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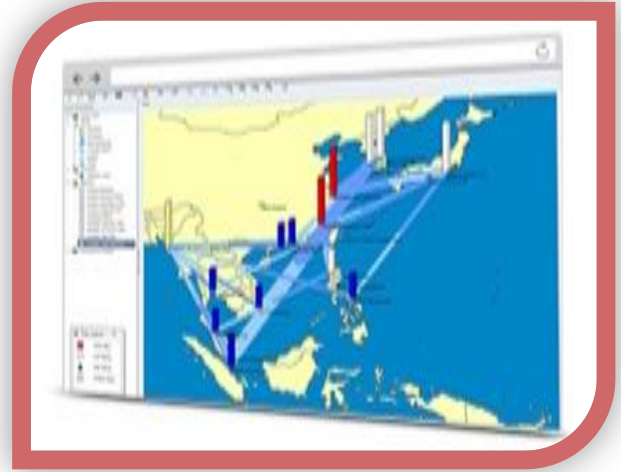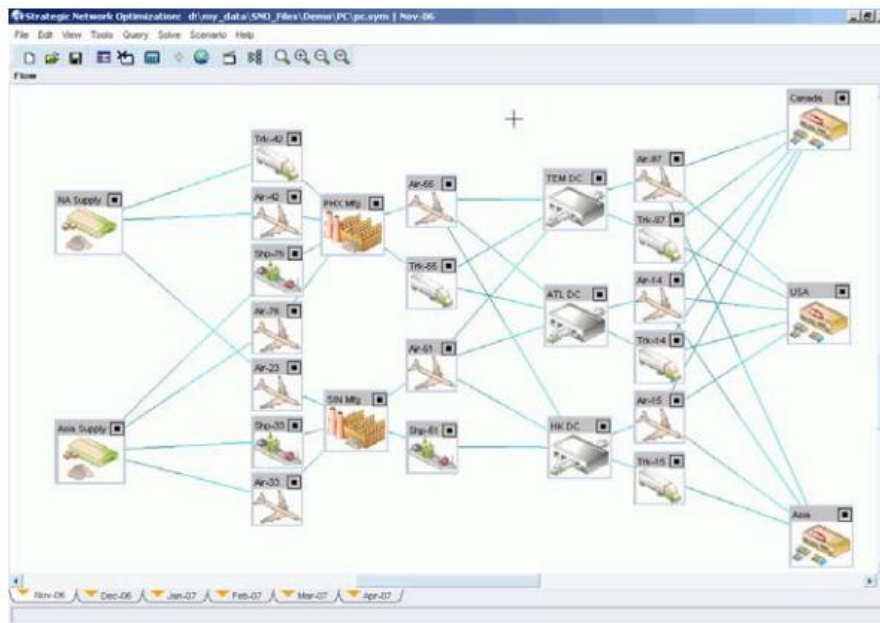**S**ERVICES

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STRATEGIC NETWORK OPTIMIZATION

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.

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Key Benefits:

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

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 shut down, 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, and simulate changing business conditions to develop strategies and contingency plans.

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, incase 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.

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.

Proven, Secure, Scalable, and Reliable Component Architecture

Oracle Advanced Planning's unique database-centric architecture enables companies to operate business operations, 24 x 7. First, by storing all planning information in the database, Oracle Advanced Planning leverages the built-in capabilities for locking, hot backup and recovery, multi-threading, and materialized views, for the most secure, reliable, and fastest response. Second, by supporting a distributed architecture, you can deploy Advanced Planning as a component against multiple ERP source systems or in a single instance when deploying with Oracle's E-Business Suite.

Incremental Deployment – Get Benefits Quickly

You can deploy all Oracle Advanced Planning products incrementally, enabling you to start with a smaller planning footprint quickly, while still leveraging the tight integration once all components are operational. Each additional module requires limited incremental effort to implement since all the components share a common foundation and work together seamlessly. If your shop floor throughput poses the most challenges to your business, you can decide to implement Production Scheduling first. Alternatively, you can enable it later as an add-on to your existing implementation of other Oracle Advanced Planning modules, leveraging all of your existing setup.