

SOURCE-TO-PAY PROCESS OVERVIEW

MANAGE
SUPPLIERS

SOURCE

CONTRACT

PURCHASE

PAY



MANAGE
SUPPLIERS

SOURCE



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PURCHASE



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Supplier Qualification

Current State

Random and inconsistent information gathering leads to questionable accuracy and usability.

Oracle's Modern Approach

- Systematic method of gathering and assessing supplier information
- Assess supplier's compliance with financial stability, regulatory standards and company code of conduct
- Select qualified suppliers for sourcing events and ensure up to date profile with automated update alerts

DID YOU
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DID YOU
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45% of respondents reported significant increase in procurement-related risk in 2015 (as opposed to 33% in the prior year)?

Source: Deloitte 2016 CPO Survey



Organizations that neglect to invest time in appraising and developing suppliers experience:

- lower percentage of purchase orders approved electronically,
- more FTEs for the procurement cycle, and
- higher total costs for procurement cycles.”

-APQC 2015

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Sourcing

Current State

Long cycle time to author, review and approve RFX documents. Lengthy and manual bid analysis extends time to award and delays cost savings.

Oracle's Modern Approach

- Guided authoring and terms libraries simplify document authoring
- Built-in social collaboration allows cross-functional team input and faster approvals
- Embedded analytics monitor bidding process
- Award recommendation based on user-defined criteria enable faster time to value



Mobile



Analytics



Social



Internet of Things



Big Data

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Mobile



Analytics



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Big Data

DID YOU
KNOW?

Only **55%** of addressable spend is actually sourced?

Source: Ardent Partners CPO Rising 2015



Contracting

Current State

Long cycle times to author, review and approve initial contract. Back and forth negotiation and language changes extends time to execution and delays cost savings.

Oracle's Modern Approach



- Guided authoring and terms libraries standardize agreements and simplify authoring
- Built-in social collaboration enables cross-functional team input and execution
- Deviation monitoring spotlights specific language changes to minimize review effort
- Contracts managed in searchable repository with amendment tracking and automated expiration alerts



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Mobile



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DID YOU KNOW?

Only **60%** of spend is contract compliant?

Source: Ardent Partners CPO Rising 2015; Paystream Advisors 2015

Only **57%** of contracts are stored in a central, searchable repository?

64% of companies struggle with inconsistency across their contracts

55% best in class companies utilize automated contract management solutions as opposed to 38% for "all others"

78% of companies say they need to reduce the cost of their contracting process



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Requisitioning

Current State

Off contract buying negates negotiated cost savings also circumvents approval policies to control spend. The lack of a purchase order complicates supplier invoice processing.

Oracle's Modern Approach

- Reduce off-contract buying through a consumer-like self service application
- ▶ • Automated approval workflows ensure policy compliance. Mobile approvals eliminate delays
- Automated PO creation ensures formal buying notice to suppliers and document used in approval process for accounts payable automation



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Contd...

DID YOU
KNOW?

Only **60%** of spend is contract compliant?

70% of companies utilize self-service portals for employee purchasing

On average only **61%** of a company's spend is under procurement's management?

Source: Deloitte CPO Survey 2016; Ardent Partners CPO Rising 2015

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Purchasing

Current State

Manually created POs and approvals via email cause an increase in cycle time and effort and often require contract lookup to verify correct pricing. No formal tracking process makes it difficult to manage status and produce audit trail.

Oracle's Modern Approach

- Dramatically improve efficiency by creating purchase orders from requisitions without manual intervention
- Automatically leverage negotiated pricing and terms from supplier agreements
- Efficiently manage document revisions with visual notifications and full change history
- Integrated with AP to enable automated invoice processing

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DID YOU
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Only **63%** of spend is based
on a purchase order?

57% of procurement employees are
allocated to ordering materials or services

Source: Ardent Partners CPO Rising 2015; APQC Survey 2015

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Accounts Payable Automation

Current State

Paper invoices require re-keying into AP system which is time-consuming and error-prone. Tracking down POs and receipts is also time consuming, inefficient and provides poor audit trail.

Oracle's Modern Approach

- Optical scanning converts paper invoices to electronic format for automated PO matching with full audit trail
- Supplier enablement options provide “paperless” process via electronic invoicing further reducing manual effort
- Automated invoice validation (matching) minimizes need for human involvement

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78% of invoices are still delivered in paper form?

Labor costs comprise **62%** of total AP costs? The largest contributing factor is the need for manual intervention due to invoice/PO errors.

DID YOU KNOW?

Top performers report the average cost to process a supplier invoice is **\$4.98**, compared to **\$12.44** for bottom performers.



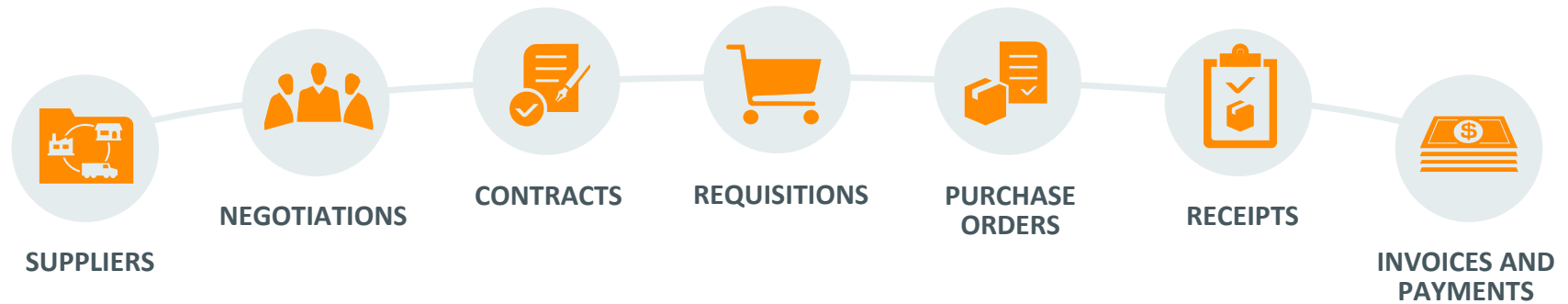
With effective use of eProcurement, finance groups can match up to 80% of incoming invoices as soon as the suppliers issue them”

-Forrester Research 2014

Source: APQC 2015; Paystream Advisors 2015

ORACLE PROCUREMENT CLOUD

A Complete Source to Pay Solution



Supplier Qualification Management	Sourcing	Procurement Contracts	Self Service Procurement
Supplier Portal	Procurement Analytics	Purchasing	Payables

- Collaborative Negotiations
- Enforceable Contracts
- Streamlined Procure to Pay
- Supplier Qualification Management