The Cognitive Enterprise for Oracle ERP Cloud in Retail

Powered by IBM and Oracle

IBM

ORACLE | Partner

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The Cognitive Enterprise for Retail
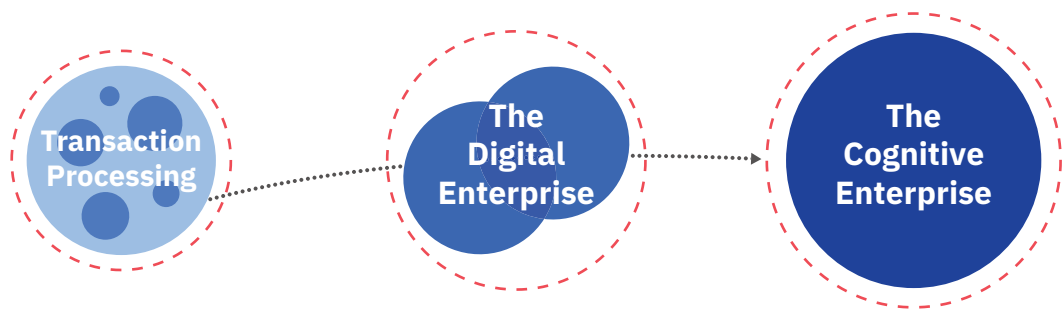
A new era of business reinvention

A new era of business reinvention is dawning in the Retail Industry. Organizations are facing an unprecedented convergence of technological, social and regulatory forces. As cloud, artificial intelligence (AI), automation, Internet of Things (IoT), blockchain, machine learning and 5G become pervasive, their combined impact will reshape standard business architectures and business as usual.

We call this next-generation business model…
The Cognitive Enterprise

The shift to a Cognitive Enterprise
Radically changes how organizations
create, deliver, and capture value

	Transaction Processing	The Digital Enterprise	The Cognitive Enterprise
WHAT	Early information technology improved efficiency by applying technology to individual resources or processes	Digital transformation digitizes whole aspects of a business producing customer experiences that support what individuals need or want	The cognitive enterprise incorporates exponential technologies to create revenues and results via **innovative strategies, products, platforms, process transformation, and user experiences**.
HOW	• Paper tracking • Lift and shift • Limited use productivity tools • Labor arbitrage • Localized practices • Labor arbitrage Limited • Globalization of practices	• Process automation point solutions • Design thinking principles • Enterprise adoption and change management	• Intelligent workflows • Pervasive automation • Design Thinking+ agile • Rapid experimentation • Embedded change mindset • Work elimination with blockchain

What is a Cognitive Enterprise?

To understand what a Cognitive Enterprise is, it is important to understand a fundamental concept called-Business Platforms.

As retail companies around the world describe their strategies in terms of platforms, they are anchoring to the idea of a "stage" or "field of operation" — an area where a range of unique capabilities can be deployed and where the companies can seek to establish a control point over a range of value-creating activities.

Thus, **Business Platforms differentiate an organization by combining data, unique workflows and expertise to drive competitive advantage.** Examples include claims processing for an insurer, talent acquisitions for a hospital that has ongoing demand to hire and retain top talent from the industry. Such Business Platforms will often be underpinned by technology platforms and may connect into other ecosystem business platforms as well.
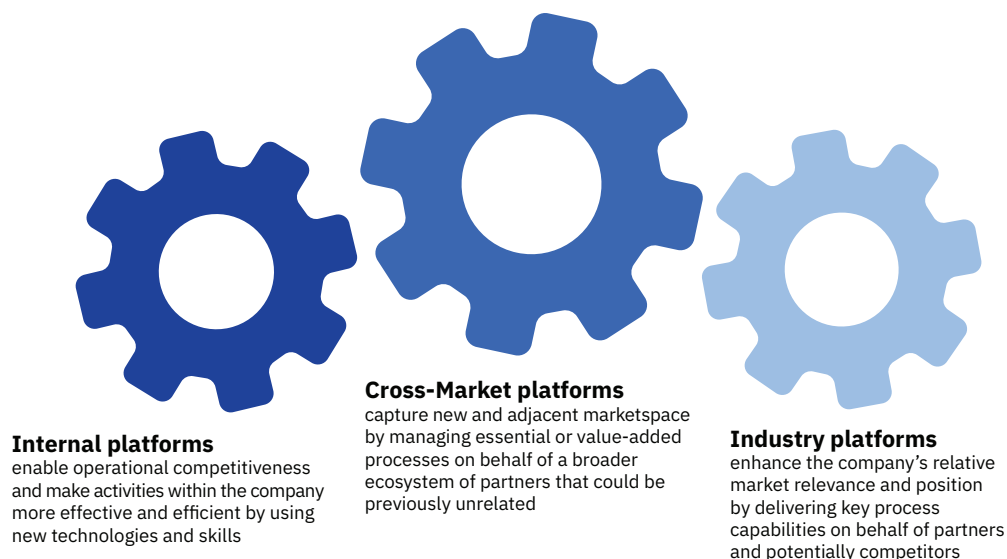
Imagine the **Cognitive Enterprise as composed of multiple business platforms.** One or more of these acts as the core or primary platform(s), providing key differentiation.

At IBM, we see companies placing bets on the creation of business platforms to solidify competitive advantage and differentiation. These platforms must be digitally connected from the outside-in and cognitively enabled from the inside-out.

Others see the chance to play a platform role across their industries. A few companies are using platforms to expand their expertise and compete in markets adjacent to — but until now separate from — their traditional businesses.

Figure 2

Types of Business Platforms

Internal platforms
enable operational competitiveness and make activities within the company more effective and efficient by using new technologies and skills

Cross-Market platforms
capture new and adjacent marketspace by managing essential or value-added processes on behalf of a broader ecosystem of partners that could be previously unrelated

Industry platforms
enhance the company's relative market relevance and position by delivering key process capabilities on behalf of partners and potentially competitors

Source: IBM Institute for Business Value (IBV) analysis
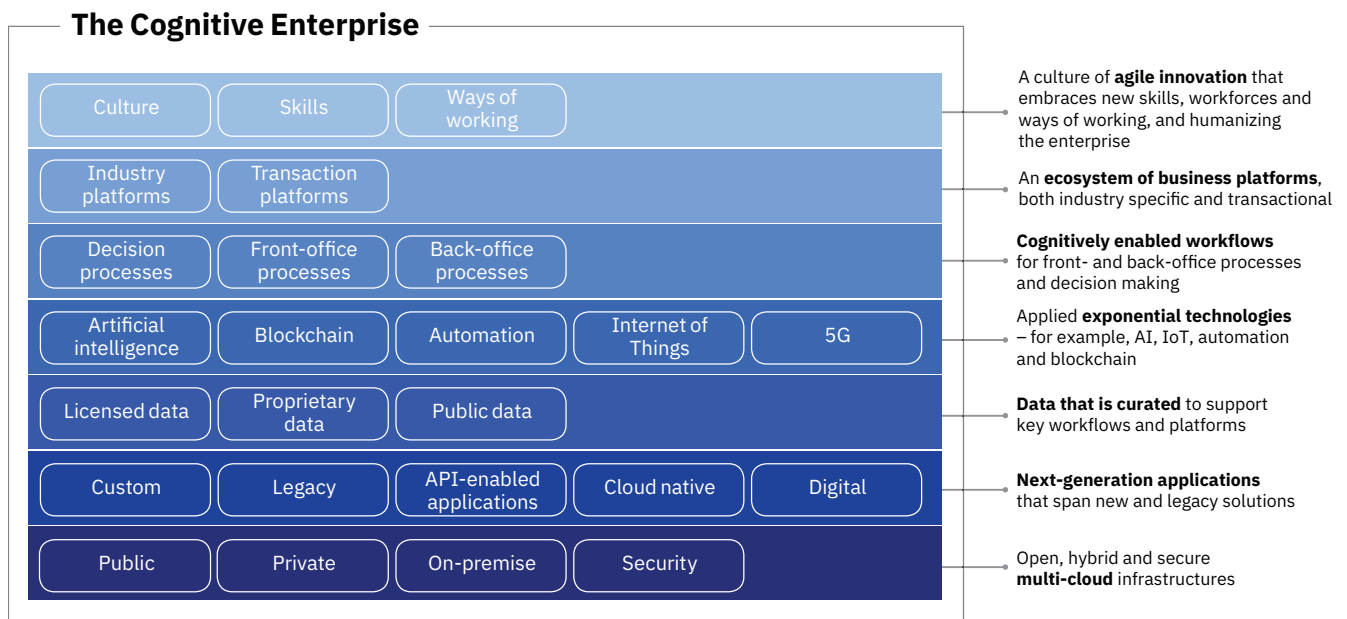
Inside the Cognitive Enterprise

The business platform is made up of capability layers. Each is subject to major transformation with a huge potential for retail organizations. We think that incumbents will—as we are increasingly seeing—strike back if they can orchestrate change at scale. Companies have the opportunity not only to invade and secure new markets but also to restructure their cost bases for the long term—with a possible huge payoff to their bottom lines.

Figure 3

Capability Layers for the Cognitive Enterprise

The Cognitive Enterprise

| Culture | Skills | Ways of working |

A culture of **agile innovation** that embraces new skills, workforces and ways of working, and humanizing the enterprise

| Industry platforms | Transaction platforms |

An **ecosystem of business platforms**, both industry specific and transactional

| Decision processes | Front-office processes | Back-office processes |

Cognitively enabled workflows for front- and back-office processes and decision making

| Artificial intelligence | Blockchain | Automation | Internet of Things | 5G |

Applied **exponential technologies** – for example, AI, IoT, automation and blockchain

| Licensed data | Proprietary data | Public data |

Data that is curated to support key workflows and platforms

| Custom | Legacy | API-enabled applications | Cloud native | Digital |

Next-generation applications that span new and legacy solutions

| Public | Private | On-premise | Security |

Open, hybrid and secure **multi-cloud** infrastructures

Source: IBM Institute for Business Value (IBV) analysis

Digital ERP
With IBM + Oracle

IBM and Oracle technologies are designed to work cohesively for the retail industry to adapt to the future demands of change across multiple finance, supply chain and reporting challenges

	ORACLE®	IBM®
Procure to Pay	Self Service Procurement Supplier Portal Accounts Payable and OCR/Scanning Intelligent Payments	Watson Supplier IQ Robotic Process Automation for AP Watson AP Agent Assist Digital Supply Chain with Blockchain
Sale to Cash	Accounts Reconciliation Accounts Receivable Cash Management Reval Treasury	IBM Cognitive Collections
Record to Report	General Ledger Financial Consolidation and Close Cloud Profitability and Cost Management	IBM Property Management for Oracle IBM Period Automation Tool for Oracle ERP Cloud Robotic Process Automation for Intercompany

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Finance and Procurement Challenges

In a recent survey for CFO Magazine when asked about the state of their finance function's technology, most of the respondents — a combined 63% — describe it as "inefficient," "silo-constrained," or "not linked to decision-making."

— CFO Magazine

Three-quarters of CFOs have cited existential threats of some kind to their enterprises' current business model.

- Six in ten CFOs point to more **innovative competitors** delivering more compelling value propositions.

- Three in ten indicate **new entrants are taking market share**, and approximately one in six point to some combination of product commoditization eroding margins, or online and mobile channel threats.

- One-sixth cite their own **enterprise's struggle to scale for growth** as a leading issue.

"An effective finance organization is not enough — we have to help enable the rest of the enterprise to be agile. That requires reliability, support and understanding the business through insights"

CFO – Brazil
Source: Elevate Your Enterprise — IBM C-Suite Institute for Value

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"We use digital and cognitive capability for better decision making and collaboration."

CFO – India
Source: Elevate Your Enterprise — IBM C-Suite Institute for Value

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Finance and Procurement challenges in the Retail Industry

Goods not for Resale Procurement

- When working with suppliers, establishing their reliability and wider market standing can be difficult to gauge without significant consumption of time.

- Poor compliance or lack of engagement with preferred contracts and channels for procurement often leads to "maverick" spend

- As a result, costs typically increase and analysis of spend is limited by the lack of available and/or consistent data.

Invoice Matching

- Significant effort is often required in matching of invoices to the correct orders and/or receipts as well as early identification of exceptions

- Poor results in matching can lead to manual intervention as well as the loss of discounts or disruption in the supply chain from slow or non payment

- In turn this can result in the additional overhead of managing queries from suppliers

Efficient Supply Chain

- Multiple suppliers or frequent changes in supplier to ensure the optimal price and quality, leads to complex supply chains and bureaucracy

- Tracking, reliability of shipments and visibility of goods from source through sale can be time critical in the event of product defects being identified, providence of the goods sold or meeting the ever-increasing demands of consumers

Cash Management and Hedging

- Volatile fluctuations in exchange rates and complex supply chains require constant monitoring to manage the risk and exposure from FX rates
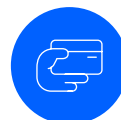
Customer Payment Management

- Multiple options are now available to customers in how they pay for goods and services. This introduces complexities in the reconciliation and security associated with receipts. Early identification of any loss or potential fraud is critical.

- Multiple channels complicate the verification of balances

Property Management

- Management of properties and associated leases on stores and warehouses is often maintained outside of the ERP requiring complex data and process integrations

- Stores and warehouses may be subject to IFRS16 or ASC842 legislation

- In a world where online retailers typically maintain a competitive advantage through having lower cost base, ensuring traditional stores run more efficiently is critical

Efficient Period End Close

- Multiple systems and participants often result in complicated processes to manage the financial close at period end

- Financial reporting as well as key metrics such as revenue recognition and cost of goods sold are complicated by different accounting calendars

Intercompany Reconciliations

- Movement of stock and customers between different channels and physical locations result in the need for intercompany cross charging

- This can often lead to large volumes of intercompany transactions to be initiated and reconciled

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Oracle ERP Cloud in Retail

Digital ERP Finance and Procurement — The opportunity

Retailers continue to see new threats and challenges from innovative organisations and new entrants.

New and exponential technologies – including AI, blockchain, the IoT, robotic process automation - virtual and augmented intelligence are being deployed either within or alongside traditional ERP applications.

The Cognitive Enterprise for Retail sets out the business platforms that allows each business to differentiate through process and enable the exclusivity of its data to create competitive advantages and new business models.

61% of CFO's have identified **competitors using innovative technologies** as an existential threat.
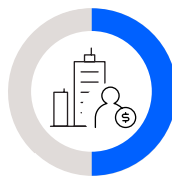
Approximately 50% of CFO's report their finance organizations **aren't as effective as they need to be.**
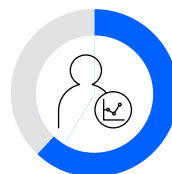
70% of finance leaders have **developed the analytical talent in their finance organization** to partner with the business.

Source: IBM Institute for Business Value
The Cognitive Enterprise: The Finance Opportunity

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Goods not for Resale Procurement

- Embedding and enabling good practices within the procurement process requires enforcing rigor within the sourcing process to ensure the optimum value is derived.

- Beyond that, adopting streamlined systems, compliance and processes is critical to realizing those benefits

IBM Supplier IQ

Supplier IQ is IBM's procurement insights solution using big data and analytics to measure supplier performance and support sourcing decisions. It enables employees to improve productivity and decision making, by providing:

- **Comprehensive company profile assessments** based on aggregated data from internal and external sources

- **Analytical Insights** which provide KPI benchmarking assessments

- **Analysis of unstructured data** such as news reports and general market analysis to drive decision making

IBM Supplier IQ
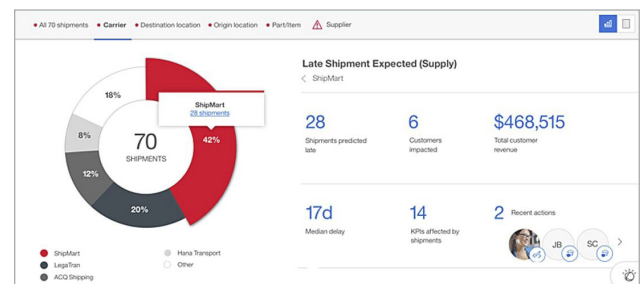
Using Supplier IQ can help an organization quickly achieve a more rounded picture of the suppliers it maybe seeking to contract with. It provides a suite of data that **helps procurement professionals make informed decisions** based upon market data, makes them less reliant on the responses that would typically be received via an RFx. and removes the need for time consuming research.

Once sourcing decisions have been made and contracts agreed, compliance is critical to realizing the benefit.

Oracle iProcurement

The **iProcurement** application from Oracle provides a means of categorizing, tagging and defining templates which allows for goods and services to be easily identified, selected and requested.

Those users raising purchase requisitions are provided with a UI which enables them to easily search, drill or punch-out to catalogues of goods and services.

The application can be accessed either on a mobile device or from the user's desktop.

A fully automated approval, notification-based system allows requisitions to raised, approved and purchase orders automatically issued.

Mobile iProcurement
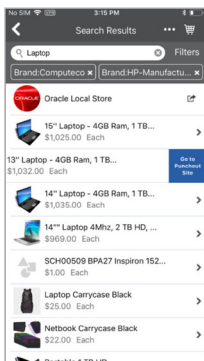
Oracle Supplier Portal

The **Oracle Supplier Portal** provides a self-service mechanism for suppliers to both receive their purchase orders and raise queries/request changes to them.

The Portal also includes several other self-service functions helping reduce the burden of administration and addressing queries. The Oracle Supplier Portal provides the supplier the capability to:

- Maintain your catalog data

- Submit Advance Shipping Notifications

- Request changes to their data (e.g. changes in address)

- Submit AP Invoices

- View the status of their invoices and payment

Oracle Supplier Portal
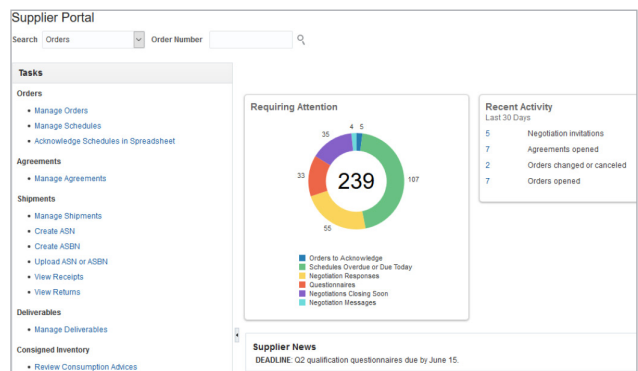
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Invoice Matching

- Use Optical Character Recognition (OCR) to automate the creation and matching of invoices to purchase orders

- Manage exceptions in management through automated distribution of notifications and automated matching using robotics

The receipt, sorting and management of supplier invoices often leads to a large amount of paper being handled by accounts payable, procurement teams, local stores and warehouses and approvers.

This can lead to delays in payment, lost paperwork and a frustrating experience for internal stakeholders as well as the supplier.

Multiple invoice contact points for suppliers and a manual workflow for each invoice incurs a significant cost in the processing of each invoice.

Integrated Invoice Imaging Center

The **Integrated Invoice Imaging Center** from Oracle provides 2 primary options to enable the automated receipt, match and workflow of invoices:

- Suppliers email their invoices to a common address from where it will be imported directly into the ERP

- Where suppliers still send paper copies, scan the invoice locally to create an electronic record and have the invoices automatically imported into the ERP

Oracle Invoice Imaging Centre

Whether scanned or received via email, Oracle's Intelligent Character Recognition will read the invoice, create an invoice record, attempt to match to a Purchase Order (where appropriate) and where there are exceptions send these via electronic workflow to the relevant internal teams for resolution.

According to a recent survey for the AP Association:

- 57% of all invoices were just received loosely on pieces of paper
- 54% of businesses said invoices were being sent to the wrong place
- 36% said they were concerned with late payments due to process delays

**Source:** AP Association (Accounts Payable Association) www.ap-association.com/facts-statistics

Blue Prism® Robotic Process Automation

The **Blue Prism Automated Matching** solution provides the opportunity to significantly reduce manual intervention from the AP team in managing:
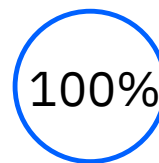
- Either those invoices where OCR has not been able to achieve a match; or
- Enable automated matching for those suppliers who are used on a one-time basis or persist in sending paper invoices

Using Blueprism, the automated Robotic Process is typically able to book more invoices per month, with improved accuracy and significantly reduce the need for manual intervention.
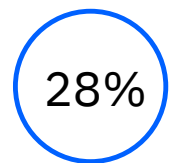
IBM implemented Blueprism to automate the booking of receipted Purchase Order invoices from workflow to the ERP and achieved the following results:
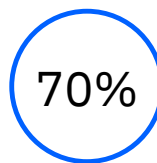
| 70%	100%	28%
Reduction in manual intervention	Accuracy of output	Increase in productivity

IBM Watson® Agent Assist

The **Watson Agent Assist in Accounts Payable** provides a Guided call assist for Accounts Payable and Travel and Expense helpdesk agents via cognitive question and answer support. It has proven to support higher client satisfaction through better first call resolution and reduced call center resolution costs in dealing with supplier and internal queries.

25%
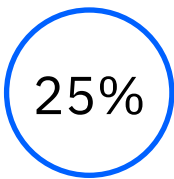
Reduction in service call re-open rates

20%
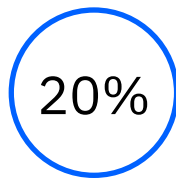
Increase in user satisfaction

Oracle Intelligent Payments

The Oracle Intelligent Payments application is part of Oracles adaptive intelligence suite in which recommendations for discounts are made based upon the most up to date supplier profile data. It enables discounts historically missed under contracts to be recognized and savings made.

Oracle Intelligent Payments
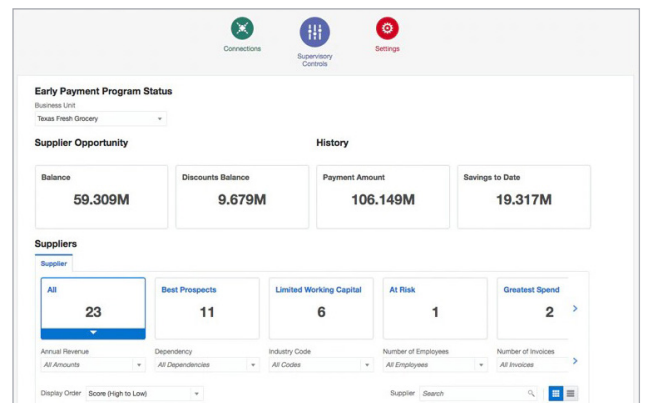
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Efficient Supply Chain

- Integrate blockchain technology with the Oracle ERP system to reduce complexity and administrative burden via a digitized supply chain

- Enable greater transparency throughout the entire supply chain to prevent disputes and ensure a faster route to market

Blockchains are distributed, shared ledgers that create an unbroken chain of trust from source to the consumer in a retail industry scenario. Since every record is time-stamped and appended to the preceding event, it generates the highest level of visibility, efficiency and trust in an enterprise system. When a blockchain platform is integrated with IOT and Cognitive, it provides the opportunity to make real-time decisions based on event-based transactions.

A blockchain platform that is ready for enterprise engagement will contain the following capabilities:

- Shared Ledger: Distributed ledger, digitally signed with encrypted transactions and replicated across an entire network of peers who consume the platform

- Smart Contract: Business logic that encapsulates terms of agreement between participants

- Privacy: Visibility, confidentiality, authenticity and security of each transaction

- Consensus: Protocol to agree on ledger content, cryptographic hashes and digital signatures to ensure the integrity of transactions

IBM, as the leader in Blockchain technology and platform implementation, offers an adaptable platform that can seamlessly work with Oracle's blockchain platform or support Oracle Cloud to seamlessly integrate with an enterprise's blockchain platform of choice as illustrated in a few of the use cases below.

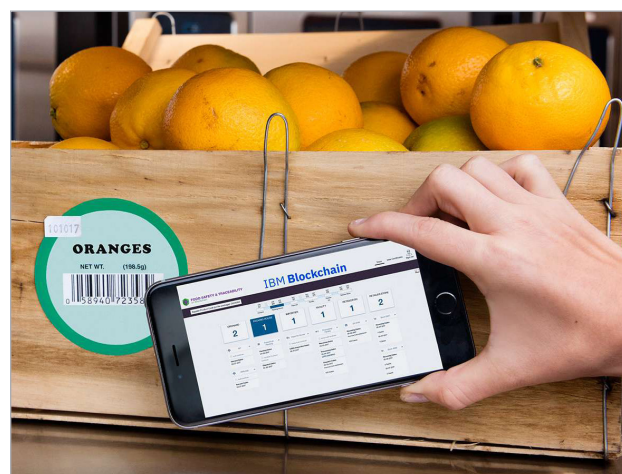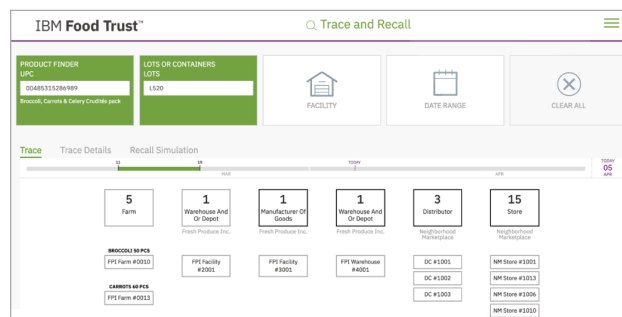**Use Case 1 - Improving food safety, traceability and trackability**

IBM offers a unique blockchain platform in the IBM Food Trust solution through working with leading retailers like Walmart, Albertsons, Carrefour, Kroger, Unilever and food manufacturers and distributors like Golden State Foods, Dole, Nestle and Tyson Foods.

Capabilities include:

- Safer food, longer product shelf lives, reduced waste and faster traceability

- Immediate access to actionable food supply chain data - from farm to store and ultimately the consumer

- Always-on, high availability with seamless software and blockchain network updates

- Hardened security stack with no privileged access, which blocks malware

Learn more
Visit **ibm.com**/food

- 24/7/365 Blockchain Support

- Built-in blockchain monitoring for full network visibility

- Powered by The Linux Foundation's Hyperledger Fabric

IBM Food Trust

- Using blockchain to track global trade and shipments


In a retail scenario, with increasing number of small suppliers scattered around the world, international trade is more complex. Organizations such as banks, importers, exporters, ports, customs agents, terminal operators and shipping/transport companies are all involved in the various "touch points," of international trade. Many questions remain like:

- Has our supplier sent a full order?

- Are we missing documentation?

- Did the ship depart the port on time?

TradeLens is a digital platform that empowers businesses and authorities along the supply chain with a single, secure source of shipping data, enabling more efficient global trade. Established in a joint collaboration between Maersk and IBM that enables organizations to share important shipping data and capturing more than a million events around the world each day.

The Oracle Cloud suite is integrated with the IBM Blockchain Platform to build out a digitized global supply chain for managing logistics of shipping delivery.
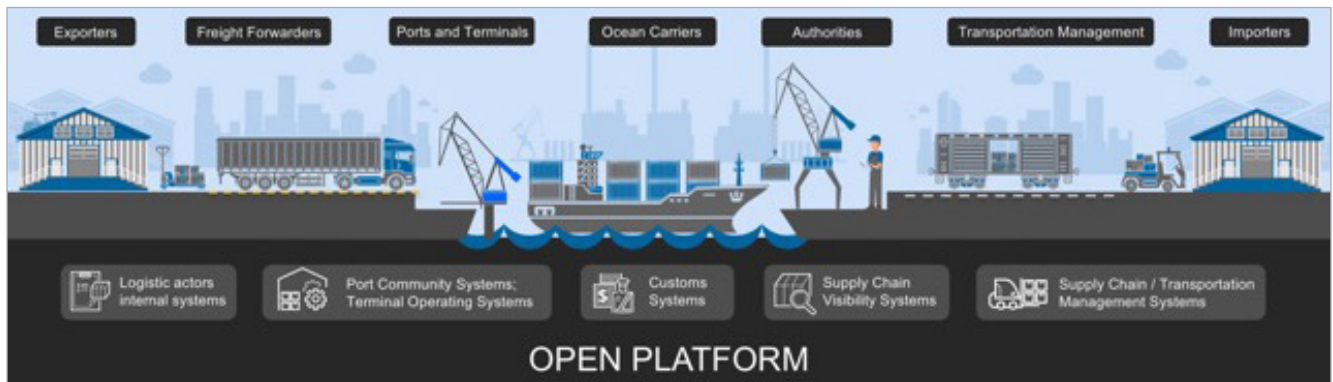
When Combined with IOT & Cognitive, blockchain provides real time visibility

By capturing the GPS positions of delivery trucks in real time, retailers can:

- Improve truck utilization

- Improve forecast accuracy

- Accelerate order fulfillment

- Decrease dispute resolution time

- Reduce fraud and establish authenticity for high value luxury goods

7

Customer Payment Management

- Retailers may have multiple channels via which sales are made and in turn each will have multiple methods via which customers can pay for goods

- Oracle Accounts Reconciliation Cloud Service (ARCS) provides a feature rich reconciliation solution allowing sales and receipts from multiple sources to be brought together

- In addition, B2B or customers who sit outside the traditional consumer sale still require managing and monitoring.

Oracle Account Reconciliation Cloud Service (ARCS)

Oracle **Account Reconciliation Cloud Service (ARCS)** is a configurable matching and reconciliation tool that provides workflow and seamless integration with Oracle ERP Cloud, Oracle EPM Cloud or other data sources to enable large volumes of data to be brought together.

Reconciliations can be automated using pre-built or configured rules. The application includes dashboards and workflows to support exception resolution and therefore allows the reconciliation of sales to the multiple receipt types (e.g. cash, card, voucher) without the need for significant manual analysis.

Account Reconciliation Cloud Service
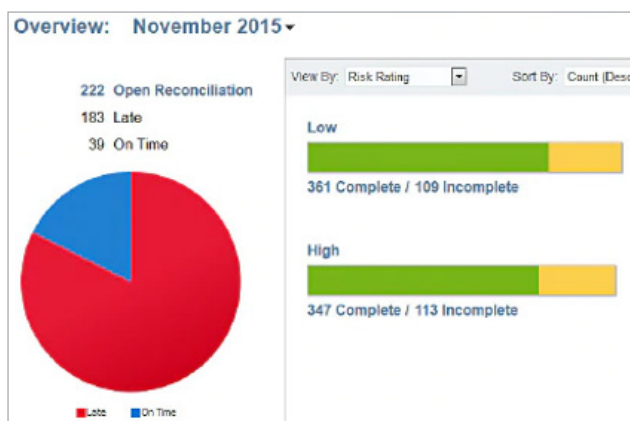
Additionally, ARCs provides re-assurance via:

- **Compliance** – Using audit controls to track all activities
- **Workflow** – Sign off and Approvals
- **Role Based Controls** – Ensuring access to specific data sets or functions are only accessible to relevant teams

IBM Watson® Cognitive Collection Platform (CCP)

IBM Watson Cognitive Cognitive Collection Platform (CCP) is an end to end trade receivables collection and dispute management capability providing the following key functions when integrated with Oracle:

- Collection Strategy – accelerators for analytical models that predict customer payment behavior and propensity to dispute
- Smarter Workflow – optimal distribution of workflow to maximize cash collections and enhance customer experience
- eDialer functionality – Enables automated customers communication using channels like email and phone

In an example case study, IBM estimates an **Order to Cash** improvement of **5-7 days** of sales outstanding (DSO) through IBM CCP

8

Cash Management and Hedging

- Cognitive Insights – Leveraging Watson Analytics, CCP brings together pre-configured business and process performance measurement dashboards to end users.

- The management of cash, hedging of currency and analysis and tracking of the associated risk is a key consideration for retailers who typically have a complex supply chain.

- Integrated Cash and Treasury management applications help manage the risk.

Whilst Oracle has not yet released a treasury function as part of its Fusion capabilities, it does continue to maintain a strong **Cash Management** application supporting key controls such as bank statement management and reconciliation and monitoring cash balances.

However, Retailers typically have more complex requirements to hedge, track risk and exposure and monitor advanced cash requirements. To meet these often-vital parts of a retailers needs IBM recommends **Reval**, an Oracle partner who provide a leading class Treasury application with the following capabilities:

- **Seamless integration** with Oracles General Ledger to allow data to flow between the two

- **Cash and Liquidity Management** tools to support forecasting and liquidity planning and intercompany netting

- **Financial Risk Management** enabling exposure risk to be monitored and evaluated. Data from Oracle can be supplemented with 3rd party data to provide a powerful set of analysis and reports

- **Hedge Accounting and Compliance** to allow hedge strategies to be assessed and executed and ensure IFRS9 compliance is adhered to

9

Property Management

- Retailers often have a wide variety of properties including stores, warehouses and offices.

- Property management solutions often reside alongside Oracle thereby limiting efficiencies in process, reporting and compliance. Having a flexible, integrated, compliant solution enables efficiencies in managing property costs

IBM Property Management for Oracle

IBM developed the **Property Management for Oracle Cloud Platform** specifically tailored to retailers.

The solution has been developed to complement the existing capabilities of Oracle Cloud and therefore provides a cohesive solution which integrates with the wider Oracle suite of products to allow for master and transactional data to be shared seamlessly.

This allows retailers to manage their property management requirements from space allocation through to billing or payment as well as IFRS16.

IBM Property Management for Oracle Cloud
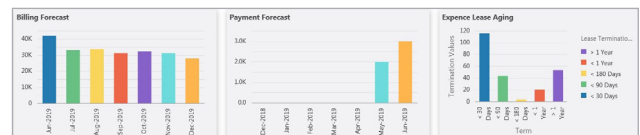
The solution:

- Maintains a detailed breakdown of the property including a hierarchical representation of the store or warehouse by its component elements (e.g. zone, floor, office etc.)

- Confirms the space allocation to identify capacity within the property or location and/or assign space by employee

- Automates the schedule of billing to customers for let or sub-let space within the store or payment to suppliers for leases

- Use workflow approvals to validate the lease schedule

In addition, to ensure that the solution is **compliant with the new lease standard IFRS16 and ASC 842**, the IBM Property Management for Oracle solution will support two methods of adherence to regulation.

Information can be captured within the IBM Property Management for Oracle solution that will allow it to be integrated into Oracle's Assets from where a lease will be created. Oracle will automate the creation of accounting entries necessary to support IFRS16 and ASC842 reporting from the General Ledger. This also allows leased assets for property to be consolidated in a single location in Assets alongside other non-property assets which may need to be reported under IFRS6 and ASC842.

IBM Property Management Space Planning

Oracle Financial Consolidation and Close Cloud Service (FCCS)

Alternatively, Oracle Financial Consolidation and Close Cloud Service (FCCS), part of Oracle's EPM Cloud suite of products, could be used to support complex leases. This may be necessary in some scenarios and could be used in tandem with IBM Property Management for Oracle and Oracle General Ledger to enable a compliant solution. Specifically, FCCS will provide:

- Lease right of use calculations

- The ability to define and report on lease interest expense

- A modelling framework to allow lease compliance logic to be defined and maintained

- Dashboards to meet IFRS16 or ASC842 reporting needs

10

Efficient Period End Close

In an example case study, IBM helped deploy **IBM Period Automation Tool for Oracle ERP Cloud** for a global manufacturing company with an annual revenue of $7.5B.

Decision support and issue resolution is now powered by chatbots and machine learning to resolve system and data issues.

This has led to an estimated reduction in cycle time of 3 days in each month end and annual savings of $2.5M.

- Period End Close routines often involve multiple participants liaising around the closure of sub-ledgers and the General Ledger itself to complete reconciliations and address exceptions.

- The touchless process can automate many of the time-consuming administrative activities in what is typically a highly pressurized, time sensitive period of the month.

Most organizations have between 17-25 staff members participating in the typical period end close cycle with an average time of close taking around 7 days to complete and the cost being 0.2% of revenue.

IBM Period Automation Tool for Oracle ERP Cloud

IBM's **Period Automation Tool for Oracle ERP Cloud** automates a significant amount of the month end process, thereby reducing the overall time consumed and providing visibility across the life cycle of the close via dashboards to validate the outcome.

The solution can be configured to provide a flexible model based upon:

Business Rules – which define the range of activities to be completed as part of the month end cycle

Activity Definition – Specifying the relationship between each activity and how it should be enacted
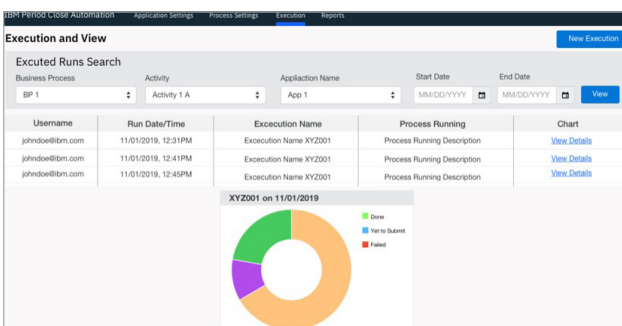
Task Structures – Which allow manual intervention points to be included if necessary

Faster closing cycle	Easy reconciliation	Reduced cost	Operational efficiency	Dashboard
There is a 70% improvement in the time needed for financial	Automating repetitive task reduces manual efforts by 90%	40% reduction in cost	Resources utilisation is increased nearly 80%	In-depth review and analysis

Once configured the touchless close provides a simple execution process that can be run and monitored centrally. Tasks, communications and reporting is automated to allow freeing finance teams to focus on value added tasks.

Finance teams often spend significant amounts of time analyzing and reporting data from within the ERP or across multiple systems to either validate or gain greater insight into period end balances and statements. Specifically, in retail analyzing large amounts of data to identify the profitability of lines of business is critical.

IBM Period Automation Tool for Oracle ERP Cloud

Oracle Profitability and Cost Management Cloud

Oracle Profitability and Cost Management Cloud

Oracle's Profitability and Cost Cloud Management application allows multiple sources of data to be brought together from either the ERP or other enterprise applications into a single repository. The data can then be used by business users to configure and model profitability. Mobile enabled dashboard reporting provides a comprehensive view of the outcomes and can be used to support variance and what-if analysis. Alternatively, detailed three dimensional queries can be developed using **Oracles SmartView for Fusion** capability to assess the make-up of account balances within the ERP.

11

## Intercompany Reconciliations

- Typically, retailers experience many intercompany transfers resulting from re-charges or stock transfers

- Labor-intensive month end procedures typically associated with reconciling those entries can be optimized using automated processes

The **Blue Prism Intercompany Reconciliation** enables inefficient processes which require critical control procedures to be automated.
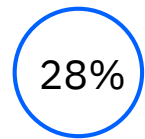
Based upon our case studies we have estimated
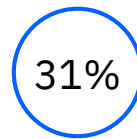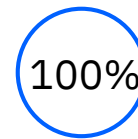
31%	100%	28%
Productivity gain based upon automation of intercompany	Accuracy in the results recorded	Reduction in the number of journals being raised to support intercompany

The solution has been scaled to work across large organizations with examples ranging up companies with many hundreds of entities each having intercompany reconciliations automated.

The solution enables efficiencies to be recognized through:

- Analyzing historic requests and trends in intercompany requests and transactions

- Establishing how these can be consolidated

- Enabling common repositories and data sharing mechanisms for receiving and saving intercompany requests and their results

- Automating the processing of the intercompany transactions

In a recent report based upon research by the Mckinsey Global Institute:

40 percent of finance activities (for instance, cash disbursement, revenue management, and general accounting and operations) can be fully automated, and another 17 percent can be mostly automated.

Source: Bots, algorithms, and the future of the finance function, January 2018 Mckinsey.com

www.mckinsey.com/business-functions/ strategy-and-corporate-finance/our-insights/ bots-algorithms-and-the-future-of-the-finance-function

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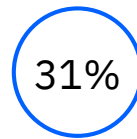
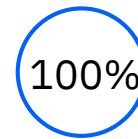# Delivering business value through the Cognitive Enterprise

- Typically, retailers experience many intercompany transfers resulting from re-charges or stock transfers
- Labor-intensive month end procedures typically associated with reconciling those entries can be optimized using automated processes

The **Blue Prism Intercompany Reconciliation** enables inefficient processes which require critical control procedures to be automated.
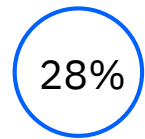
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Productivity gain based upon automation of intercompany

100%

Accuracy in the results recorded

28%

Reduction in the number of journals being raised to support intercompany

The solution has been scaled to work across large organizations with examples ranging up companies with many hundreds of entities each having intercompany reconciliations automated.

Delivering business value through the Cognitive Enterprise

	Business outcome	Our solution
1	• Contract at the best prices with the correct suppliers • Leverage negotiated contracts to control costs	• Cognitive insights and big data to identify the correct supplier and prices to contract with • Intuitive procurement solutions to direct users to the goods and services they need via mobile or desktop • Supplier self-service catalogue maintenance
2	• Productive Accounts Payable function with removal of unnecessary administration • Maximise supplier payment discounts	• OCR and automation to enable a controlled, touchless invoice matching and payment process • Chat bots to respond to invoice and payment queries • Identify the greatest opportunities for payment discounts through machine learning
3	Reduce the administration and provide a secure, monitorable audit trail of transactions	• IBM or Oracle Blockchain to ensure authenticity and quality of provision is managed through each stage of source, production and distribution
4	Reconcile customer receipts in an efficient and reportable way	• Automate collection processes including those with large volumes and multiple data sets • Visibility via dashboards of outstanding debt or cash lost throughout the process

5	Monitor and manage the risk associated with trading in multiple currencies	• Monitor risk exposure against current and future trends in contracts with suppliers and other 3rd parties • Model business liquidity allowing you to view trends and pre-empt cash flow challenges
6	Efficient process for managing my store leases and compliance with IFRS16 legislation	• IFRS16 compliance through a fully integrated property management solution seamlessly incorporated into the Oracle ERP Cloud • Automate payments to landlords or billing to sub-let customers using a pre-built suite of integrations with AP and AR • See space usage and allocation within the property to ensure stores, warehouses and other real estate is being used efficiently
7	Reduce time spent on analyzing data and closing the period end	• Automate period close processes automatically notifying participants of status and exceptions • Configurable dashboards to present digestible views of the financial performance in period
8	Remove the administrative burden in managing the intercompany cross charges resulting from the transfer of stock and assets between companies	• Self-learning trend analysis of intercompany transactions to identify efficiencies within the process • Automate processing of intercompany entries removing the need to have multiple participants across different entities managing complex transactions • Reduce exception and reconciliation activity by ensuring both internal customer and supplier entries are created in parallel

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Conclusion

Convergence of technological innovation, social and regulatory transformations has made Retail Industry a dynamic market place. To keep up with the disruption, the emergence of the Cognitive Enterprise is inevitable. The ability to manage the needs of your customers, suppliers, work force and stakeholders to drive efficiency and optimize the finance and procurement function is paramount to the success of the enterprise. The opportunity to harness Oracle's vertically integrated Finance and Procurement Cloud with IBM's Cognitive capabilities has the potential to accelerate industry transformation into intelligent automation.

To learn more about or request for a demo of IBM's Oracle Finance and Procurement Cloud capabilities with Cognitive in the Retail industry, please reach out to your IBM client executive.

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Client
Case Studies

" The program proved complex
and challenging, but despite
this IBM Services provided
the leadership, resources
and commitment to get us
to the go-live. "

— **Andy Haywood, Chief Information Officer,
JD Williams**

JD Williams

Revitalizing clothing brands by transforming to become a true
digital multichannel retailer

Problem

With over 140 years' experience in distance shopping,
JD Williams and Company Ltd sells fashion clothing
and footwear alongside household and electrical goods
in a department-store format. JD Williams partnered
with IBM® Services to revitalize their brand by
transforming to become a true digital multichannel
retailer based on Oracle Retail Merchandising System
and Oracle ERP Cloud solutions.

Requirements

– Create modern merchandising, planning, and
inventory systems underpinned by new finance
and purchasing systems and processes

– Standardize purchasing and finance processes,
improve efficiency, and implement common
financial policies

Solution

– Oracle Enterprise Resource Planning (ERP) Cloud

– Oracle Supply Chain Management (SCM) Cloud

Results

– Transformed multichannel retail capabilities

– Enabled enterprise-wide standard chart of accounts

– Cut monthly reporting and consolidation time

Read success story
ibm.biz/jdwilliamscasestudy

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Client
Case Studies

" Thanks to the Oracle solution delivered by IBM Services, we've sharpened our focus on operational costs, gained a clearer view of our profitability and highlighted opportunities to improve our processes—putting us on the road to growth. "

— **Tom Zelewski, Chief Finance Officer, Freedom Powersports**

Freedom Powersports
Fueling growth with timely insights into financial drivers across the business

Problem
To build robust business cases for future acquisitions, Freedom Powersports wanted to gain a deeper understanding of profitability across its retail store portfolio. Working with IBM® Services, Freedom Powersports deployed Oracle Enterprise Performance Management Cloud—delivering fast, granular analysis of financial performance across the business.

Requirements
– Reduce monthly close process time to free up resources for important analysis
– Optimizing the profitability of its retail assets
– Standardize purchasing and finance processes, improve efficiency, and implement common financial policies

Solution
– Oracle Enterprise Performance Management (EPM) Cloud
– Oracle Financial Consolidation and Close Cloud Service (FCCS)

Results
– Up to 5 days cut from month-end closing cycle, making more time for value-added analysis
– 66% faster month-end data analysis, enabling more responsive decision-making
– 4x more monthly inventory reports, helping optimize resource utilization and drive sales

Read success story
ibm.biz/freedompowersportscasestudy

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Why IBM

IBM is one of Oracle's largest and most experienced systems integration partners jointly helping customers for over 35 years:

Oracle Partner

10,000+ dedicated Oracle consultants

2,000+ Oracle Cloud certifications

375+ Oracle Cloud go-lives

10+ Oracle-specific delivery centers

Oracle Cloud Garage

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