

Capgemini press contact:

Christel Lerouge

Capgemini

Tel.: +33 (0)1 47 54 50 76

E-mail: christel.lerouge@capgemini.com

Hester Decouz

Tel.: +44 870 904 5758

E-mail: hester.decouz@capgemini.com

Capgemini and Oracle Supply Chain Study Reveals that With Rising Challenges, Customer Satisfaction and Retention are Being Put at Risk

Paris, 6 March 2013 – The complexity of global supply chains, increasing costs, explosion in order and delivery channels, rising customer expectations and new consumer behavior have all contributed to the growing challenges faced by organizations when it comes to order fulfillment operations. Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, in partnership with Oracle, today announced the findings of its global supply chain and logistics management study entitled: '*From Customer Orders through Fulfillment: Challenges in Manufacturing, High Tech, and Retail*'. The study surveyed almost 600 top supply chain executives in manufacturing, high-tech and retail businesses worldwide to analyze common fulfillment challenges and areas in need of improvement.

The research reveals that with increasing risk and system complexity, order fulfillment processes are becoming more intricate and inventory management and delivery performance is slipping. Only one in three manufacturers is happy with their order promising and 50 percent of respondents say exception handling needs improvement. As a result, customer satisfaction and retention are put at risk and businesses are forced to allocate additional spending on resources to address the situation, which, coupled with rising prices of raw materials and transport costs, are a growing threat to businesses' bottom line.

Key conclusions from the report show:

- **Key challenges** face manufacturing, high-tech and retail companies including maintaining customer satisfaction (44 percent of respondents), order management complexity (42 percent), and inaccurate order promise dates (39 percent)
- Companies need adequate **multi-channel management systems** – almost nine out of ten manufacturers (86 percent) reported their customers are ordering through multiple channels (with on average 3.1 order-taking channels including e-commerce, call centers and EDI)¹ and this trend is on the rise – with 45 percent of

¹ Electronic Data Interchange

respondents saying that multi-channel ordering has risen by 45 percent in the last year. The need for a platform that can provide consistent fulfillment process control regardless of the ordering or fulfillment channel used is necessary.

- **Outsourcing among manufacturers is expected to continue to rise**, particularly in transportation, production and warehousing – just over one third of respondents expect to increase outsourcing of production and warehousing tasks while 46 percent will subcontract more transportation and logistics activities

- **Increasing consolidation of the market** – one half of manufacturers (47 percent) surveyed have either been acquired by or have purchased another company in the last five years and 56 percent report the merging onto a single ERP system

- **Costs are increasing across all sectors** – and are up 76 percent on transportation, 70 percent on raw materials, 65 percent for labor-related costs and 41 percent on warehousing. In the retail sector companies report costs associated with fulfillment have risen by 78 percent. Delivery delays and resultant expediting is the largest driver of fulfillment costs

- But at the same time **order cycle times are reduced**. For example, in manufacturing the period from order receipt to the outgoing shipment to the customer has contracted for 43 percent companies surveyed

- In terms of **future challenges**, generally accurately promising dates based on fulfillment planning lead times was the top issue overall. Among retailers the top issue was having visibility to planned inventories to commit. Among hi-tech firms 58 percent of respondents say the top future challenge will be data accuracy while 46 percent say this will be the timeliness of data

Ben Pivar, Senior Vice President and head of North America Supply Chain Technologies at Capgemini said: *“It’s clear that given the growth of multi-channel complexities, it’s time for industries to consider the impacts that these requirements place on their businesses. Manufacturers should consider following retailers in embracing the new multi-channel reality by evaluating up-sell and cross-sell opportunities across product lines to create a consistent and profitable customer experience across all channels. In order to truly make this work, manufacturers need to consider how to integrate multi-channel requirements throughout their supply chain operations.”*

Jennifer Sherman, Senior Director of Applications Strategy, at Oracle said: *“Value chain integration is a long-term trend and there is an urgent need for more collaborative planning and execution. The threats of volatility and change in the marketplace can be mitigated by the existence of an agile and scalable supply chain platform. Businesses need to consider investing in a technology platform to create a centralized view and single face to the customer and to ease the adoption of new business processes without mandating a replacement of existing supply chain execution systems.”*

Capgemini in collaboration with Oracle offers customer-centric solutions to help manage supply chain complexity across major sectors from retail to manufacturing. Capgemini has over 13,000 Oracle consultants worldwide, and its

Oracle Fusion Supply Chain Management offering includes an accelerated delivery methodology, ROI analysis, business process management (BPM), business information management, change management, hosting, testing and application maintenance. Oracle Fusion Supply Chain management is a technology platform with a Distributed Order Orchestration (DOO) module that can transform business operations by delivering a single view for order, supply and fulfilment plans across the entire enterprise. Capgemini was selected for the Oracle Fusions Applications beta program in 2009 and has been participating in every major functional module area of Fusion Applications ever since.

Capgemini is a Diamond member of the Oracle PartnerNetwork.

To download the full report please log onto:

<http://www.capgemini.com/insights-and-resources/by-publication/from-customer-orders-through-fulfilment-challenges-and-opportunities/>

For more information log onto www.capgemini.com/oracle

About the study:

This research was conducted by Peerless Research Group on behalf of Supply Chain Management Review and Logistics Management magazines for Oracle and Capgemini, leading providers of supply chain software solutions and consulting services. 589 top supply chain executives in manufacturing, high-tech and retail businesses worldwide were interviewed. This study was executed in December, 2012, and was administered over the Internet among subscribers to Supply Chain Management Review and Logistics Management magazines and e-newsletters.

All respondents were pre-qualified for being involved in decisions as they relate to supply chain order fulfilment and order management solutions for either their company or for others. Respondents were further qualified and segmented into one of three industry categories: Manufacturing (355 respondents), High-Tech (101) and Retail (133).

Overall, respondents are predominantly upper level executive management and included job titles such as President/CEO/Owner (15%), VP/Director/Manager of Supply Chain Operations (25%), and Director/Manager of Distribution and Logistics (21%). Companies of all sizes are also well-represented in the findings; results are further based on businesses located across the globe and encompasses North America (77%), Asia Pacific (16%) Latin America (10%), and Europe (10%).

About Capgemini

With more than 125,000 people in 44 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2012 global revenues of EUR 10.3 billion. Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

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Oracle PartnerNetwork (OPN) Specialized is the latest version of Oracle's partner program that provides partners with tools to better develop, sell and implement Oracle solutions. OPN Specialized offers resources to train and

support specialized knowledge of Oracle products and solutions and has evolved to recognize Oracle's growing product portfolio, partner base and business opportunity. Key to the latest enhancements to OPN is the ability for partners to differentiate through Specializations. Specializations are achieved through competency development, business results, expertise and proven success. To find out more visit <http://www.oracle.com/partners>.

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