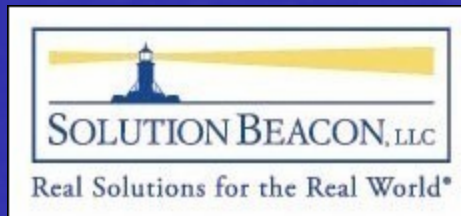
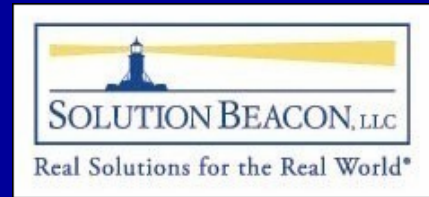


Automating the
Procure to Pay Process
“Garbage at the Speed of Light”
or
“Billion Dollar Company Syndrome”

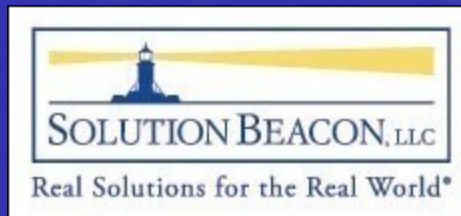


Overview of Presentation

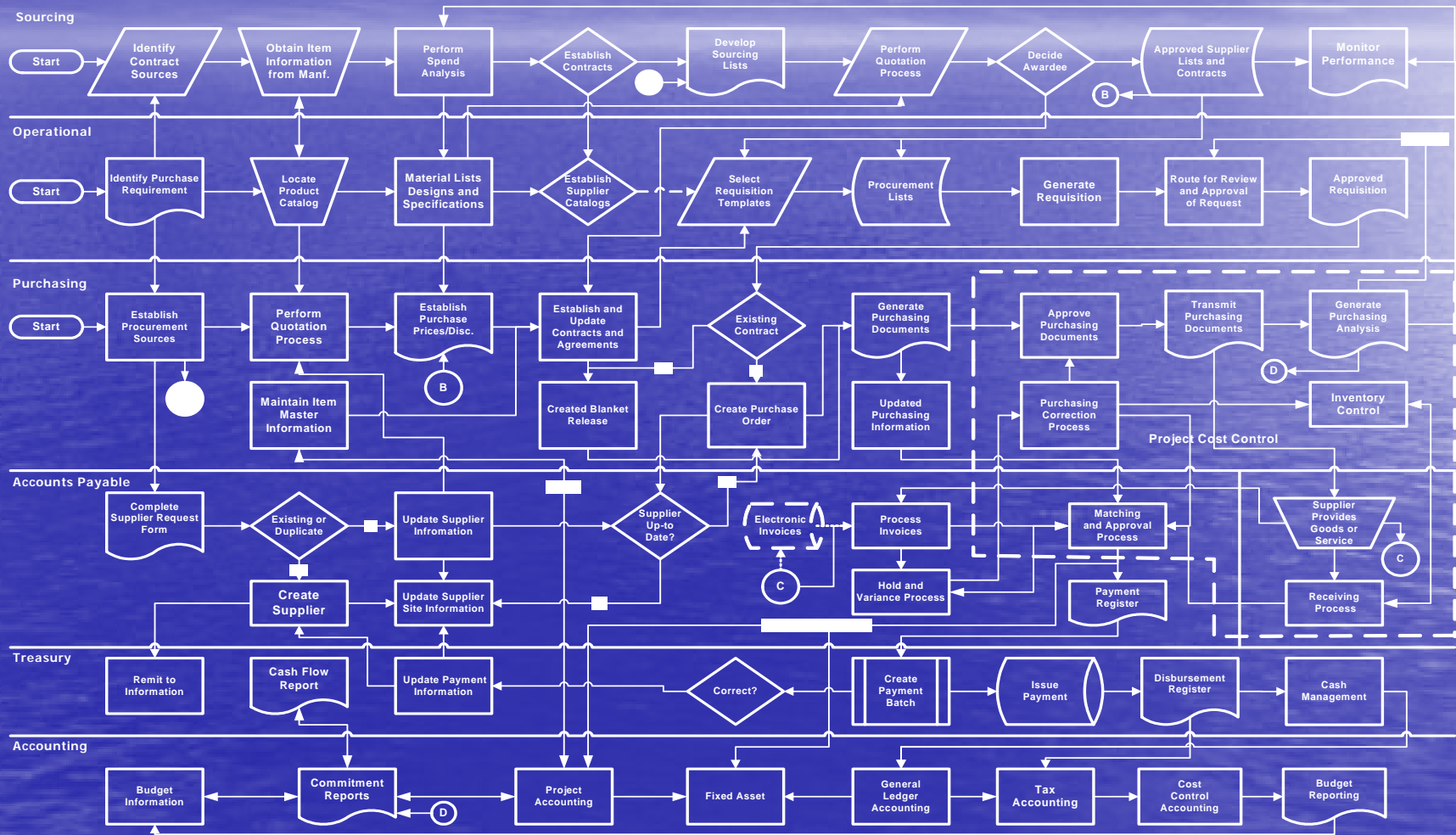
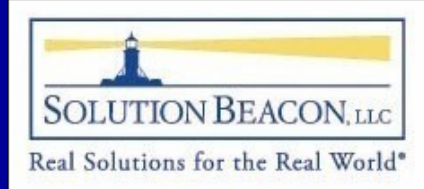


- ◆ Automating Processes
- ◆ Suppliers
- ◆ Items and Catalogs
- ◆ Requisitions/Quotations
- ◆ Purchase Orders/Contracts
- ◆ Receiving
- ◆ Inventory
- ◆ Processing Invoices
- ◆ Accounting
- ◆ Reporting

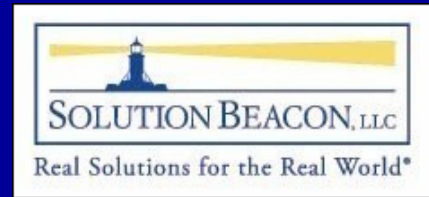
Automating Business Processes



Procure to Pay Process

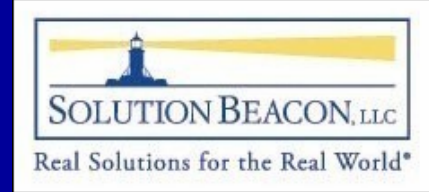


Procurement Priorities



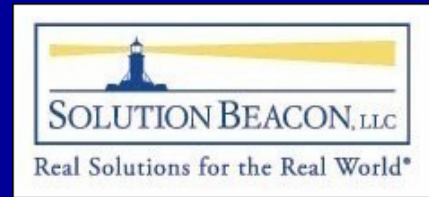
- ◆ Strategic lever for bottom line improvement
- ◆ Assess for insight and opportunities
- ◆ Source for cost savings
- ◆ Enable buyers and suppliers to turn contracts into commerce
- ◆ Transact through management tools in order to capture savings, compliance and efficiency
- ◆ Manage continuous improvement in order to maximize procurement performance

Automation Opportunities



- ◆ Business Processes – Workflow, BPEL (10%)
- ◆ Enterprise Service Bus/Web Services (30%)
- ◆ Batch Processing and Interfaces (50%)
- ◆ Automation Tools (100%)
 - *“Automate, Integrate and Accelerate”*

Tools for Automation



◆ Business Process Management Suite (BPMS)

- Business Process Modeling (BPM)
- Business Activity Monitoring (BAM/BPA)

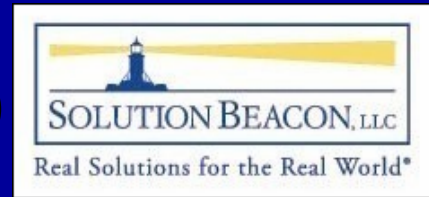
◆ Enterprise Service Bus (ESB)

- Web services
- SQL Programs / Interfaces

◆ Automation Tools

- Scheduling Tools
- Automation Tools

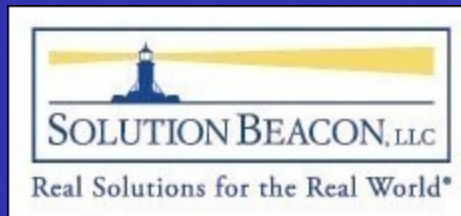
Oracle Modules (Advanced Procurement)



- ◆ Sourcing – improves strategic sourcing
- ◆ iSupplier Portal – secure portal with supplier
- ◆ Supplier Network – electronic transaction service
- ◆ iProcurement – seamless ordering with web interface
- ◆ Purchasing – streamline processing along with compliance
- ◆ Approval Manager – enhanced approval process
- ◆ Procurement Contracts – creates and enforces contracts
- ◆ Service Procurement – control and oversight of services
- ◆ eCommerce Gateway – allows for electronic transfer
- ◆ Purchasing Intelligence – provides reports for compliance

Suppliers and Employees

“Data Generation”

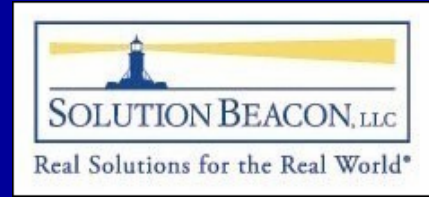


Supplier Management



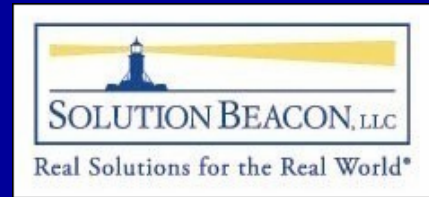
- ◆ Supplier Registration (iSupplier)
 - Initial setup and contact updates
- ◆ Eliminate Supplier Setup form by using BPEL to execute process flow
 - Provides immediate update process
- ◆ Periodic updates using batch updates
- ◆ Allow for immediate updates
- ◆ Use of data hubs in Release 12 and TCA approach

Business Process Execution Language



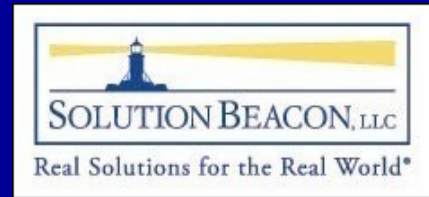
- ◆ Automate data generation flow
- ◆ Immediate updates vs. nightly batch updates
- ◆ Eliminate Supplier form for both additions and updates
- ◆ Update supplier information across multiple systems
- ◆ Notify relevant parties when completed
- ◆ Build rules into process

Data Hubs



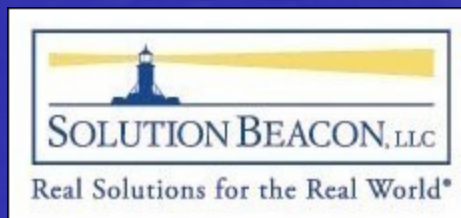
- ◆ Provides central data repository for master files
- ◆ Provides for sharing consistent information between applications
- ◆ Designed to work with APIs
- ◆ Part of Fusion Middleware
- ◆ Currently for Customers and Items
- ◆ Suppliers part of Release 12 – TCA model
- ◆ Product Lifecycle Management

Enhanced Supplier Management

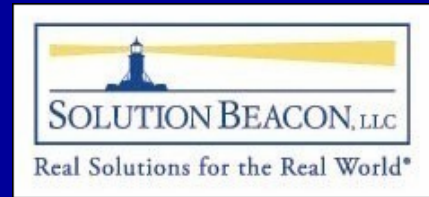


- ◆ Closer and enhanced relationship with suppliers
- ◆ Viewed as integral part of supply chain
- ◆ Enhanced sharing of information between entities
- ◆ Sharing information more readily and electronically
- ◆ Built in supplier contracts and long term relationships
- ◆ Maximized interaction with supplier
- ◆ Electronic communication – iSupplier

Items and Catalogs



Item Master/ Product Lifecycle Management



- ◆ Maintaining item master is data maintenance challenge and is ever increasing
- ◆ Front end of purchasing process
- ◆ Data hub especially with PLM, enhanced Item Master process
- ◆ Great application for the use of BPEL
- ◆ Supply Chain focus on product lifecycle
 - Extensive quoting and purchasing integration
- ◆ Essential for most modules in procurement suite

Sourcing



- ◆ Enhanced procurement process
- ◆ Usually part of enhanced supply chain
- ◆ Seeded functionality and module in Oracle
- ◆ Provides lists of items and preferred suppliers
- ◆ Drives preferred supplier spending
- ◆ Should be tied to procurement contracts
- ◆ Automation opportunity for efficiency
- ◆ Requires maintenance and attention

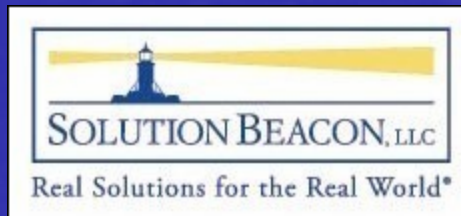
Supplier Catalogs



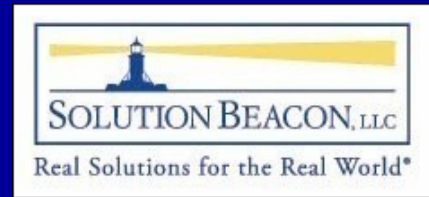
- ◆ Requires item strategy
- ◆ Seeded functionality
- ◆ Data from multiple sources
- ◆ Can simplify item master process
- ◆ Can be updated using EDI 832 (Catalog and Price)
- ◆ XML becoming preferred method
- ◆ Supplier maintained content
- ◆ iProcurement Punch-out
- ◆ Some organizations using supplier numbers only

Requisitions and Quotations

“Data Integration”



Requisition Import



- ◆ Significant automation feature
- ◆ Imports requisition data from numerous sources
 - Other modules, applications and data sources
- ◆ Provides for single source of data
 - Eliminates duplicate entry
- ◆ Alternative to iProcurement
- ◆ Provides validation and standard format
- ◆ Remaining steps in process can be automated and/or controlled as much as possible

RFQ and Quotations



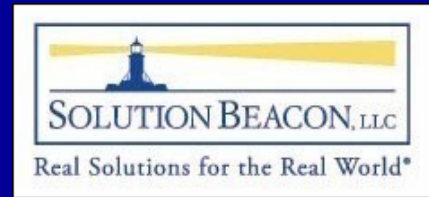
- ◆ Historically limited functionality
- ◆ Important to requisition process, especially in three bid environment with regulatory requirements
- ◆ Most companies using outside process, either manual or development based
- ◆ Can be interfaced with EDI
- ◆ Can issue put through iSupplier
- ◆ New enhancements with RFP, RFI, RFQ and Quote
- ◆ Automation from quote to BPO to catalogs

Self Service Purchasing



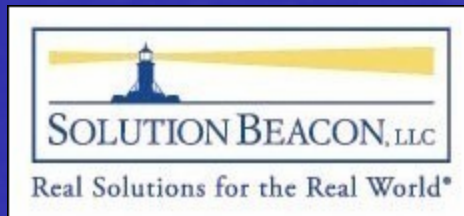
- ◆ iSupplier
- ◆ iProcurement, Supplier Punch-out
- ◆ iExpense, PCard integration
- ◆ iPayment
- ◆ XML Publisher
- ◆ Budgets
 - Commitments
 - Purchasing Spend
- ◆ Projects and HR integration

iProcurement

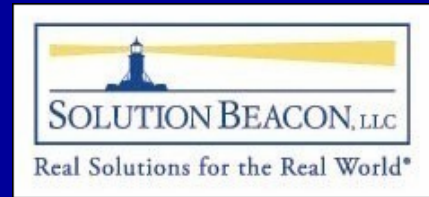


- ◆ Self service requisitioning, simple or complex
 - Other alternatives available
- ◆ Serves wide range of users
- ◆ Finally viable as 11.5.10, Services Integration
- ◆ Supplier motivated to assist with integration
- ◆ Can be expensive based on licensing
- ◆ Extensive personalization
- ◆ Essential to driving automation
- ◆ Key to getting data right (i.e. account generator)

Purchase Orders/Contracts

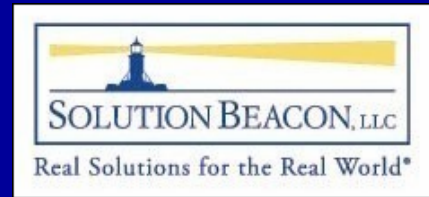


Quotation Process



- ◆ Requires management, extensive data entry
- ◆ Significant source of data
- ◆ Dependent on spend analysis
- ◆ Beginning of contract and automation process
- ◆ Links into RFI and RFQ process
- ◆ Holds significant data for strategy and decisions
- ◆ Can be electronically imported
- ◆ Used in both standard and blanket processes

Standard Purchase Orders



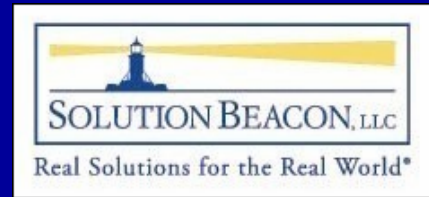
- ◆ Most often used process, primarily manual
- ◆ Can AutoCreate from requisitions but still requires review
- ◆ Manual requisitions often input at this point
- ◆ Certain data fields can be updated through automation
- ◆ Often requires second approval process
- ◆ Often requires many manual steps or workarounds
- ◆ Requires extensive down stream processing

Automatic Blanket Release



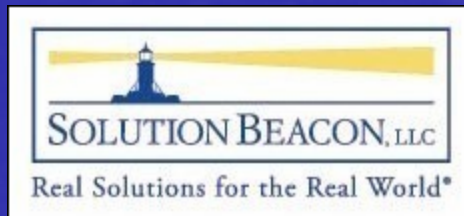
- ◆ Greatest opportunity for automation
- ◆ Requires extensive setup initially
 - Tied to item number and pricing (Advanced Pricing)
- ◆ Provides consistent downstream information
- ◆ Automate the AutoCreate process
- ◆ Will combine multiple requisitions
- ◆ Does not require approval process but can
- ◆ Needs additional automation checks

Services Procurement

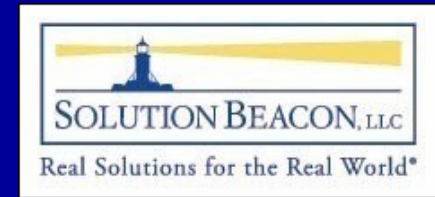


- ◆ Long been problematic for Oracle Purchasing
- ◆ Advanced Procurement Suite
 - Oracle Services
 - Oracle Procurement Contracts
 - Interfaces with existing modules
- ◆ Provides better system process
- ◆ Enforce Contracted Pricing with Embedded Terms and Conditions, Contract Authoring
- ◆ Control and oversight for services spending

Receiving

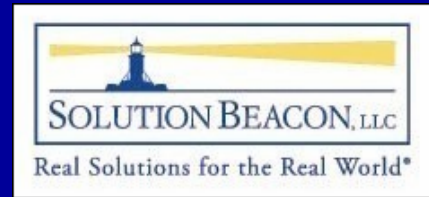


Self Service Receiving



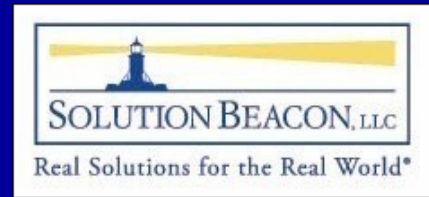
- ◆ Limited automation opportunities
- ◆ Necessary requirement for control
- ◆ SOX misconceptions
- ◆ Performed in different ways
 - iProcurement
 - iSupplier/SAN
 - EDI/ASN
- ◆ Impacts to matching and accrual processes
- ◆ Can be automated through receiving API

Hand Held Receiving



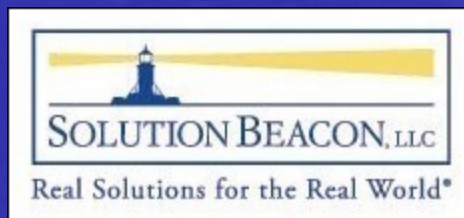
- ◆ Automation of receiving using symbol technology
- ◆ Use programmable hand-helds
- ◆ Perform more than one transactions
- ◆ Use for multiple transaction sets
- ◆ Use for multiple modules
 - Inventory transactions
 - Fixed Assets
 - Physical Inventories
- ◆ Have a backup plan

Evaluated Receipt Settlement

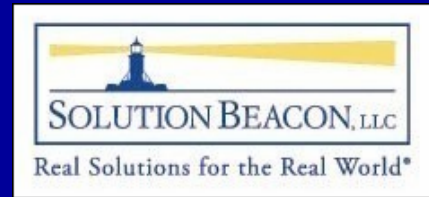


- ◆ Quick pay for only those items received
 - “Pay on Receipt”
- ◆ Supplier negotiated receiving process
 - Requires trust and proper data exchange
 - Designed for high volume
- ◆ Tied to contracts
- ◆ Supercedes the matching process
- ◆ Requires minimal setup by supplier

Inventory

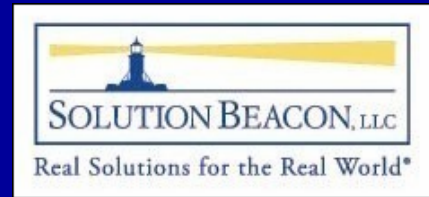


Inventory Transactions



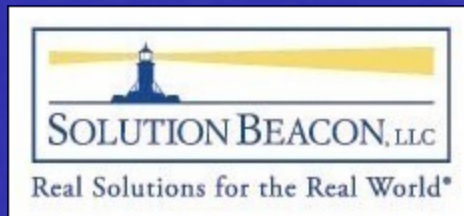
- ◆ Hand Held Transactions (Eliminate manual)
 - Inventory moves
 - Issues and receipt
- ◆ Automate multiple step processes
- ◆ Execute replenishment programs
- ◆ Master carton and RFID transactions
 - Cross Docking

Inventory Counting

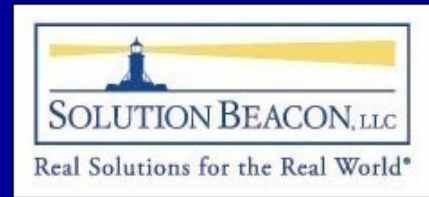


- ◆ Cycle Counting
- ◆ Physical Inventories
- ◆ Serialized Transactions
- ◆ Locator Transactions
- ◆ Spot Checks
- ◆ Fixed Assets

Processing Invoices

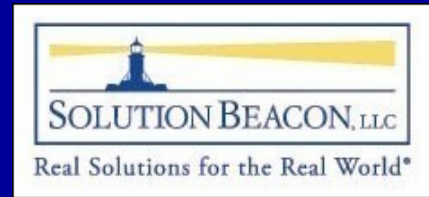


Invoice Import



- ◆ Can be highly automated
 - From scanning to straight through processing
 - Dependent on suppliers capabilities
- ◆ Extensively used for PCards and Expenses
- ◆ Can be done as an EDI transaction – 810
 - Best done after EDI PO transaction set – 850
- ◆ Alternative ways for smaller vendors
- ◆ Required by larger vendors
- ◆ Can be controlled using invoice approval workflow

Pay on Receipt



- ◆ Quick pay based on receiving
- ◆ Must be contractual
- ◆ Associated with Advance Ship Notice
 - EDI 865
 - iSupplier
- ◆ Well Established Process
- ◆ Must have reconciliation process

Invoice Approvals



◆ Standard Practice

- Copies made and passed for signature (Non-POs)

◆ Best Practice

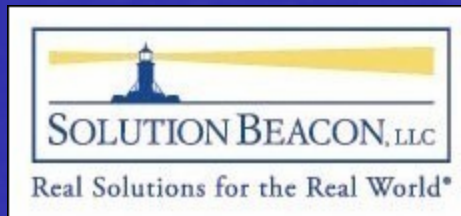
- Accounts Payable receives all invoices, entered into system
- Controlled within system

◆ Invoice Approval Workflow

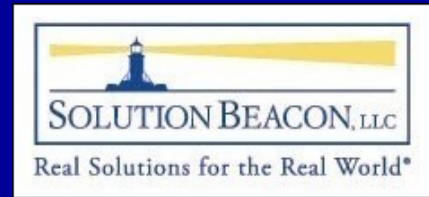
◆ Approval Manager enhances the process

◆ Time to process is the significant metric (>10 days)

Accounting *“Data Reporting”*

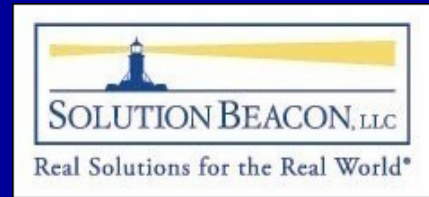


Project Accounting



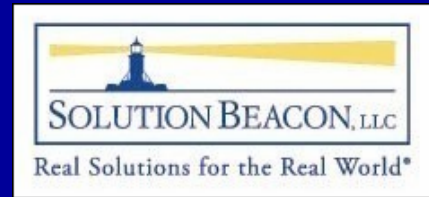
- ◆ Material transactions to projects
 - Drop ships
 - Expenses
- ◆ Requisitions capturing project information
- ◆ Services contracts tied to project performance
- ◆ Taxable versus non-taxable transactions
- ◆ Use-tax
- ◆ Extensive contracts tied to purchasing process

Fixed Assets



- ◆ Capitalized Transactions
 - Receiving services and freight after the fact
- ◆ Tied to asset accounting
 - Account Generator
- ◆ In and out of service
- ◆ Asset move transactions
- ◆ Asset inventories
- ◆ Coupled with other asset applications

Accrual Accounting



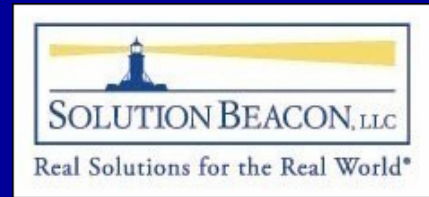
- ◆ Most ignored process in the procure to pay cycle
- ◆ Requires complete understanding of system
- ◆ Requires defined process
 - Receiving
 - Month End
 - Reconciliation
- ◆ Often requires custom reports
- ◆ Needs to be managed upstream
- ◆ Often done outside system

Month End Close



- ◆ Great opportunity for automation
- ◆ Requires synchronization between AP and PO
- ◆ Need to check multiple parameters
 - Period Close
 - Pending Transactions
 - Invoice Sweep
 - Invoice Holds
- ◆ Beginning of Close Process

Reporting



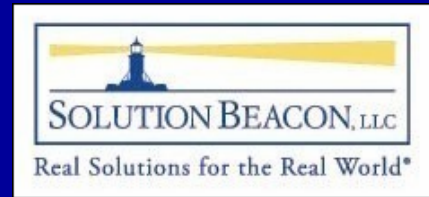
- ◆ Run Standard Set of Reports
- ◆ XML Publisher
- ◆ Budget Reporting (New Feature)
- ◆ Discoverer reports
 - Commitment reports
 - Budget Reports
 - Purchasing Spend
 - Spend Analysis

Action Plan



- ◆ Map Business Process
- ◆ Establish Priorities for automation
- ◆ Decide on which protocol to use
- ◆ Prepare implementation plan
- ◆ Execute in a logical sequence
- ◆ Don't try to do it all
- ◆ Make sure it works and obtains desired results

Questions and Answers



Thank you!

Paul Cyphers

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www.solutionbeacon.com

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