

ORACLE STRATEGIC NETWORK OPTIMIZATION

KEY FEATURES

- Constraint-based, cost optimized network design
- Global supply demand synchronization
- Visual, multi-tier supply chain representation
- Multi-currency support for global risk management
- Optimization of constrained resources
- Optimization of lane utilization and transportation modes
- Dynamic sourcing decisions
- Decision support for Capital Asset Management
- Strategic capacity allocations
- Budget and contingency planning
- Least-cost or profit-maximized plans
- What-if analysis scenario management
- Real-time fast interactive simulation
- Merger and acquisition planning
- Crisis situation management
- Evaluation of new markets and required facilities
- Make, buy, and outsourcing decisions
- Competitive analysis
- Global product mix optimization
- Designed for planners by planners
- Interactive network design
- Robust reporting and exception management
- Easy to import and modify data
- Out-of-the-box integration with Oracle E-Business Suite
- Out-of-the-box integration with Oracle Advanced Planning
- Out-of-the-box integration with Demantra

Do you need to know what impact changing costs have on your sourcing strategy? Do you need to know what the real total cost of outsourcing is, including the impact on working capital and cash flow? Can you assess the impact of mergers and acquisitions on your supply network and capital asset budget? Do you need to know how you could react to a disruption in supply due to unforeseen events? Should you multi-source? What are the most profitable channels or products to invest in?

Overview

Oracle® Strategic Network Optimization enables you to design your entire supply network with agility in mind. Today's rapidly changing global economics require you to be more responsive and the need to evaluate your supply network design more often is essential to enable your company to compete successfully. Not only do you need to design a more agile supply network, you also need to consider your hedge strategies in your design and be able to simulate the outcome of unpredictable events on your supply network flow.

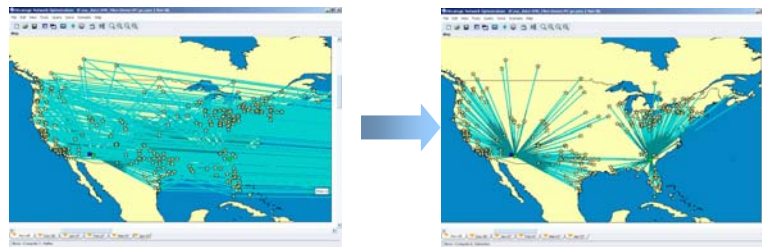


Figure 1. Strategic Network Optimization - Before and After

Design your agile supply network

Oracle Strategic Network Optimization considers all of the complex costs and constraints that drive your network design and enables you to optimize your supply chain network design and decide on the best possible network configuration to run your business. You can model all nodes of your supply chain network and include all costs such as transportation, operating, sourcing, storage, and labor. You can also simulate the impacts of different demand scenarios, integration of new businesses and targeting of new markets, evaluate outsourcing decisions, decide which facilities to ramp-up or shutdown, and evaluate the impact of currency fluctuations. Oracle Strategic Network Optimization (SNO) generates the best sourcing strategy as an output which can be used for the downstream supply and inventory planning processes. In addition, you can rationalize your capital assets, optimize your product and customer mix, manage your supply chain risk more effectively, improve your sales and operations planning process, and simulate changing business conditions to develop strategies and contingency plans.

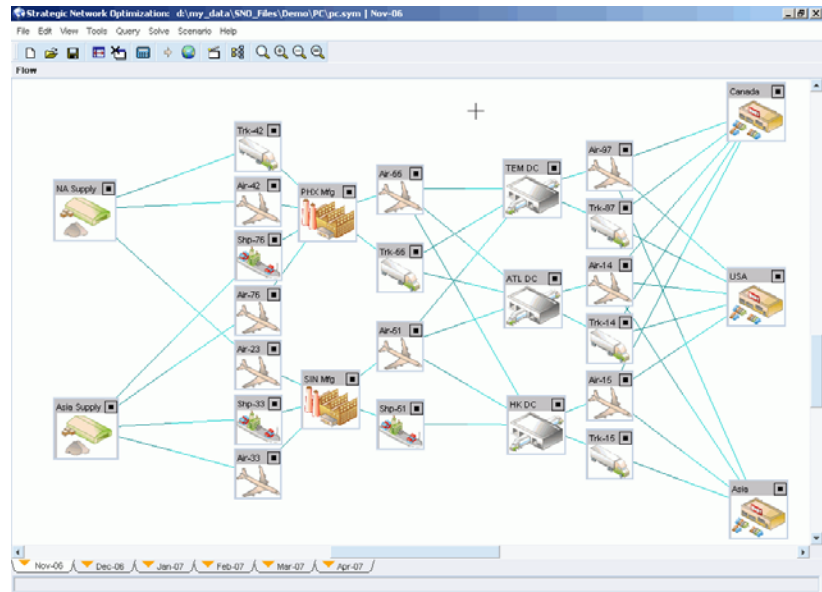


Figure 2. Strategic Network Optimization Workbench – Network Diagram

Reduce costs and mitigate risk through dynamic sourcing

Oracle Strategic Network Optimization determines optimal sourcing strategies that consider all sourcing decisions. SNO is the most effective tool on the market today to help you assess single versus multi source strategies to mitigate risk. It provides time-phased sourcing decisions on what facilities and suppliers should provide which products to which markets and what transportation methods and lanes should be used. For example, when evaluating whether to move production offshore, you can weigh the trade off between lower offshore production costs against the increase in transportation costs, working capital, and decrease in cash flow, and conclude that increasing local capacity is a better decision. Oracle Strategic Network Optimization considers all supply sourcing decisions including production, distribution, capacity, and labor. It recommends optimal sourcing strategies, selects optimal product-facility assignment strategies, and provides time-phased network design changes.

Increase profits through asset rationalization

Oracle Strategic Network Optimization also provides value in enabling you to make optimal capital asset management decisions. It considers all of the complex costs involved in making these decisions and provides you with controls on minimum or maximum changes per period to guide the solution to pragmatic recommendations. For example, closing a dozen distribution centers next quarter might be mathematically correct, but not practical to execute. SNO can help you to rationalize capital assets by determining the right number of assets in supply chain and identifying the best locations for fixed assets. It considers all asset costs including opening and closing costs, inflows from salvage, and fixed and variable costs. In addition, it enables you to plan the integration of new business supply chains from mergers and acquisitions, or manage the assets during divestitures.

Increase revenue with customer or product segmentation

When multiple products or customers are served from the same constrained assets it is necessary to determine which products should be produced and what demand should be satisfied to maximize profits within constraints. Oracle Strategic Network Optimization enables you to balance the needs of many customers in different channels where the variety of products and seasonal variations in demand cause fluctuations in profitability. It optimizes the throughput on the most critically constrained resources based on profitability by product family, where there are many products with different margins, to determine the most profitable mix to satisfy demand. As a result, you can better understand and optimize the profit structure of your supply chain.

Manage risk more effectively

When designing your supply network with agility in mind, you can more effectively manage and mitigate supply chain risk. Risk factors can be both strategic and tactical in nature. By proactively identifying the vulnerabilities in your supply chain that consider these risk factors, you can stay competitive in today's global changing markets. Oracle Strategic Network Optimization enables you to model and evaluate the impact of potential unplanned events, understand their impact, determine the most cost effective mitigation strategies, and formulate contingency plans. Typical unplanned events include:

- **Failures:** suppliers, plants, warehouses, lines, transport, port closures
- **Costs:** increases or decreases in cost of labor or resources
- **Prices:** increases or decreases in price due to competitive activity, market conditions, and currency fluctuations
- **Capital investments:** new purchases, capacity increases
- **Disasters:** hurricanes, earthquakes, terrorism

Oracle Strategic Network Optimization enables you to assess the impact of these unplanned events through its powerful modeling and simulation capabilities and helps you to determine what your contingency plans should be to minimize exposure to risk. For example, you need to decide ahead of time whether you have logistics contracts at both Seattle and Vancouver ports, in case one of them closes, or you need to determine who your alternate carrier is before your preferred global logistics provider – which everyone else uses – goes on strike.

Improve your sales and operations planning process

Oracle Advanced Planning improves your sales and operations planning process by enabling you to collaborate with your internal organizations and external trading partners on a common set of demand data. Oracle Strategic Network Optimization provides the operations planning portion of the sales and operations planning process. It provides the rough cut capacity planning to help you determine the most profitable use of your resources.

Enable key executives to analyze strategic planning information

Oracle Strategic Network Optimization is fully integrated with Oracle Advanced Planning Command Center to provide key supply chain decisions makers the capability to analyze output from SNO, together with data from Demantra and other Advanced Planning products, for example in their sales and operations planning “executive review” dashboard. Oracle Advanced Planning Command Center enables you to compare key performance metrics for your business strategies and alternatives as represented in your strategic and tactical plans.

KEY BENEFITS

KEY BENEFITS:

- Design your supply network with resilience in mind
- Reduce costs and mitigate risk through dynamic sourcing
- Increase profits through asset rationalization
- Increase revenue with customer or product segmentation
- Manage risk more effectively
- Improve your Sales and Operations Planning process
- Simulate changing business conditions
- Incremental deployment – get benefits quickly without the loss of integration

RELATED PRODUCTS:

- Collect base supply chain topology directly from Oracle E-Business Suite
- Release sourcing recommendations for Oracle Advanced Supply Chain Planning and Oracle Inventory Optimization
- Input demand scenarios from Oracle® Demantra Demand Management
- Provide constrained forecast and rough-cut capacity to Oracle Demantra Real-Time Sales and Operations Planning
- Input target service levels from Oracle Inventory Optimization
- Combine SNO output with output from other Advanced Planning applications to analyze business scenarios in Oracle Advanced Planning Command Center

Simulate changing business conditions

Oracle Strategic Network Optimization provides value with its flexible and easy to model what-if simulation capabilities that provide powerful decision support for making tough strategic business decisions. It enables you to answer tough questions like:

- Should I pre-build inventory or work overtime?
- Should I manufacture in-house or outsource?
- Should I single or multi source?
- How should I vary my safety stock levels over time?
- How can I rationalize my global assets when expanding?
- How sensitive is my supply network to sudden changes?
- How can I optimize my purchasing and transportation costs?

Oracle Strategic Network Optimization is an intuitive and easy to use tool with powerful features to make answering the tough questions easy. Built-in scenario comparisons enable you, for example, to perform quick and comprehensive what-if analysis against multiple demand scenarios or to evaluate currency fluctuations. You can leverage user definable exceptions and built-in dynamic reporting with drag-and-drop layout design to highlight issues and report on detailed and aggregate data.

Oracle Advanced Planning — A Complete Solution

Oracle Advanced Planning enables companies to efficiently design, plan, and service their value chains. Its componentized architecture enables you to start with any product and expand to other areas at any point in time. For example, you can decide to start with improvements to your demand management process because you have a forecast accuracy problem, and then implement constrained supply planning or a sales and operations planning process. The Oracle Advanced Planning architecture leverages the scalability and security of Oracle's RDBMS and Fusion Middleware technology and can be deployed as a single instance with Oracle E-Business Suite, or integrated with non-Oracle legacy systems. Whether you implement one module or the entire product solution, Oracle Advanced Planning enables you to share unified supply chain planning information across the enterprise so you can make smarter decisions with better information.

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