

White Paper



Coexist: Your current Purchasing solution together
with Oracle Fusion Procurement delivers real value

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Contents

| | | |
|-----|---|----|
| 1. | Background | 3 |
| 2. | Oracle Fusion Procurement | 3 |
| 2.1 | Product Family Level | 4 |
| 2.2 | Oracle Fusion Purchasing | 4 |
| 2.3 | Oracle Fusion Self Service Procurement | 5 |
| 2.4 | Oracle Fusion Sourcing | 5 |
| 2.5 | Oracle Fusion Procurement Contracts | 5 |
| 2.6 | Oracle Fusion Procurement and Spend Analytics | 6 |
| 2.7 | Oracle Fusion Supplier Portal | 6 |
| 3. | Considerations in implementing Oracle Fusion Procurement in Coexistence mode | 6 |
| 3.1 | Customer Situation (As Is Scenario): | 6 |
| 3.2 | Benefits and Drivers for moving to Oracle Fusion Procurement in coexistence model | 7 |
| 3.3 | To Be Architecture and Design Considerations | 7 |
| 3.4 | Future choices and options | 10 |
| 4. | Conclusion | 12 |
| 5. | Oracle Fusion Applications Practice at Infosys | 12 |

1. Background

Over the last decade Oracle Corporation has made a significant investment in their Procurement products. The products have benefitted in several aspects, but it might be useful to group the key developments into the following categories:

- Go upstream: Two major areas of development have been in Sourcing and Procurement Contracts. These areas enabled the organization to improve vendor negotiation and contract management and execution
- Usability: Considerable focus was given to align the application to how a buyer uses it.
- Flexible Organization Structure: Oracle introduced functionality that made it easier to implement it for shared services procurement organization. An integrated imaging product and a product to facilitate self-service requisitioning also facilitated the way how procurement function was evolving in most organization
- Analytics: From simple reporting to full-fledged analytics Oracle has made it easier for organizations to get the relevant information from its procurement applications
- Best practices from other acquired products and fill in their offerings: Oracle continues to invest in Oracle E-Business Suite, Oracle PeopleSoft and Oracle JD Edwards

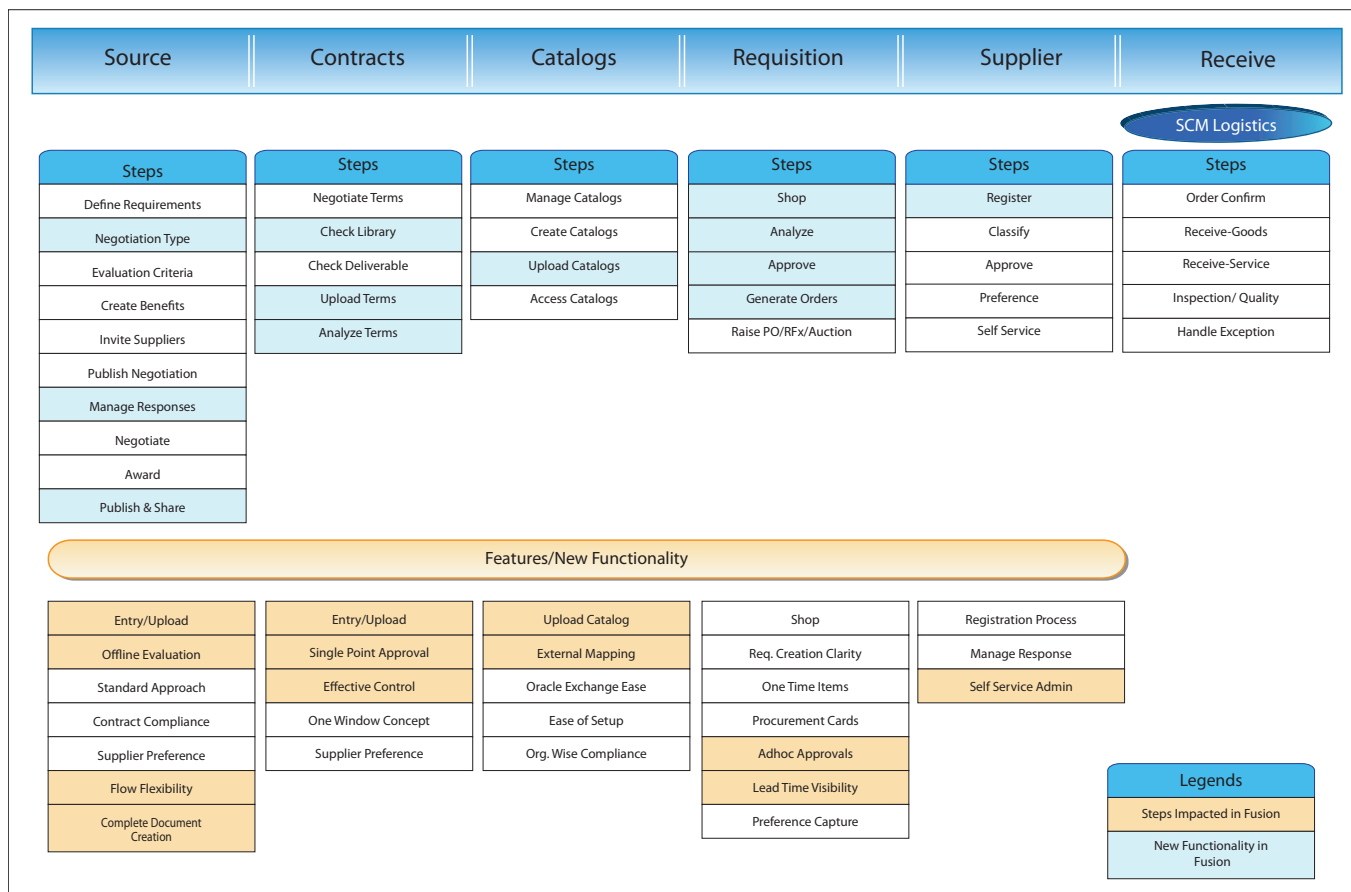
The same thought process worked behind the Oracle Fusion Procurement application as well. Best practices from the 3 product lines have been assimilated, sourcing and contracts have been significantly strengthened and usability has seen a huge improvement. Analytics has become core to the application rather than an add-on.

In this paper we will look at the new functionality in Oracle Fusion Procurement and explore situations where customers could derive benefits that justify a movement from other products to Oracle Fusion Applications.

2. Oracle Fusion Procurement

This section will highlight the major changes in Oracle Fusion Procurement. The changes are described at a product family level and for each module.

Below is a snapshot of Procurement Features and Functionalities



2.1 Product Family Level

Some of the key features in Oracle Fusion Procurement are:

- a) **BU Uptake** – Concept of Business Unit (BU) has been introduced in Oracle Fusion Applications. The idea revolves around separating the procurement and requisitioning functions an organization may have and mapping them to the Business Units. The BU's may have service/client BU relationships defined amongst them. The new feature helps gain more flexibility via establishment of relationships amongst various business functions which are mapped to various BU's. In sum, this new functionality helps us look forward to a flexible structure when centralized or center –led procurement business models are concerned.
- b) **Document Change Management (DCM)** – A key feature which makes sure that a base document is always available with a user (Buyer/Catalog Manager/Requestor) for disposal. This inturn makes sure that the base copy of a reference document is always available for transaction.. Also the versioning/changes which a document goes through can be easily tracked via change history available at User's disposal. A major advantage of Document Change Management is the template that defines whether the change is administrative in nature or needs to be communicated to the supplier.
- c) **Security** – RBAC (Role Based Access Control) has been made broadened when security of Oracle Fusion Applications is concerned with a clear distinction on “Who” does “What”. The Functional and data security has been brought upstream as in the previous release but with a new dimension to it.
- d) **Order Life Cycle Management** – This feature has been enhanced for user convinience. Now a user would have much greater visibility into the financial and procurement documents which are related to the him/her as the owner of a purchasing document. The major advantage here is the hyperlinked access to documents from a single point.
- e) **Approvals** – Fusion Applications Management Engine (FAMX) is new in Oracle Fusion Applications. From the usual workflow based approval we have come to rules based Approval Management Engine. And to add to it we have Worklists and Watchlists which are like some of the most interactive features a user may be surprised looking at.
- f) **Enriched/Enhanced User Interface** – Oracle Fusion Applications gives users a Web2.0 experience; this feature is available across the product and is not limited to just Oracle Fusion Procurement. Oracle Fusion Applications comes loaded with user friendly work areas, tab based approach to open multiple works in the single screen. To add to that for user convinience we have a consolidated view called watchlist which is customizable. Flexibility of pinging a team mate through messenger, tagging of important data and the list of features just goes on. And not to forget a user friendly interface for users with proper navigations, error pop-ups upon wrong entry etc.
- g) **Connection with Microsoft Office** – Oracle Fusion Applications has the potential to begin breaking down the barriers between the formal (Processes in an Enterprise Resource Planner) and the informal domains (Microsoft Outlook, Microsoft Word) in a more profound way than has been possible before. It will allow deeper integration of components of Oracle Fusion Applications into desktop productivity tools, allowing information workers to access the important components of transactional applications directly within Outlook, Word, Excel and the like.

2.2 Oracle Fusion Purchasing

Oracle Fusion Purchasing has been made richer with a host of features. Improved security, flexibility are some of the key changes. And to top it up are the enhanced User Interfaces.



To highlight a few features –

- a) **Security** – Oracle Fusion Procurement provides granular security.It's a Role based security model adopted in this application with clear distinction on the functional security and data security. Only a buyer with “negotiator” role will have access to negotiations for her organization. The administrator may also restrict access to only to specific functionalities and to specific data.
- b) **Enriched User Interface** – It's more of an RBAC (Role Based Access Control) based concept depending on the job role a user has he/ she would see the tabs, pages and access functionalities in the procurement products.
- c) **Document Change Management** – Would expedite complete Procure-to-Pay cycle since show stoppers like Pending Approval are addressed by this feature.
- d) **Life Cycle Management** – A one stop access to all related documents, giving users the perfect visibility as required.

2.3 Oracle Fusion Self Service Procurement

Going ahead requisitions in Oracle Fusion Applications can be created/ imported through Oracle Fusion Self Service Procurement (SSP). SSP is a completely new packaged solution for your organizations request placing department. It's a bundle of convenience, integrated solutions and better visibility for the organization. Like the generic approach to Oracle Fusion Applications this has two major roles defining its major functioning. The "Requester" and the "Catalog Manager". Below is a sketch of functionalities the product has to offer.

- a) **Security** - The Security aspect has become more prominent here since the access to a particular catalog/Information Template and even a Public Shopping list is defined either based on the Business Unit mapping or the Worker (Requester).
- b) **Catalog Creation** - The way we used to define catalogs has been changed too. It has become more interactive with a rich User Interface.
- c) **Product Advantage** – Product offers a simplified process for requestors. Also Requestors are more informed of their decisions since line level analytics have been introduced. Hence, Self Service Procurement makes requestors more of power users than knowledge users for the organization. Also embedded learning is part of the package, which ultimately leads to a lower cost of training.

2.4 Oracle Fusion Sourcing

Oracle Fusion Sourcing has undergone a tremendous makeover and is one of the most interactive products for the users and an offering, which Organizations can depend upon when thinking of any type of negotiation, let it be Request for Quotation (RFQ), or Information (RFI) or an Auction.

Some key features are –

- a) **Enriched/Enhanced User Interface** – Sourcing users have been provided with a simplified guided navigation for creation of negotiation documents. This is beneficial since it captures real world procedure to create a document.
- b) **Real Time Monitors** – This is something similar to you working on a say stock exchange User Interface. So whenever there is a change you can notice it. Something similar is with the Sourcing Buyers dashboard where he/she keeps on getting icons as the responses to a particular document are updated.
- c) **Negotiation Work center** – The Sourcing Buyer would have access to an area which would capture all negotiations requiring attention.
- d) **Graphical Award Screen** – This is one of the striking features. We have analytics which are real time and help the sourcing buyer get a good view of which supplier is offering what. You get a breakup of savings also so that you know how your decision is going to affect your organization.

2.5 Oracle Fusion Procurement Contracts

Oracle Fusion Procurement Contracts is one of the most sought after modules in the recent times with international compliance a case of concern for most of the organizations, contracts need to be more visible and comprehensive. With the central repository approach that E-Business Suite established, Oracle Fusion Applications has built on it with a much more enriched functionality.

- a) **Approvals** – There is FAMX (Fusion Approvals Management Engine) for Contracts now.
- b) **Security** – RBAC (Role Based Access Control) is again one of the features here.
- c) **Clause Analysis** – this allows you to narrow down to Suppliers who have used it, the documents related to it.
- d) **Enterprise Wide Contract Search**
- e) **Microsoft Word Support**
- f) **Better revision control** – To add to it we also have a rich User Interface, which helps a user exactly gather on what changes a clause has undergone.

2.6 Oracle Fusion Procurement and Spend Analytics

With inbuilt reporting and close integration with Oracle Business Intelligence Applications the performance analytics play a key role for the organization. In Oracle Fusion Applications with the introduction of “Who” sees “What” through a role based approach. The real time reporting has become a major player in keeping a check on the supplier and various stakeholders’ performance in a Procure to Pay cycle. With real time data and functionality to narrow down on the attributes reflecting that data, it becomes easier for users to cut down on cost and increase on revenue by addressing issues at a relatively higher pace.

2.7 Oracle Fusion Supplier Portal

Supplier portal is a platform for exchange of transactional information with suppliers. With a web-based approach here the supplier even has the flexibility to register himself on own and then wait a clarification/rejection or approval mail from the Supplier administrator of your organization.

Some key features of Supplier portal –

- Security** – Supplier Identity Uptake (SIU) which will mask confidential data from the roles not allowed to look at it.
- Drill Down** – With Access to ASN’s (Advanced Shipping Notices), PO’s (Purchase Orders) the supplier has the access to all related documents from one page.
- Enriched User Interface** – A train based approach for new suppliers to self register so that they do not miss out on important information.

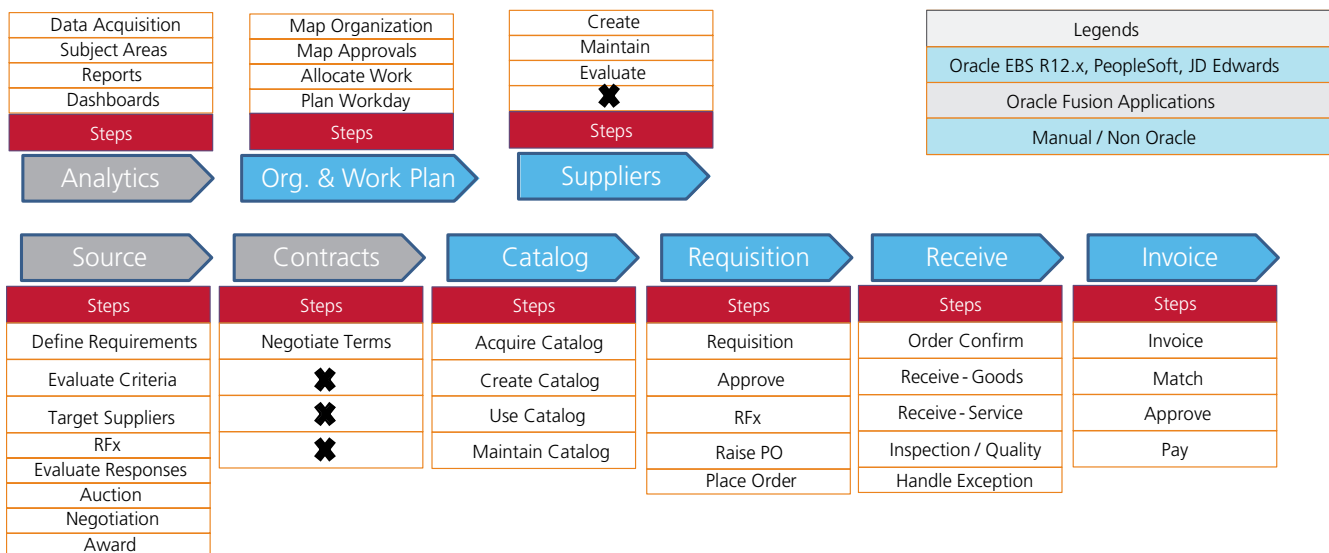
3. Considerations in implementing Oracle Fusion Procurement in Coexistence mode

In coexistence model the customer gets the benefit of Oracle Fusion Sourcing, Contracting and Analytics functionality in a low cost, low risk model without discarding their investment in their current Requisitioning and Purchasing system.

Oracle Fusion Procurement (Sourcing, Contracts and Business Intelligence Applications) can coexist with your Oracle E-Business Suite, PeopleSoft or JD Edwards requisitioning and purchasing system. It is expected that the customer is on any of the current suites of Oracle line of Products. Oracle Fusion Procurement can coexist with an older version or non-Oracle requisitioning and purchasing system. For Oracle products we recommend moving to any of the current product lines like E-Business Suite Release 12.x, and PeopleSoft 8.x, etc. New features would make it worth the effort and will make the integration to Oracle Fusion Procurement easier. Infosys Upgrade pack can reduce the cost, complexity and risk in upgrading. Also if Oracle releases any pre-built interfaces between Oracle Fusion Applications and other requisitioning/ purchasing systems, these will be for the latest releases of the current application product lines. (E-Business Suite, PeopleSoft, etc.)

3.1 Customer Situation (As Is Scenario):

Customer has implemented Oracle E-Business Suite Procure to Pay. All payments are made through Accounts Payable and Purchase Orders are also entered into the system. However, the sourcing and contracting processes are mostly manual. Use of Analytics is also very limited.



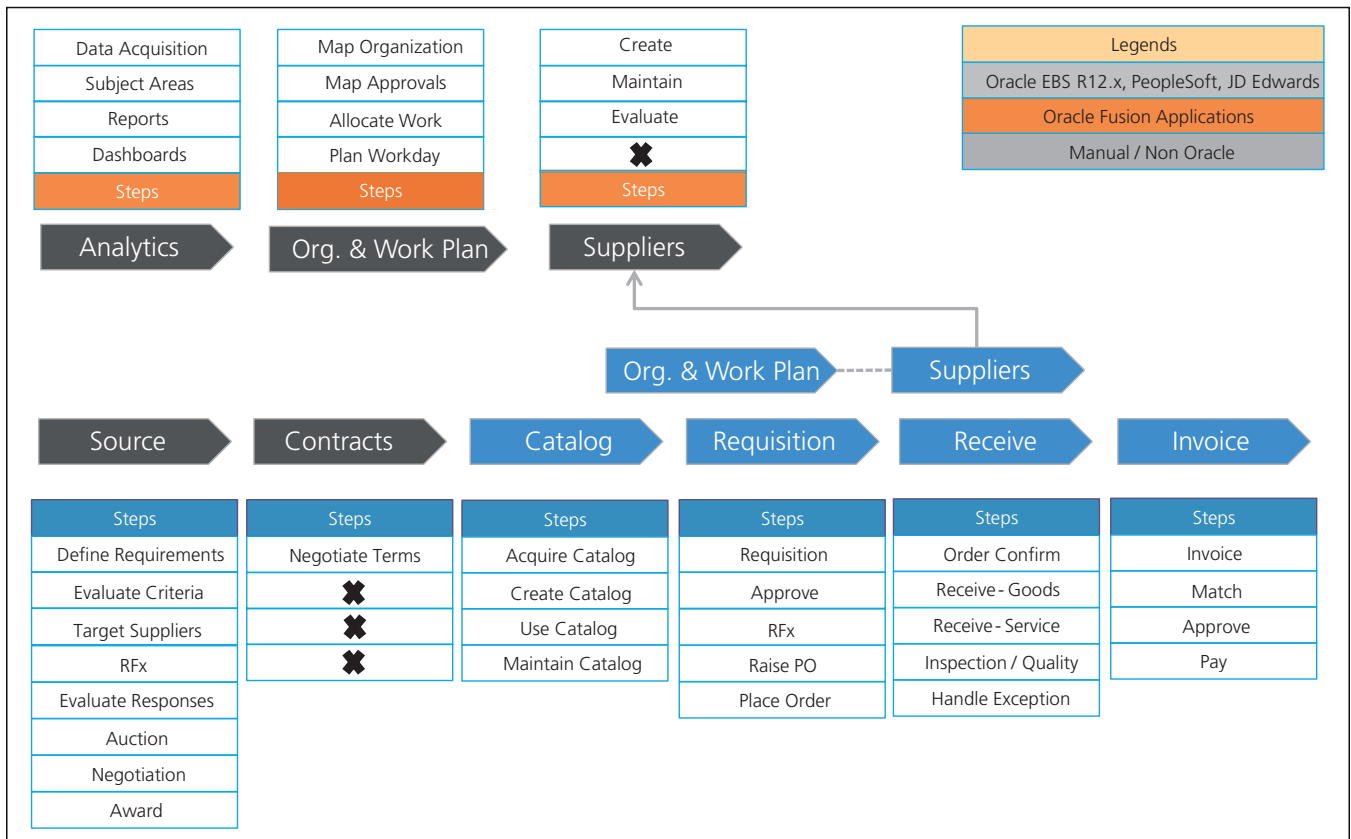
3.2 Benefits and Drivers for moving to Oracle Fusion Procurement in coexistence model

- a) Visibility across heterogeneous procurement environment
- b) Better understanding organization of organization spend allows creation of a proactive sourcing plan
- c) Better tools and processes to manage negotiation process.
- d) Use Contracts to create Purchase Orders (PO), Contract Purchase Agreements (CPS) or Blanket Purchase Agreements (BPA)
- e) Ensure Contract Compliance and realize savings by tracking Contract Deliverables to completion
- f) An improved Analytics application including adapter to Oracle Fusion Procurement and a new Sourcing subject area
- g) Improved productivity due to better usability. A work-center approach helps people in purchasing manage all their tasks in one place
- h) Better visibility for employees of the organization

Moreover it is a low risk, low cost option of beginning to use the latest Oracle Fusion Applications in an incremental manner.

3.3 To Be Architecture and Design Considerations

The first step in moving to Oracle Fusion Applications is to determine your high level architecture. A convenient way is to use the following Infosys Procurement Flow[®]. We use different colors to depict the application where the steps are being functioned. A simplified To-Be Procurement Flow might look like the one below:



New features and functionality that you get from implementing Oracle Fusion Sourcing and Oracle Fusion Procurement Contracts are given in section 2. In this section we will focus on the design decisions and issues, which come up in the heterogeneous environment involving Oracle Fusion Applications, Oracle Procurement and may be other procurement applications.

Supplier Master:

One obvious decision area is which one of the two supplier masters should be considered as primary. The obvious choice is to continue to use Oracle E-Business Suite Release 12, PeopleSoft, JD Edwards as the primary Supplier Master. In E-Business Suite Release 12 the Trading Community Architecture allows us to define relationship between Suppliers, Customers and Banks. Hence it might make sense to leave the whole Trading Community Architecture (TCA) unchanged.

On the other hand, the supplier master should actually be owned by the Sourcing/ contracting group of Procurement. Since Sourcing and Contracting are already on Oracle Fusion Procurement, it might make sense to use Oracle Fusion Procurement as the Primary Supplier Master. In either case, one needs to build an interface to keep two supplier masters in sync. Use the Supplier interfaces to insert, update and deactivate the secondary supplier master.



Infosys has leveraged its knowledgebase to build a tool for keeping supplier masters of different applications in sync. This tool is being modified to include the Oracle Fusion Applications supplier master design and will soon be available to simplify this aspect in Oracle Fusion Applications coexistence implementations.

Link Fusion Contract Deliverables to Oracle E-Business Suite Release 12, PeopleSoft or JD Edwards Purchasing Operations:

The “Deliverables” functionality is a useful tool to connect Contracts to PO (Purchase Orders), BPA (Blanket Purchase Agreement) or CPA (Contract Purchase Agreement). The main benefits include:

- Create Purchase Orders, Blanket Purchase Agreement or Contract Purchase Agreement from one or many deliverables. Use this functionality to create above mentioned documents on a subset of deliverables identified in a Contract
- Deliverables might include an item or it can be free form. Deliverables may be linked to quantity, pricing, payment terms, limited to specific business units and contain start and end-dates. These can be propagated to any of the documents mentioned above.
- Tracking: A deliverable can be tracked to completion or delivery and will be a useful tool to ensure contract compliance

Integration:

Oracle Fusion Applications provides out-of-the-box Business Process Execution Language (BPEL) based integration to Initiate Purchase Orders, Blanket Purchase Agreement and Contract Purchase Agreement from Oracle Fusion Procurement Contracts to Oracle Purchasing Application



Infosys can help you integrate Purchase Orders, Blanket Purchase Agreement and Contract Purchase Agreement in other purchasing applications. Oracle Infosys can help you configure and integrate Deliverables application to Oracle E-Business Suite Release 12, PeopleSoft or JD Edwards's applications.

Oracle Fusion Analytics:

Oracle Fusion Analytics has connectors to both Oracle Fusion Applications and Legacy Oracle Applications. Oracle Fusion Analytics also has a new subject area for Sourcing.



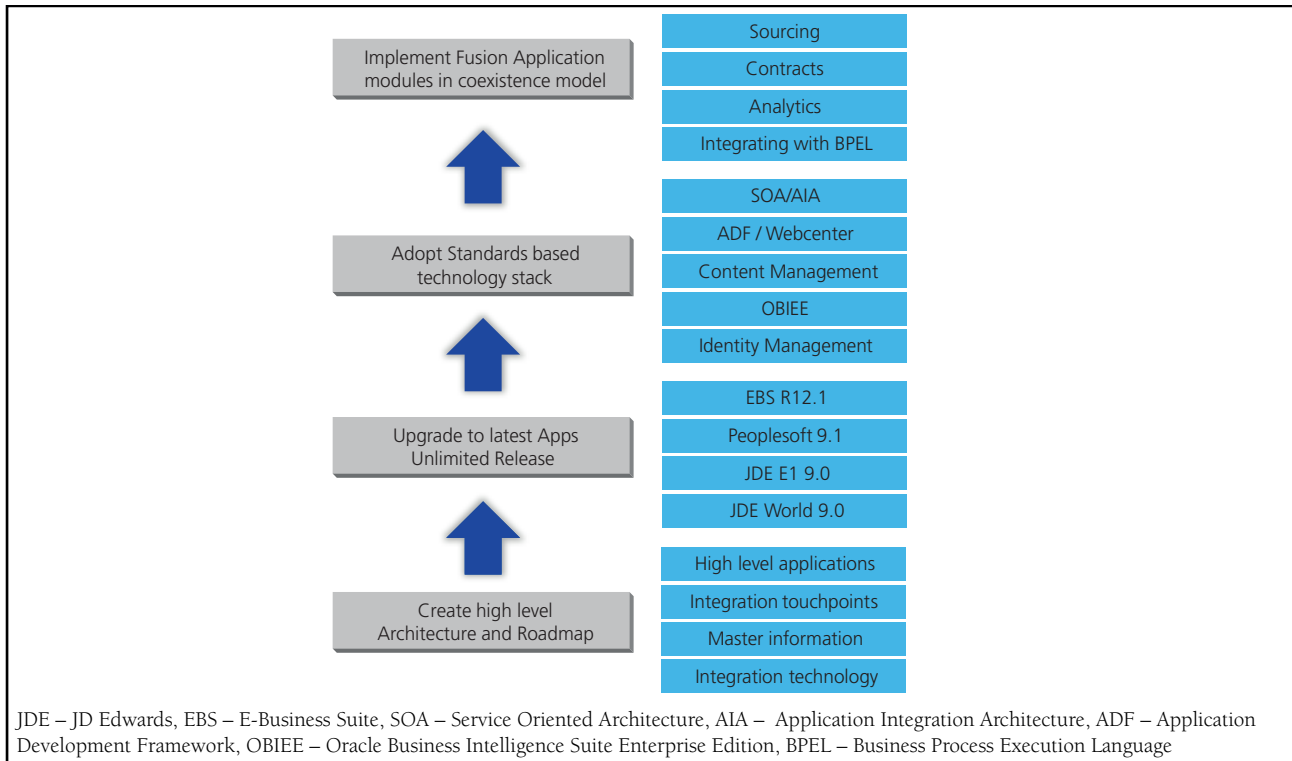
Oracle Fusion Analytics may need to connect with other applications in your heterogeneous procurement environment. Infosys can help you connect with non-Oracle purchasing applications, extend the schemas to capture organization specific fields and leverage our procurement competency to extend dashboards and build new reports to meet the needs of your organization.

Organization Structure

In Oracle Fusion Applications, Oracle has adopted a new and flexible Business Unit (BU) Structure. A key aspect of that structure in Procurement is Requisition BU, Procurement BU and Sold-To BU. We recommend a proper thought process to defining this BU structure.

However the benefits of such structure are limited in Coexistence model because the operational procurement processes would still be in E-Business Suite R12.

Steps in moving to Coexistence Application



Oracle Fusion Procurement will coexist with any version of Oracle E-Business Suite, PeopleSoft and JD Edwards requisition and procurement modules. However upgrading to the latest release of the application has benefits in its own right due to the additional functionality in the newer releases



Infosys can help you integrate Purchase Orders, Blanket Purchase Agreement and Contract Purchase Agreement in other purchasing applications. Oracle Infosys can help you configure and integrate Deliverables application to Oracle E-Business Suite Release 12, PeopleSoft or JD Edwards's applications.

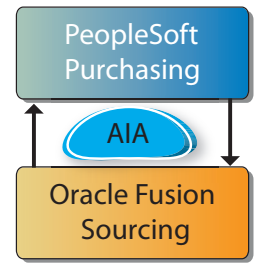


Based on this discussion your application may need an upgrade to the latest application version. Infosys has a set of toolkits, which have been repeatedly used and fine-tuned over several upgrade assignments. This can significantly reduce the timelines and risks associated with an upgrade. The upgrade will also provide you with additional functionality of the latest release.

Where Oracle has not provided the interfaces, they may be built with Business Process Execution Language (BPEL) standards based integration pack. That is why the adoption of a standards based technology stack is very important and will make future work much simpler.

Since we are right now looking at two modules both from a different product family and having bases of their own it becomes important that integration points are perfectly designed and evaluated.

Ultimately what you would see would be an automated, more secure system in place for your organization. Which would refer a single source as identified by you say for example Contracts Terms library from Oracle Fusion Procurement Contracts is being used by Purchasing in PeopleSoft to create Purchase Orders which have Terms and Conditions applicable to Suppliers. Post the Procure-to-Pay cycle the deliverables and supplier performance is captured in a more exhaustive fashion and reported to users of PeopleSoft through Analytics in Oracle Fusion Applications.

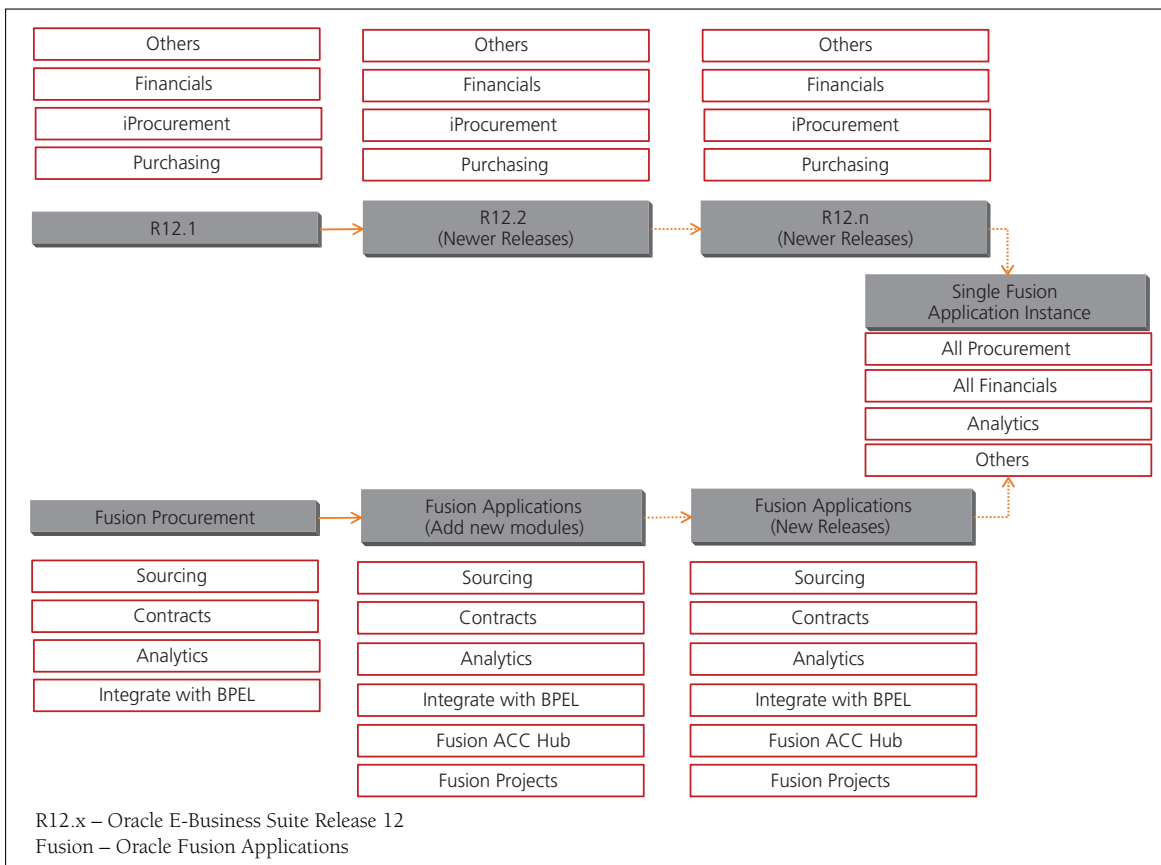


Infosys The implementation of Oracle Fusion Applications Coexistence follows the same steps of a regular implementation. Here, a company with investment and experience in Oracle Fusion Applications would be able to assist you in doing the Upgrade. Infosys has invested a huge amount of effort in assisting Oracle build and test Oracle Fusion Applications. In the process, we have built a pool of resources experienced in same as well as a growing set of artifacts including sample configuration documents, test scripts and high level design documents.

3.4 Future choices and options

Coexistence gives a low risk, low cost entry to Oracle Fusion Applications and gets the benefits of its new functionality. Oracle will continue to invest in the Oracle Applications (E-Business Suite, PeopleSoft, JD Edwards and others). Over time both applications (Oracle Fusion Applications and E-Business Suite/ PeopleSoft/ JD Edwards) would get future releases. With Oracle certified interfaces both the upgraded applications will continue to work together. When it makes business sense, you may finally move all your applications to Oracle Fusion Applications.

The following diagram summarizes a sample the road forward.



A few observations on this topic:

1. Moving to Oracle Fusion Applications in Coexistence mode does not limit your choices or force you to move even the existing application to Oracle Fusion Applications within a given date. Oracle will continue to support the certified interfaces for future releases. Also custom built interfaces built on Service Oriented Architecture (SOA) and Business Process Execution Language (BPEL) should be relatively easy to modify. New modules are likely to be added in the future. It makes sense to add these modules in Oracle Fusion Applications. However, there is nothing preventing implementing additional modules on your Applications release of the application
2. On a future date, it is expected that the organization will see business value in moving all the applications to Oracle Fusion Applications. When that happens, there would be a number of choices:
 - a. Upgrade the Applications version to Oracle Fusion Applications. Configure the existing modules in the new instance and migrate the data. If most of the data and modules were in previous application versions, this might be the way to go
 - b. Implement the new modules in the existing Oracle Fusion Applications and migrate the old data from the previous application version. If sufficient thought were put in the initial design this might be recommended option
 - c. Re-implement on new instance of Oracle Fusion Applications. If business environment has changed significantly in the last few years, this might turn out to be the preferred option.

In any case, this situation is probably several years down the road.

In the meantime, the organization will have to manage the coexisting applications and probably face several new business challenges. In the last section we will cover some points relating to the cost of ownership of these applications.

1. Implementation considerations:
 - a) Oracle Fusion Middleware (FMW) is a standards based middleware with phenomenal flexibility and adaptable plug 'n' play support with minimal code change. Since all interactions are web-services based, integration is easier

b)



Key flows for Integration in Co-Existence are already identified and coded. Infosys will have artifacts to significantly reduce effort and cost in building these interfaces

2. Organizations Point of view –
 - a) User Productivity Kit is inbuilt in Oracle Fusion Applications for help
 - b) Minimal investments for customization/personalization/RICE (Reports Interfaces Customizations and Extensions) owing to user-friendly features like drag and drop.
 - c) Reporting costs are down with features like XML (Extensible Markup Language) designer inbuilt in the system.
3. End User's Point of View –
 - a) **Higher Returns** - Cut down on Time and an increased efficiency with a onetime investment in Oracle Business Intelligence Suite Enterprise Edition (OBIEE) or other pluggable apps.
 - b) **User Flexibility** - User preferences are user handled, no third party required to handle the same. Hence saving on extra cost involved.
 - c) **Ease of use** - Minimal support required by user owing to futuristic flow indicators. Hence users become more acquainted with the system.

Coexistence model, by definition, would add Oracle Fusion Applications to the applications inventory. The cost of support is likely to increase due to its addition. However the benefits derived will likely be far higher.

4. Conclusion

In Oracle Fusion Procurement, Oracle has delivered a compelling set of functionality by combining the best features from Procurement modules in E-Business Suite, PeopleSoft and JD Edwards, as well as much superior usability and new ways of doing things. Oracle Fusion Procurement makes a compelling case for new implementations.

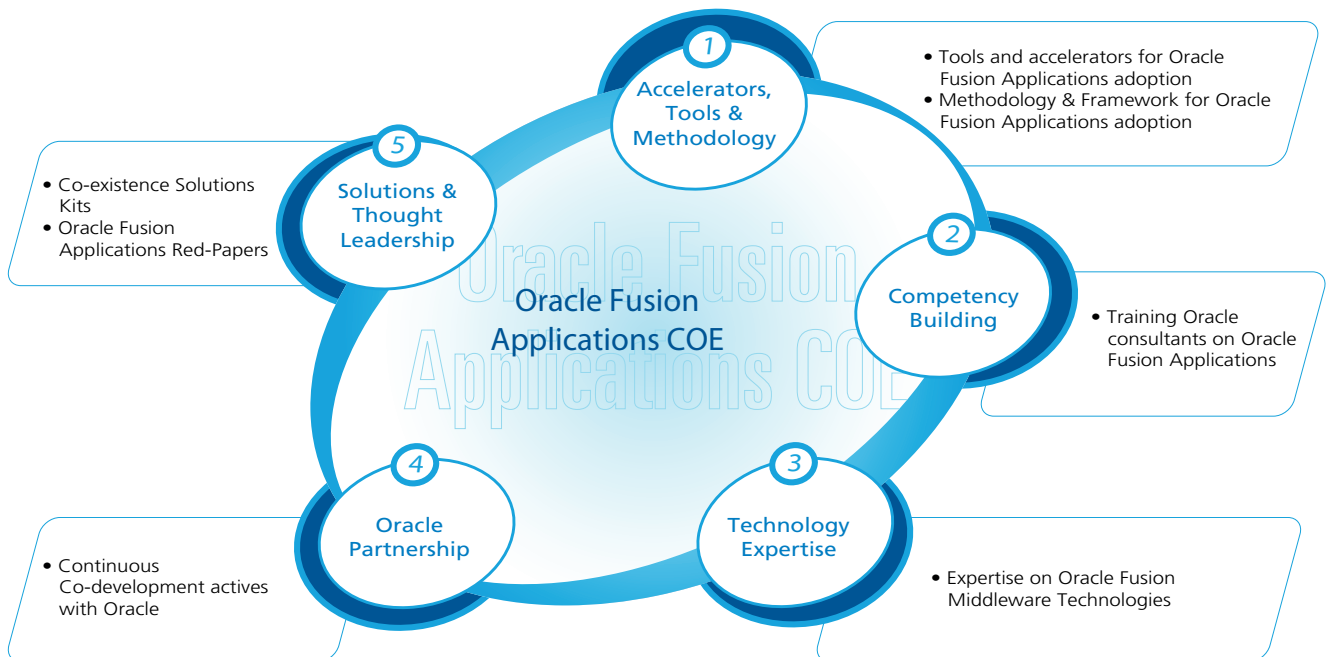
At the same time, even customers who already have an investment in the procurement modules of Oracle's E-Business Suite, PeopleSoft and JD Edwards are likely to get significant benefits from implementing Oracle Fusion Applications. Each customer situation is different. We believe that for many of our customers, especially those who can identify with a business situation described in this paper, it makes sense to explore the cost versus benefits of implementing Oracle Fusion Procurement.

5. Oracle Fusion Applications Practice at Infosys

Infosys combines technical and industry leading practices to deliver successful business solutions and enables you to maximize returns on your Oracle investments.

The Oracle Fusion Applications Practice at Infosys has significant experience in Oracle Fusion Applications co-development with Oracle and vast consulting experience with Oracle products. Customers get robust implementations, faster rollouts, de-risked upgrades, best quality development and deployment processes.

Oracle Fusion Applications Center Of Excellence (COE) at Infosys



Oracle Fusion Applications Credentials at Infosys

- Over 2000 man months of experience on Oracle Fusion Applications co-development with the Oracle product teams across Financials, CRM, SCM, HCM, Procurement, and Projects including:
 - Oracle Fusion Applications Beta Validation
 - Oracle Fusion Applications Functional and BPM Testing
 - Oracle Fusion Applications Migration Tools development
 - Oracle Fusion Applications Localizations and Industry Solutions Enhancements
- Joint Presentations and Co- Speaking Sessions with Oracle on Oracle Fusion Applications at public forums
- Red papers and Joint Business Solutions with Oracle on CRM, HCM, SCM, Fin, & Technology

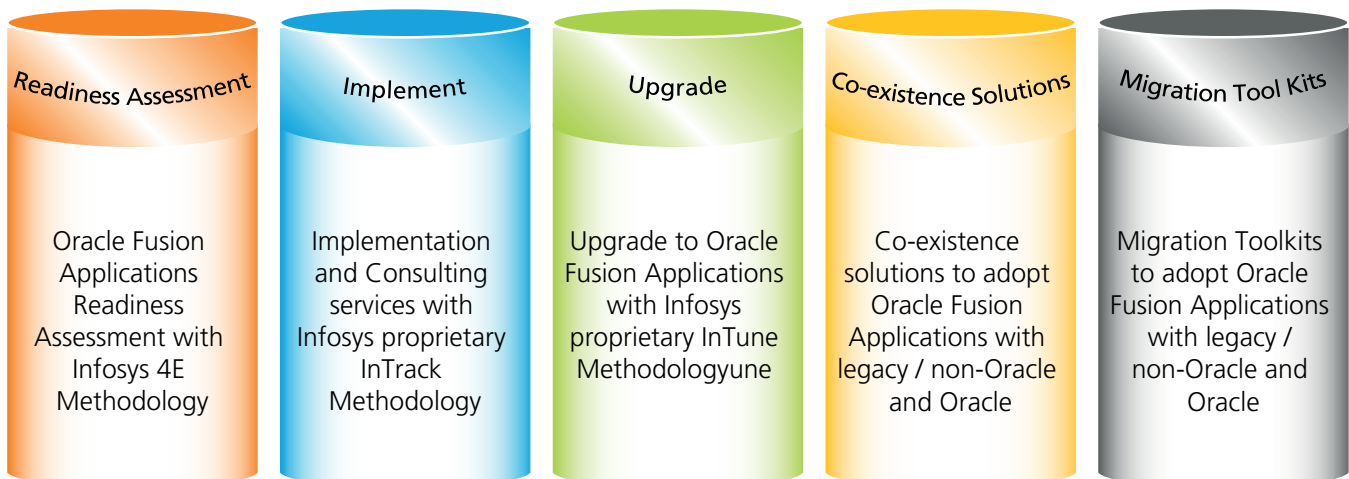
Oracle Alliance

Infosys is an Oracle worldwide Diamond level partner. This is the highest level of partnership under Oracle PartnerNetwork (OPN).

Early access to new product releases and trainings including beta versions.

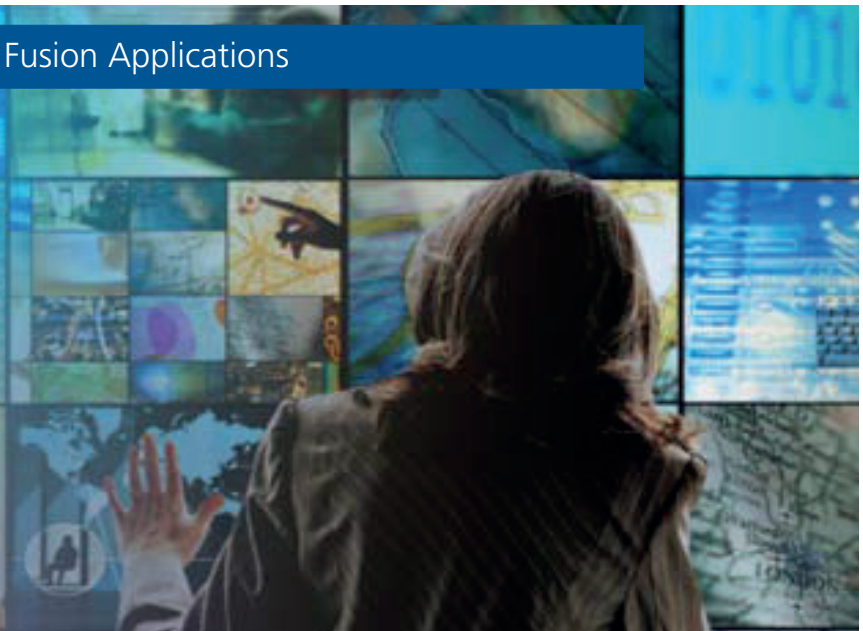
Early adopters of new Oracle technology such as Oracle Fusion Applications V1, Oracle Fusion Middleware 11g, E-Business Suite R12 etc.

Infosys Service Capabilities for Oracle Fusion Applications



Infosys Competency of Oracle Fusion Applications

- Global presence with several large full cycle Oracle Applications engagements
- Expertise across the range of Oracle applications product family, including Financials, Procurement, SCM, HCM, HCM, and Projects
- Large pool of OPN certified Oracle application consultants in E-Business Suite, PeopleSoft, Siebel CRM and Technology Solutions



About the authors

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Many of the world's most successful organizations rely on Infosys to deliver measurable business value. Infosys provides business consulting, technology, engineering and outsourcing services to help clients in over 30 countries build tomorrow's enterprise.

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