



# Competitive Optimization

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# What is Competitive Optimization

Analyze Oracle E-Business Suite footprint to find the quick wins to create competitive advantage

- Increase sales
- Improve customer satisfaction
- Decrease costs

In summary, support the business needs to improve the company's efficiencies and to enhance revenue

# Market Cycle Background

Market patterns are called business cycles

- Maturation
- Contraction (or recession)
- Revival
- Expansion

# Market Cycle Background

During Maturation cycle companies typically

- Overspend on factories and production due to demand
- At onset of Contraction, demand drops resulting in decreased profit

Typical business reaction to Contraction cycle

- Cut back equipment purchases
- Lay-off of personnel
- Close of business units
- General scale back of the business

# Why Now?

## Contraction reality

- Less people doing more
- IT can help bandwidth constrained staff to improve customer support and promote sales
- Identify small system investment with a large business ROI

## Position the company to

- Be more efficient with smaller workforce
- Improve customer service
- Capture more market share
- Become more competitive, gaining market share from weaker, less pro-active companies
- Pursue acquisitions

Why now? Become more competitive or die!

# IT Opportunities During Contraction

- Improve existing systems to manage the business with less personnel
- Enhance systems to maximize revenue growth
- Take advantage of “slow down” to improve systems and be ready for Revival

# Process Categories

- Real value add
  - Essential activities that transform inputs into outputs
  - Meet customer requirements and perceived benefits
- Business value add
  - Management activities necessary to support, control, and monitor internal business functions
  - Little perceived value to the customer
- Non-value add
  - Nonessential and non-processing activities that do not contribute to customer satisfaction or improved business operations

# Getting Down to Priorities

- Solution Beacon's experience in cross-functional analyses of business processes showed that <20% of process activities are real value add
- Many companies spend more time in business value add, whereas real value improves customer service and increases market share
- How do we identify priority activities that will contribute to competitive optimization?
- How do we align these priorities to components of Oracle E-Business Suite?
- How do we identify the smaller, smarter investment to get the bigger return?

# Where To Find the Gold?

- Four areas have the greatest potential to provide value – bigger return for smaller, smarter investment
- Decrease cycle times
  - Increase customer satisfaction
  - Reduces costs
- Utilize Edge applications
  - Value add to improve operations
- Extend processes to stakeholders (iApplications)
  - Decrease costs
  - Increase customer and vendor satisfaction
- Enhance market share and increase revenue

# Understanding Cycle Times

- Total cycle time is time it takes to get raw materials from the vendor's vendor turned into a sold and delivered product to the customer's customer
- Vendor needs visibility to demand in order to purchase raw materials
- Product gets to the company's production floor to streamline (lean) manufacturing
- This creates just-in-time inventory and ability to meet promise dates
- On the customer side, establish understanding of demand
  - Who is buying products, where, and identify actions that can effectively increase promotions and sales in particular regions
  - If you do a promotion, provide the number of products needed
  - Don't overproduce and have too much inventory
  - Don't under-deliver and not support the success of the promotion

# Examples of Cutting Cycle Times

- Cut cycle time anywhere you can to make it shorter, which increases efficiency, enhances market share, resulting in increased profit
  - Turning a quote into an order
  - Requisition to purchase order, to raw material
  - Developing a subassembly faster
  - Collecting accounts receivable
  - Delivering a product to market

# Benefits to Improving Cycle Times

- Improve cycle times
  - Quote to promise to order to cash
  - Manufacturing and production
  - Supply chain
- Increase visibility to customer history, demand, service, and order status
- Optimize supply chain management
- Enhance inventory management and costing

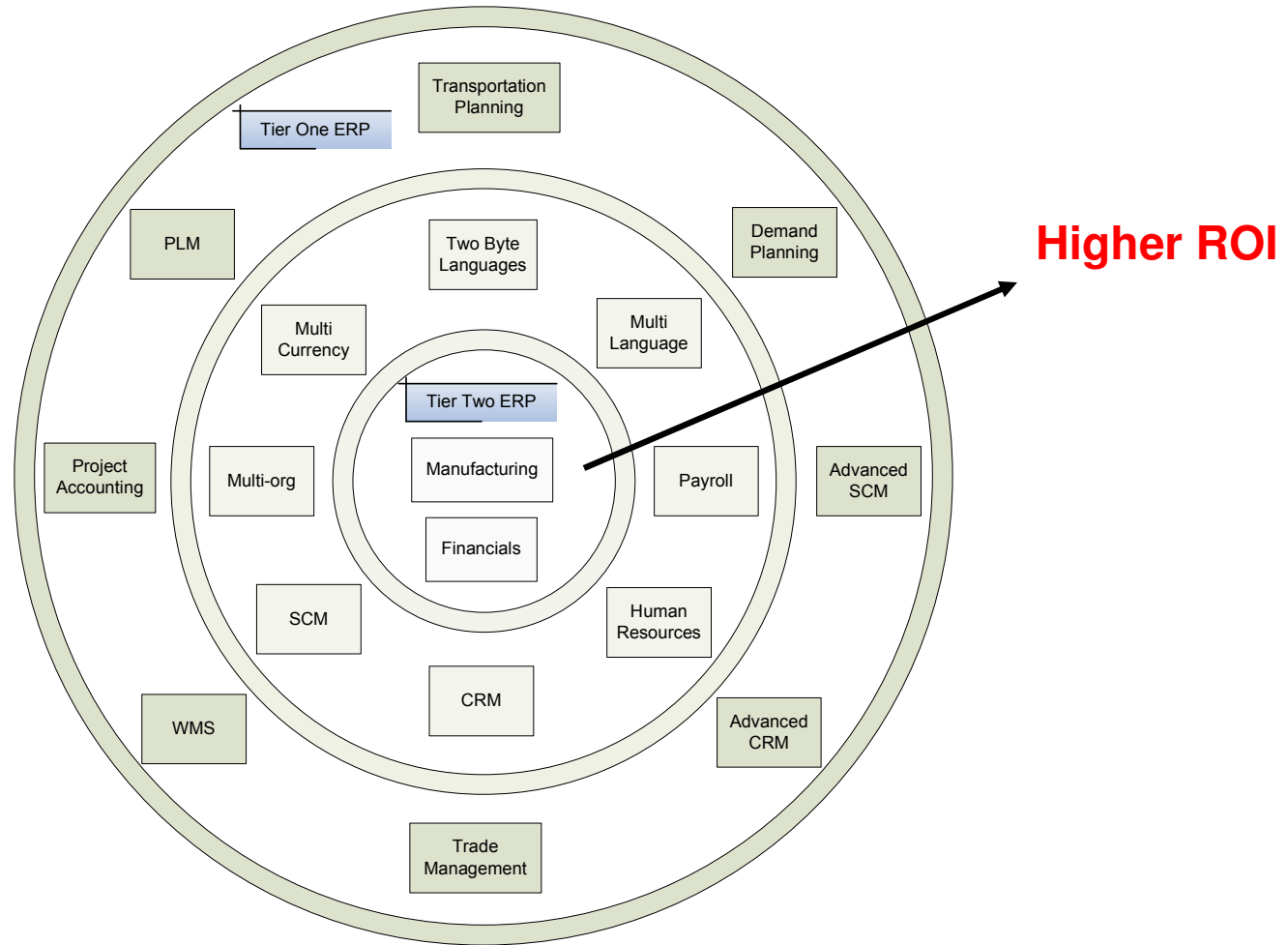
# How to Reduce Cycle Times

- Improve BOMs, WIP, Routings, Costing, Order Management to enable Available-to-Promise
- Streamline manufacturing scheduling with
  - ASCP - Advanced Supply Chain Planning
  - Scheduling
  - Planning
  - MES - Manufacturing Execution System
- Optimize Order Management
  - Understand demand
  - Visibility to history
  - Immediate analysis of costing and pricing
  - Orders in process and status
  - Has customer service been acceptable (CRM)

# How to Reduce Cycle Times (continued)

- Optimize supply chain management
  - Centralize purchasing to competitively manage costs
  - Add Procurement and iProcurement
  - Add demand planning to increase predictability of sourcing needs
  - Integrate the manufacturing planning process with procurement to gain greater visibility of supply chain
  - Reduce inventory – just in time inventory
  - Lower safety stock with more predictability
  - Lean manufacturing

# Edge Applications



# Edge Applications and ROI Potential

- Increase efficiency of managing external processes, get other people to do the work
  - iSupplier, iProcurement, iExpenses, iPayment, iReceivables
- Reduce supply chain costs
  - Advanced Supply Chain Planning (ASCP)
- Improve margins
  - Quoting, Advanced Pricing, iSupplier, Demand Planning, Product Lifecycle Management
- Expedite engineering process
  - Product Lifecycle Management (PLM-Agile)
  - Engineering

## **Next Steps**

### **How to Increase Your Competitive Advantage**

Improve your processes and optimize Oracle's functionality

- Business Process Re-engineering (BPR) to improve processes
- Aligning with BPR enhances a module you have already implemented so it works more efficiently
- Implement functionality of modules you already have licensed, but have not yet configured
- Add key modules that have a high return of investment and meet your business needs

# Questions and Answers

Thank You!

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