oracle SCM Cloud*, June 2018

Today's Reality: Customers Dictate SCM Success

Businesses of all types and sizes—retail, wholesale, manufacturers, logistics service providers, distributors, B2C and B2B—are identifying huge opportunities, and equally significant risks, around capabilities that allow them to control and impact customer experience.

Over the next decade,

90%

of industry growth

will be captured by companies that successfully engage directly with customers.²

Few applications will play a bigger role in those efforts than SCM.³ However, legacy SCM systems were typically not built to meet modern requirements. They can be very good at performing activities for which they were prepared and optimized, but they simply don't have the capabilities needed for today's customer-centric supply chains.

Consumers are willing to pay **up to 16% more** for a better customer experience.⁴

75% of online customers expect a response to an inquiry within five minutes.⁵

Customers who switch due to poor service cost companies approximately **\$1.6 trillion**.⁶

² Simon Ellis, "Sales & Marketing Report 2017: The Progress Report," Consumer Goods Technology, June 2, 2017

³ IDC, Is Customer Experience Now the Driving Force for the Supply Chain? November 2017

⁴ PwC, "Experience is everything. Get it right." March 26, 2018

⁵ McKinsey & Company, Customer experience: Creating value through transforming customer journeys, Number 1, Winter 2016

⁶ Accenture, Digital Disconnect in Customer Engagement, 2016

The Limitations of Legacy SCM

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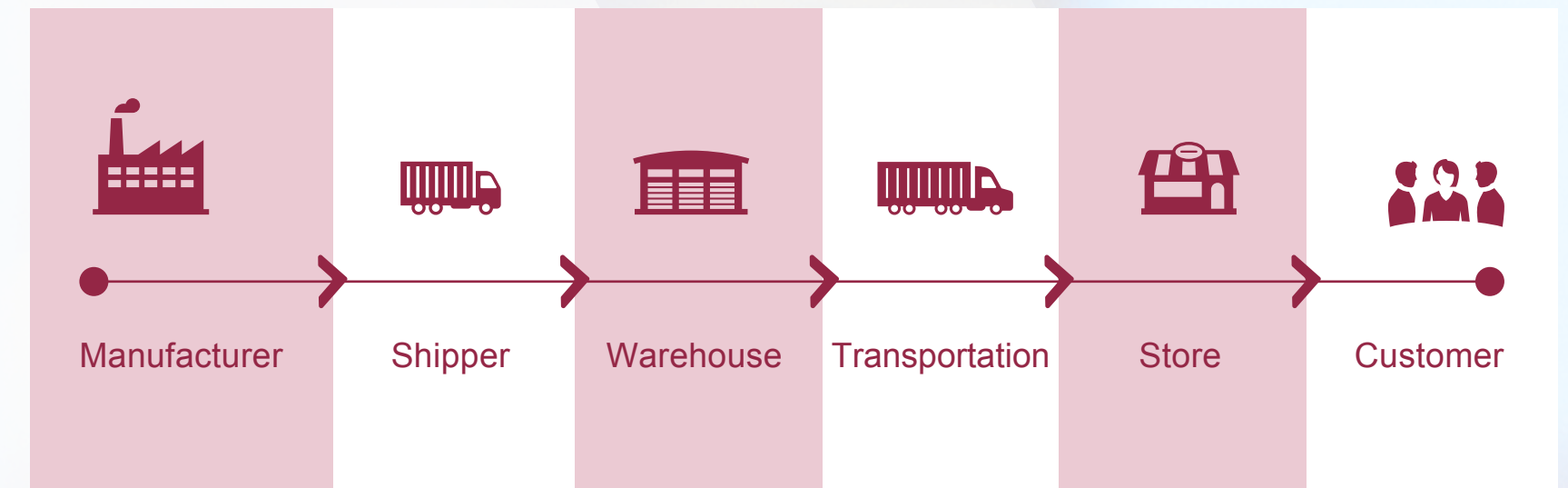
Traditional, on-premises SCM employs a linear and fairly rigid approach to designing, sourcing, making, and delivering goods.

- 1. Seller/supplier control:** Organizations built the products they believed customers would buy.
- 2. “Push” distribution:** Products were distributed via channel partners for sale to consumers.
- 3. Single-channel purchasing:** Customers typically purchased products through a single retail outlet or sales contact.

This paradigm no longer works as the marketplace has become connected. Today’s demand-driven and increasingly dynamic supply chains require capabilities that legacy SCM systems simply weren’t designed to deliver.

The Supply Chain of the Past

The Linear Paradigm



Where Legacy SCM Technology Fails

Fragility vs. agility: Agility is an incredibly valuable capability for today's supply chains because fast adjustments mean less disruption and enhanced service. Traditional, on-premises SCM technology is often prone to displays of fragility instead: demanding interventions, modifications, and workarounds to keep functioning as customer and business requirements change.

Demand and fulfillment: Third-party systems and processes to support specific channels are common in legacy SCM systems, and this creates challenges around visibility, service consistency, and an understanding of the true cost to serve. In an omnichannel environment, firms need (and customers increasingly expect) a consistent and seamless experience across channels and device types—a major challenge for systems architected for a single-channel world.

Fulfillment complexity: Agile businesses use multiple fulfillment models to reduce inventory costs, cut order lead times, and avoid lost sales. Here, too, a legacy SCM system may offer native support for certain fulfillment methods/channels but will rely on third-party tools, customizations, or bespoke development to work with others.

Visibility gaps: Buyers expect order and transaction data at their fingertips. Some of this information may be available using a legacy SCM system, but some of it is likely to be inaccessible or inaccurate.

Time-to-market and/or customization bottlenecks: Same-day fulfillment and customized products can be powerful differentiators, yet they can also be high-risk activities when integration gaps or data quality issues in legacy SCM systems result in companies making promises their manufacturing and fulfillment systems can't always keep.

Working Toward a Friction-Free Supply Chain

Oracle SCM Cloud users reported an average

90% reduction in cycle time

36% faster product delivery

Could your business benefit from these types of end-to-end efficiency gains?

Source: IDC, Making Supply Chain Operations More Effective and Efficient by Moving to the Cloud with Oracle SCM Cloud, June 2018.

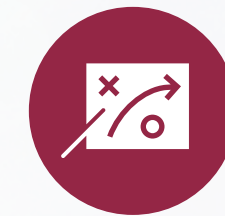
Tomorrow's Supply Chain, Today

Traditional, on-premises SCM is tied to entrenched approaches; it forces businesses into reactive and defensive postures; and it equates change with cost, complexity, and risk. Modern SCM, on the other hand, enables innovative, proactive, and continuously improving supply chain practices. The essential elements of a modern, cloud-based SCM system reflect and reinforce the concept of building tomorrow's supply chain, today.

“People look at supply chain in pieces and it has to be looked at holistically. The way to truly analyze supply chain is point of order to point of fulfillment and doing that in as lean a way as possible.”

—Karl Glassman, Chief Operating Officer, Leggett & Platt

What Does a Modern Supply Chain Require?



Unified Open Architecture



Powerful Cloud-Based Applications



Easily Accessible Data



Integrated Emerging Technologies



Comfortable Road Map



A Partner Who Understands Your Business



Security



Automatic Upgrades to the Latest Release

The 6 Defining Traits of SCM Cloud Applications

- 1 Integrated.** Integration creates more efficient, low-friction supply chain processes and provides end-to-end visibility into those processes so you can solve problems instead of just moving them to another part of the enterprise.
- 2 Demand-driven.** Analytics and reporting capabilities, for example, enable cost-effective manufacturing and distribution of customized products or services.
- 3 Agile.** A cloud-based SCM system is not just responsive to change, but can also be an enabler for change—in the marketplace, in customer preferences, and in the environment where manufacturing and distribution takes place. It gives you the information to understand in real time what is changing and how to react.

- 4 Intelligent.** As well as exception-based processing, modern, cloud-based SCM increasingly uses AI and machine learning to automate supply chain processes that previously required human monitoring and manual intervention.



Learn More About How Intelligent Applications Enable Modern SCM. View the Adaptive, Intelligent Supply Chain video for a deep-dive review of how technology is reshaping SCM—as a discipline and as an enterprise application.

- 5 User experience.** Cloud-based SCM is responsive and intuitive, and gives users the ability to personalize their workspaces so that data can be presented in a way that naturally adds value.
- 6 Open platform.** Cloud-based SCM assumes that technology innovation will continue to drive rapid and often unpredictable change. It implements open standards and modular architectures to accommodate upgrades and improvements, to minimize change-related disruptions, facilitate integration with other applications, and always keep you on the current release.

Data Analytics and SCM: Getting from Insight to Action

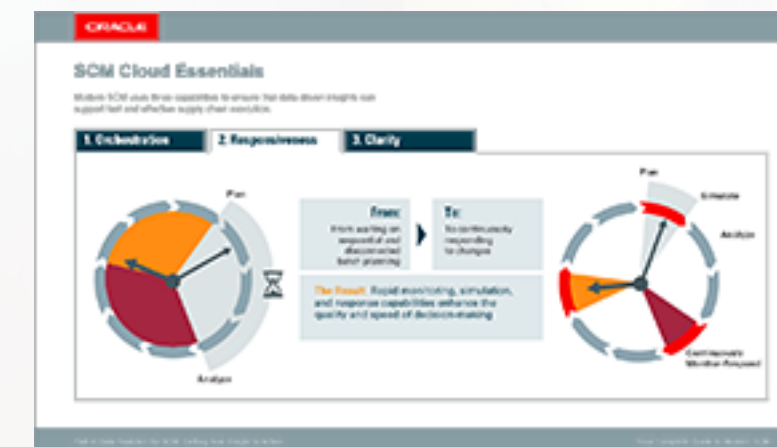
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The most successful organizations don't just assess demand; they actually predict and anticipate what their customers want, as well as where demand will be greatest.

Armed with these predictive insights, a company can remove the element of chance from its innovation and commercialization, planning, manufacturing, logistics, and inventory-carrying decisions. It can also improve customer experience by enabling the same rapid fulfillment and delivery practices that define the very best consumer ecommerce brands today.

A modern, cloud-based SCM solution is built on three capabilities that ensure you can plan, implement, and respond to supply chain events in real time:

- 1. Orchestration:** Supply chain decisions that drive coordinated changes across every system, every transaction, and every relevant trading partner.
- 2. Responsiveness:** Sequential and batch planning is a recipe for waiting—and for waste. Cloud-based SCM, by managing the exceptions, uses a continuous monitoring and response model to execute decisions and implement changes virtually in real time.
- 3. Clarity:** Cloud-based SCM integrates your planning and reporting data to present a single view of the truth. Decision-makers get the confidence that they're always solving the right problems, at the right time and place.



SCM Cloud Essentials

[View the infographic →](#)

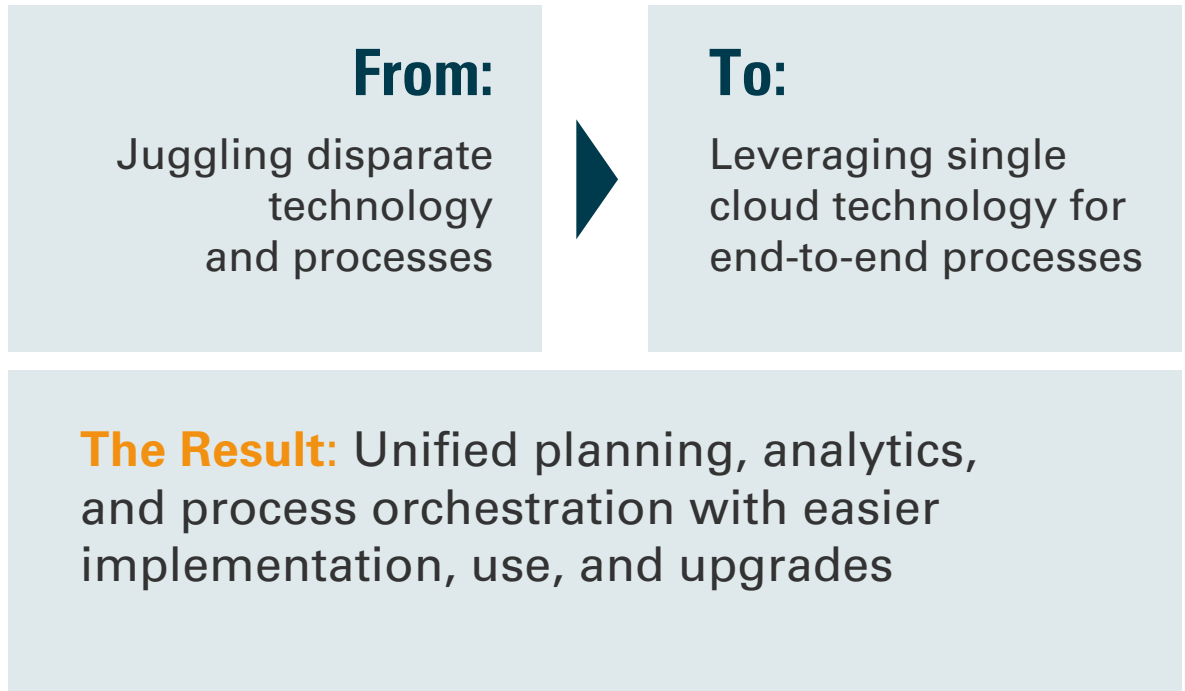
SCM Cloud Essentials

Modern SCM uses three capabilities to ensure that data-driven insights can support fast and effective supply chain execution.

1. Orchestration

2. Responsiveness

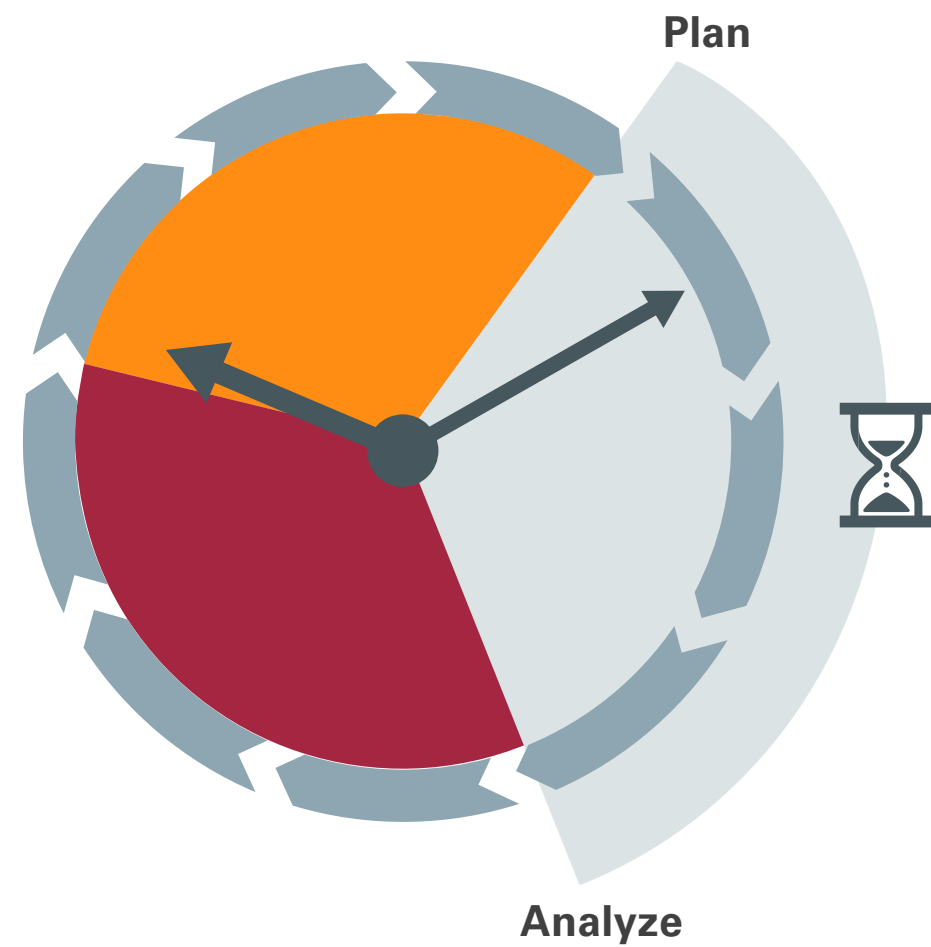
3. Clarity



SCM Cloud Essentials

Modern SCM uses three capabilities to ensure that data-driven insights can support fast and effective supply chain execution.

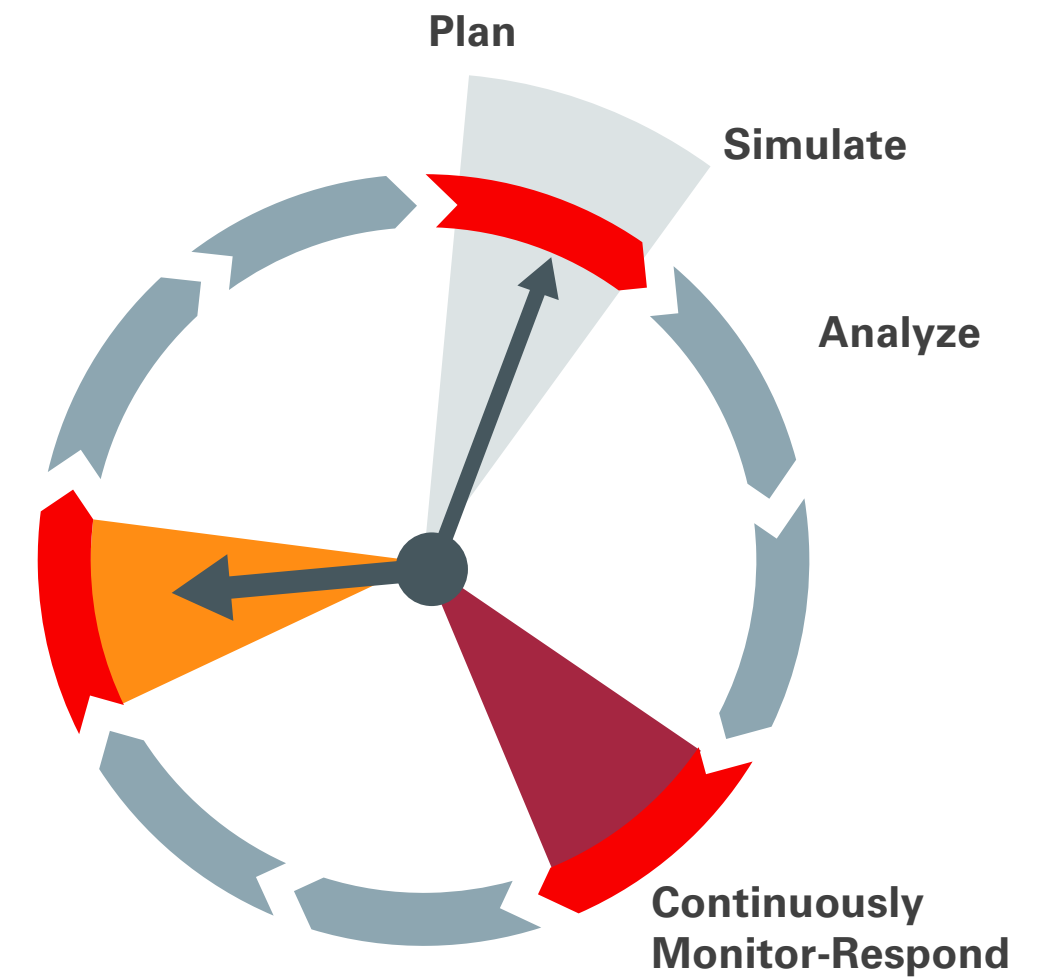
- 1. Orchestration
- 2. Responsiveness
- 3. Clarity



From:
From waiting on sequential and disconnected batch planning

To:
To continuously responding to changes

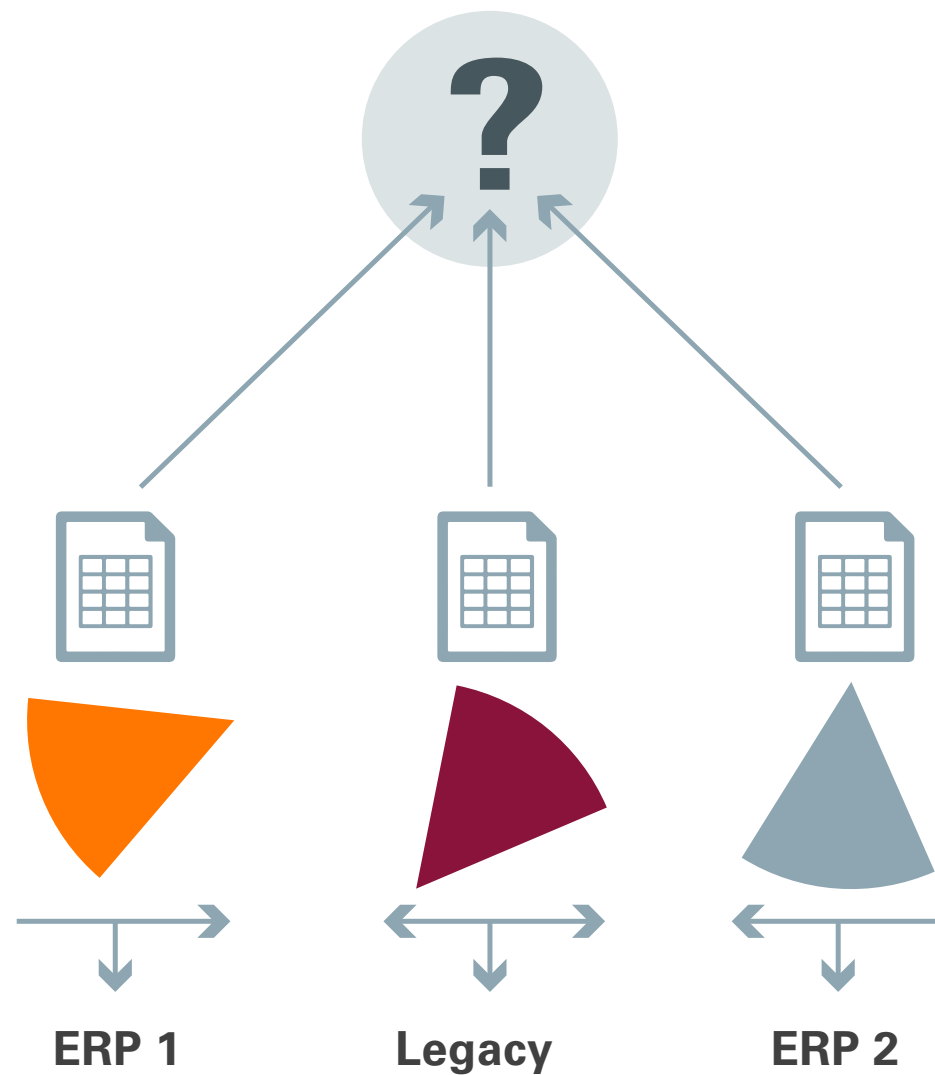
The Result: Rapid monitoring, simulation, and response capabilities enhance the quality and speed of decision-making



SCM Cloud Essentials

Modern SCM uses three capabilities to ensure that data-driven insights can support fast and effective supply chain execution.

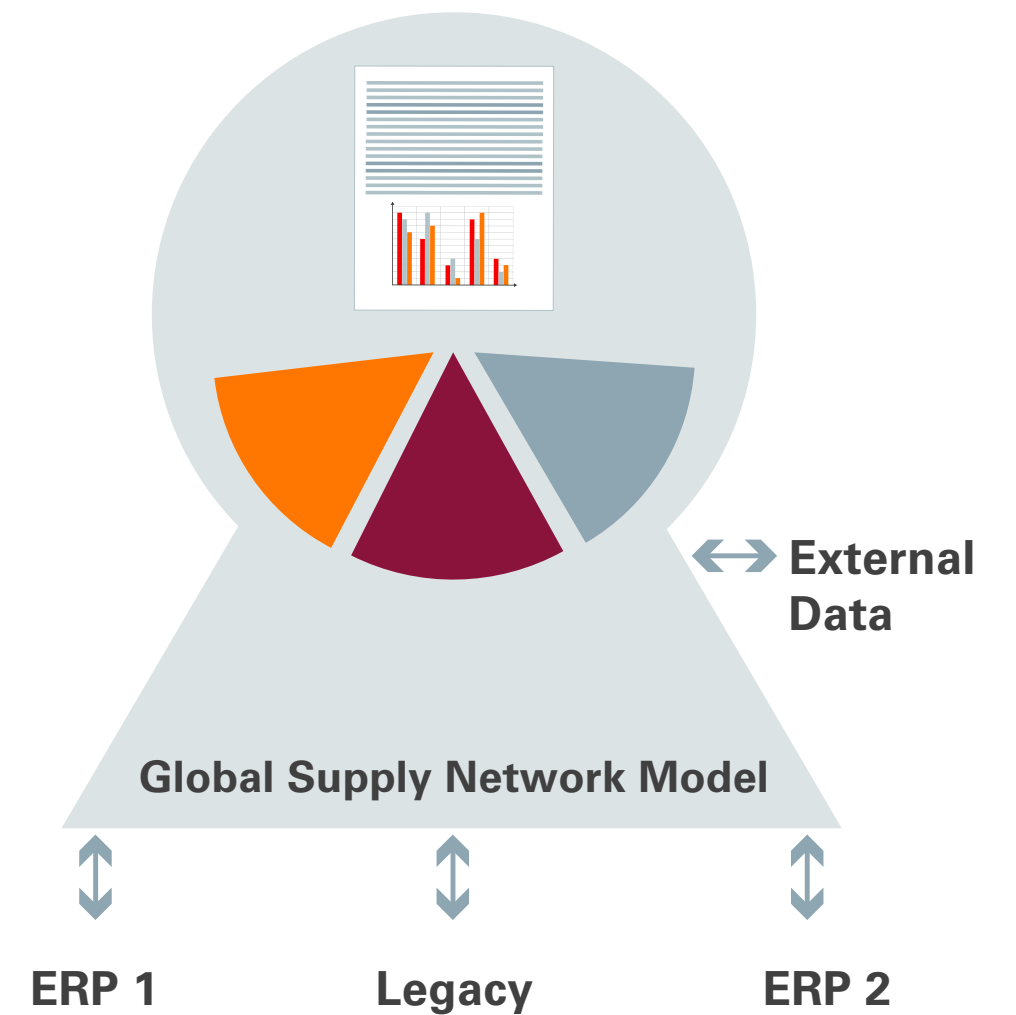
- 1. Orchestration
- 2. Responsiveness
- 3. Clarity



From:
From reconciling multiple plans and receiving delayed reports

To:
To dynamically analyzing and acting on one version of the truth

The Result: End-to-end visibility with flexible segmentation improves planner productivity and business agility



Embrace AI to Discover the Value in Big Data

“Analysis paralysis” is a risk for any company that taps into the massive stores of structured and unstructured data readily available today. AI (what Oracle refers to as “adaptive intelligence”) avoids this dilemma by assessing relevance and business value, and identifying correlations that might otherwise go unnoticed, rather than simply crunching numbers.

Consider one example of how AI informs supply chain action:



How Adaptive Intelligence Apps Link Insights to Action for SCM

AI learns and adapts based upon outcomes—i.e., how you adjust recommended actions and upon supplier/partner responses to recommended actions.

Data and Insights	Decisions and Action
<p>Oracle Data Cloud</p> <ul style="list-style-type: none"> → 5+ billion anonymous consumer/business profiles → 45,000+ dimensions to group profiles 	<ul style="list-style-type: none"> Best-fit candidate profiles Best-fit suppliers Best freight providers Inventory optimization Delivery optimization
<p>Organizational Data</p> <ul style="list-style-type: none"> → Supplier history → Financial ratios → Outstanding invoices 	<ul style="list-style-type: none"> Targeted dynamic discounting Dynamic payment-term decisions Invoice discount rates Real-time cash flow optimization Identification and alerting to potentially fraudulent suppliers

SCM Cloud Sharpens Your Competitive Edge



Any time a business considers a technology investment, one question takes center stage: Do the numbers make sense? According to research data from a number of sources, the answer across a wide range of potential business benefits is an unqualified “Yes.”

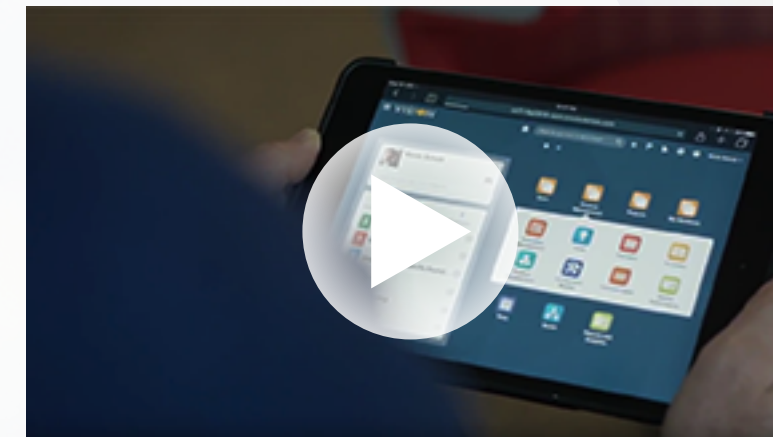


Supply Chain Excellence by the Numbers

[Learn more →](#)

Success with SCM Cloud: Examples from the Field

Individual customer examples provide another perspective on the benefits of solutions such as Oracle SCM Cloud. Supply chain excellence can appear in any number of ways—but ultimately, the numbers always tell the same story.



Nature's Bounty Co. accelerated innovation by adopting Oracle SCM Cloud

[Watch the video →](#)



BlocPower uses Oracle SCM Cloud to help fight climate change with IoT

[Watch the video →](#)

Supply Chain Excellence by the Numbers

Different organizations naturally have different priorities for how they improve supply chain performance and how those gains benefit the business as a whole. With a modern SCM solution like Oracle SCM Cloud, however, the benefits are clear whether your priority is operational efficiency, cost reduction, customer experience, or even revenue impact (1):

Operational Efficiency Gains

28% increase in supply chain team productivity

Operational Speed & Agility

36% faster product delivery; **90%** reduction in cycle time

Cost Savings

Average total cost savings **35%**; average material cost savings **6%**

Business Performance Gains

1.6% average revenue growth; **6%** average gross profit growth

Companies that take a more strategic approach, creating an optimal manufacturing and distribution network (2):

Improve plant output by up to **25%**

Improve inventory turns by up to **40%**

Experience on-time and in-full deliveries **96%** of the time

Decrease stock shortages by **10%** to **30%**

Increase gross margins by **6%** to **10%**

(1) IDC, [Making Supply Chain Operations More Effective and Efficient by Moving to the Cloud with Oracle SCM Cloud](#), June 2018

(2) Bain & Company, [“Turn Your Supply Chain into a Competitive Weapon,”](#) December 12, 2017

Winning Big with SCM Cloud: 4 Examples of Game-Changing Business Benefits

Nahdi Medical

Grew vehicle utilization rates by an average of **5%** to **10%**

Increased speed of communicating proof of delivery by an average **10 hours** per shipment

Achieved a **96%** satisfaction rating for shipments received

[Read the customer success story →](#)

Mutual Materials

Saved US\$1 million annually by cutting interbranch freight by **75%**

Increased fleet utilization by increasing tons per delivery by **11.61%**

Reduced fleet expenses as a percentage of sales by nearly **4 percentage points**

[Read the customer success story →](#)

Vinomofo

Sped up order fulfillment by up to **3x**, improving customer satisfaction

Achieved **99.6%** order fulfillment accuracy

Cut order pick-up window to **2 hours**

[Read the customer success story →](#)

Panduit

Reduced transportation spend by **15%**

Slashed transportation-related overhead costs by **20%**

Cut transportation-related procurement spend by **10%**

[Read the customer success story →](#)

Oracle: Your Partner on the Path to SCM Success

All products that make up the Oracle SCM Cloud are delivered using secure and massively scalable Oracle-owned and operated cloud platforms. Each product is fully integrated and connected; each offers a modern, personalized user experience.



Product Lifecycle Management Cloud →



Supply Chain Planning Cloud →



Procurement Cloud →



Logistics Cloud →



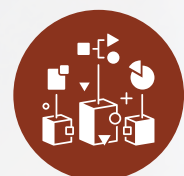
Order Management Cloud →



Manufacturing Cloud →



Inventory Management Cloud →



Internet of Things →



Maintenance Cloud →

Insights That Support Action

Oracle SCM Cloud provides the advanced reporting and analytics capabilities required to implement a modern, demand-driven supply chain. It also provides the end-to-end visibility and process orchestration that enable an agile, responsive, and efficient approach to SCM.

An SCM Investment That Pays

Cloud ensures your SCM applications are always up to date, delivering the platform necessary to adopt new innovations such as IoT, AI/ML, and blockchain. Do the research, run the numbers, and discover the true value of an investment in Oracle SCM Cloud.

End-to-End Visibility for Business Process Excellence

Oracle SCM Cloud enables you to take control of complex, global supply chains. Gain the end-to-end visibility you need to implement a variety of integrated business processes:

1. Ideation to Commercialization
2. Source to Settle
3. Order to Cash
4. Plan to Produce
5. Maintain to Optimize

Respond Faster and Solve Problems Sooner

Oracle SCM Cloud allows a supply chain team to get ahead of the process failures and bottlenecks that impact quality and undermine the customer experience, using capabilities such as:

- Real-time updates between your plan and execution.
- Guided resolution of issues.
- Incorporation of real-time, sensor-based IoT, and the use of that information, for example, to predict maintenance or production failures and more accurate ETA's.
- Embedded chatbots and social to improve the efficiency and experience of customer or user queries and error resolution.

Scalable and Agile for an Omnichannel Future

Oracle SCM Cloud solves omnichannel complexity and puts your customers at the center of the network, making any stage of a customer journey a place where they can interact.



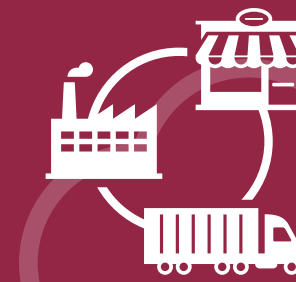
How Much Could You Save?

Use this tool to calculate your potential savings with Oracle SCM Cloud.



See Oracle SCM Cloud in Action

Request an Oracle SCM Cloud demo.



Supply Chain Management in the Cloud

Learn more →



Call Oracle Sales



Chat with Oracle Sales

