

Cost Optimization Strategies



Introduction



As the state of the market changes rapidly with Covid-19, businesses are already reeling from uncertainty and economic impact. Here's how IT can adjust a new reality of cost trimming/cutting/optimization and operate with the reduction in IT budgets. IT organizations must now seek ways to reduce their budgets to focus on leveraging new technologies. Our experience shows that optimizing across 4 pillars - Applications, Infrastructure, IT Operations and Licenses (Oracle) results in significant savings. For many organizations, Oracle applications are the core enterprise transactional processing systems supporting operational and back office processes. They are typically the most expensive applications in terms of ongoing operation and maintenance costs.

At Neev systems, our long track record of successfully managing customers' Oracle landscapes taught us to identified four key areas where there are major opportunities to reduce costs including: applications, infrastructure, IT operations and licenses. We have observed several key issues that raise organizational costs:

- ✓ Oracle is seldom designed to minimize operational and maintenance costs
- ✓ Substantial areas of configured functionality are either used partially or not at all
- ✓ Procure more Oracle licenses than they use
- ✓ Oracle users are often incorrectly licensed (e.g. professional vs limited professional vs self service)
- ✓ Oracle infrastructure is inelastic and permanently provisioned to support peak loads. Many organizations are running Oracle workloads on cloud infrastructure platforms like AWS, OCI allowing flexibility, agility and lowering the costs.
- ✓ Older Oracle environments are cluttered with outdated, custom developments that should be replaced by newer software or functionality.

By addressing these issues and using our breadth and depth of experience on oracle software, cloud infrastructure, RPA and other latest technologies, we can help you run your Oracle environments both more efficiently at significantly reduced costs while increasing business value



APPLICATIONS PILLAR

Maximizing your EBS Data in Challenging Times

Finance teams are under tremendous pressure to adapt to a quickly shifting situation. We know that access to the latest data is critical to answering the new questions facing your business daily basis. Explore the tools that can empower your teams to work through these challenges. The finance teams can quickly leverage EBS data to improve the financial and operational efficiencies during these tough times. Here are some suggested areas around cost control and better forecasting.

- ✓ Payables Ageing – Easily monitor when your debtor liabilities are falling due
- ✓ Receivables Ageing – Manage cash flow by forecasting future collections.
- ✓ Supplier Spend – See your actual spend by supplier in real-time.
- ✓ Receivables Applied Receipts – Track customer receipts to ensure collections are on schedule
- ✓ AR, AP Cash Tracking – Get a daily view of actual and forecast cash entering and leaving the business.
- ✓ GL Wand Report Wizard – Build your first GL reports, like income statements and department expense analysis in Excel in minutes.

Robotic Process Automation

Oracle EBS is the centre of many organizations today. If your organization is using Oracle EBS to manage some of your business processes, and it takes longer than it should to perform some actions, there is a better way to do it – automate your Oracle EBS. As your business grows, your dependency on EBS grows as well. Automating your Oracle EBS can be one of the biggest investments for your organization today. As of today, Neev systems has helped different companies automate their business process using UiPath or Automation Anywhere for Oracle EBS. Neev systems RPA Consultants help you deeply analyse the actual processes that can be automated along with a ROI document that you can use to measure the impact of RPA solution for your company

How can RPA help in automating your Oracle EBS processes?

Forward-thinking businesses today are going with robotic process automation to improve business efficiency and to gain immediate ROI. By working with companies like Neev systems, they're implementing not just automation solutions, but cognitive automation solutions to their businesses with an unbelievable ROI. Robotic process automation (RPA) makes it easier to use your Oracle ERP system. It paves the way for a workflow that suffers from fewer mistakes, virtually eliminating lag time and helping you achieve peace of mind. Several years ago, before robotic process automation was as popular as it is now, nearly 50 percent of Oracle users wanted to improve productivity. At the same time, 25 percent of users wanted to standardize business processes across their entire organization while rest wanted to reduce their operational costs. Automation is more important than ever, as companies deal with ever-changing regulatory landscapes. Now, organizations can quickly analyse and adjust for changing regulations, and apply different rules across different jurisdictions, both domestically and globally. Explore the various ways your organization can automate within finance and other LOBs to streamline your processes, save time and money and gather data that can give you a competitive edge. Thanks to robotic process automation, these goals are now within reach. More companies are using advanced technologies to accelerate their workflows, making routine processes less expensive and giving their employees the ability to focus on more important responsibilities. RPA has the ability to transform your Oracle EBS tasks for the better. Oracle RPA can help you streamline a number of common processes – including the majority of your back-office administration duties. Here are partial list activities you can offload to RPA on Oracle EBS:

- ✓ Generate scheduled reports and forward them to concerned parties.
- ✓ Automate your entire Payroll processing on Oracle EBS using RPA.
- ✓ Employee on-boarding on Oracle EBS using RPA.
- ✓ Employee termination processes on Oracle EBS using RPA.
- ✓ Invoice processing on Oracle EBS using RPA.
- ✓ Collect and sort your invoices
- ✓ Match your invoices with shipments and purchase orders
- ✓ Assign GL codes
- ✓ Create payment vouchers
- ✓ Converting units of measure
- ✓ Create new sales orders
- ✓ Send shipment notifications

With RPA, the completion of one action can immediately start another, which means your projects move seamlessly from start to finish. However, the potential benefits go above and beyond your day-to-day processes. You'll also benefit from improved insight into your company's performance, higher employee satisfaction, and more customer engagement. Automating your Oracle EBS workflow could result in a huge productivity gain for your company. Tools like UiPath, Automation Anywhere or Blue prism allows you to automate your EBS workflow, and Neev systems can help you with that. Where Neev systems can help you is to build a complete end-to-end roadmap of this entire RPA implementation with detailed process workflows that will help your business run faster. Why deploy robots when there are humans? There are a lot of reasons why companies prefer bots to do the repetitive tasks than humans. For one, humans are species with intellect, which allows us to think through complex situations and act upon it. Robots do not carry emotions and are extremely faster and good at performing pre-defined set of tasks.

- ✓ Robots operate **24x7**
- ✓ Robots are **super-efficient** in performing tasks
- ✓ The **error rates are low** when compared to humans
- ✓ Robots can **use data directly** from multiple applications and process data in parallel
- ✓ **Accuracy** is off the charts with RPA robots
- ✓ **Consistency**; you can expect a task to be complete at a consistent time and process without having any second thoughts;
- ✓ Reliability; **no sick leaves**, super high efficiency since bots' work 24x7, every single day;

What is the Return on Investment / Business Value for RPA implementation?

RPA is a proven technology. Just like how computers replaced calculators for better business efficiency, RPA is being used to build businesses that are faster and better than their competitors. Here are some quick potential business value or Robotic Process automation in Journal Entry segment:

- ✓ Over 50 percent annual operational **productivity gains** across the company;
- ✓ **Implement end-to-end automation**: from Record to Reporting (R2R);
- ✓ **Boost in Productivity**: RPA robots are meant to perform tasks faster than humans; this allows us to have 99.99% available throughout the year, and the bots work 24/7/365 with fewer errors and regulatory violations;
- ✓ **Audit-able logs**: bots provide us with detailed logs that helps us audit everything that is happening with the RPA process;

Reliable and resilient process: RPA bots are configured to interact with systems that the users would have difficulty accessing in some cases;

Improving efficiencies in Business Operations:

Financial Close Assistant

Financial Close dashboard allows you to monitor issues preventing Period Close proactively. Its objective is to help you to close your general ledger reliably. Neev system's financial close dashboard identifies all the showstoppers that are preventing you from closing all the modules in the ERP. The dashboard is configured with modules on the horizontal dimension and issue types in the vertical dimension. Each cell is associated with a SQL query, which is executed on a schedule, to get the results to be shown on the dashboard. Some of the actions for the issues can be taken directly from the dashboard itself such as AP Invoice Validations or Create accounting without moving out of Oracle Security standards. This dashboard can help you monitor your close process for every period reliably

Ledger Name: Vision Operations (USA) * Period Name: Dec-16 [Go] [Clear]

Ledger Accounting Periods	
Ledger Name	
Vision Operations (USA)	Payables: Open, Receivables: Open, Purchasing: Open, Projects: Never, General Ledger: Open

Inventory Accounting Periods

Ledger Name	Operating Unit	Organization Name	Organization Code	Status
Vision Operations (USA)	MUMBAI Manufacturing	Pune Warehouse	PUN	Open
Vision Operations (USA)	DHM Manufacturing	DHM Manufacturing	DHM	Open
Vision Operations (USA)	Vision Operations	Seattle Manufacturing	M1	Open
Vision Operations (USA)	AHM Manufacturing	AHM Manufacturing	AHM	Open
Vision Operations (USA)	Vision Operations	Vision Operations	V1	Open

Fixed Assets Periods

Ledger Name	Asset Book Name	Book Type	Associated Corp Book	Status
Vision Operations (USA)	KK2 CORP BOOK	CORPORATE	NA	Closed
Vision Operations (USA)	TEST CORP BOOK	CORPORATE	NA	Open
Vision Operations (USA)	KK CORP BOOK	CORPORATE	NA	Closed
Vision Operations (USA)	KK TAX BOOK	TAX	KK CORP BOOK	Open

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Automatic Vendor Account statement reconciliation (VenRecon)

Vendor Statements Reconciliation is a critical finance process in any organization whether small or large. Without performing this control, an organisation runs the risk of understating its liabilities and costs, and increasing exposure to duplicate invoices and payments. Major challenges faced

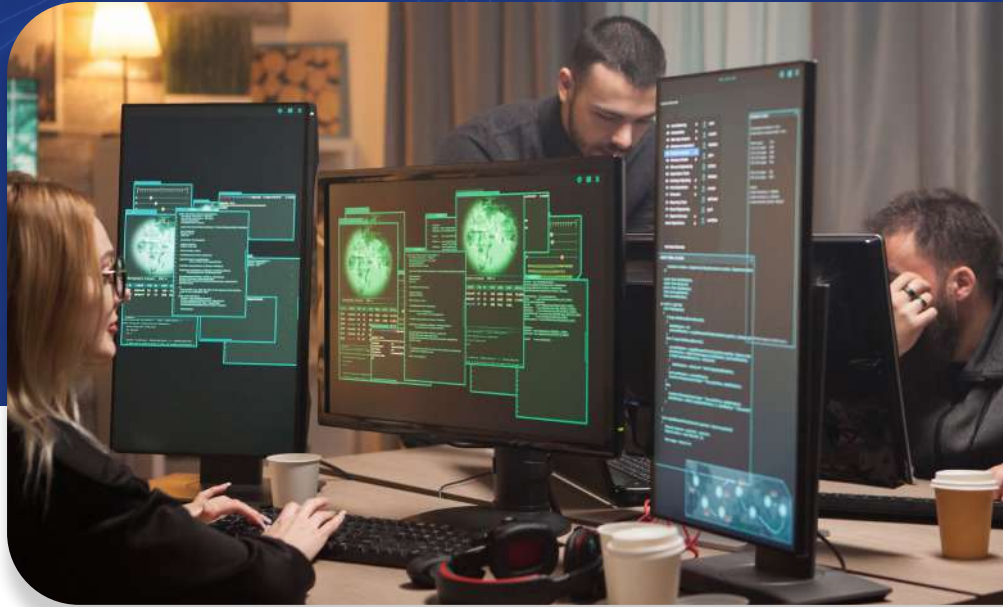
- Mostly manual process
- High cost on reconciliation
- Non-compliance to regulations
- Burden online of business managers
- High risk on vendor invoices
- Duplicate payments on single invoice

VenRecon is a tool that automates the supplier statement reconciliations with Accounts Payables. Supplier statements are reconciled automatically when they are first uploaded and re-reconciled on a daily basis. VenRecon reconciles statements by company and vendor using the invoice date, invoice number, invoice amount and currency fields. The statement reconciliation process can also work cross-company and cross-vendor if the supplier has multiple accounts on your system and rules can be turned on or off with tolerances applied. At the end of the process, the tool generates exception reports automatically that can be manually looked for correction. Major advantages of Neev systems VenRecon tool is:

- ✔ Significant reduction in time and operational cost, leaving only exceptions to manage.
- ✔ Errors in manual reconciliation are completely avoided
- ✔ Auto reconciliation facilitate smooth period end close process
- ✔ Voluminous statements are reconciled in no time which helps in timely payments
- ✔ Increase throughput without additional resources
- ✔ Strengthens controls to minimize risk
- ✔ Improve service to business units and vendors



Infrastructure Pillar



Minimizing Infrastructure

Most Oracle applications were implemented before cloud computing became common place, which means they were implemented on-premise, on dedicated hardware sized to support peak transactional volumes. In today's world, where elastic cloud computing is freely available, much of this architecture is unnecessary and cost-draining. The biggest reason cited by companies for not migrating more of their on-prem applications to the public cloud is data security. There is little or no data in them that is subject to data protection laws. However, several companies have analysed the data held in their Oracle systems and determined that the combined security of the applications, operating systems, networks, and infrastructure is now sufficiently secure to migrate productive systems to the public cloud. Public clouds are now safer than ever.

Take advantage of the cloud

Migrating to the AWS Cloud

There are many ways that companies can take advantage of Infrastructure as a Service (IaaS) offerings. The attractiveness of each option will depend on your current infrastructure provisioning arrangements and where you are in your hardware refresh cycle. If you are approaching a hardware refresh, or are at the end of an outsourcing contract, migrating Oracle workloads to the public cloud offers significant cost savings compared to investing in new hardware. By migrating non-productive environments to a public cloud provider through AWS, you can take advantage of pay-per-use pricing. This allows you to not pay for environments when they are not being used, such as overnight or when test and training environments are not needed.

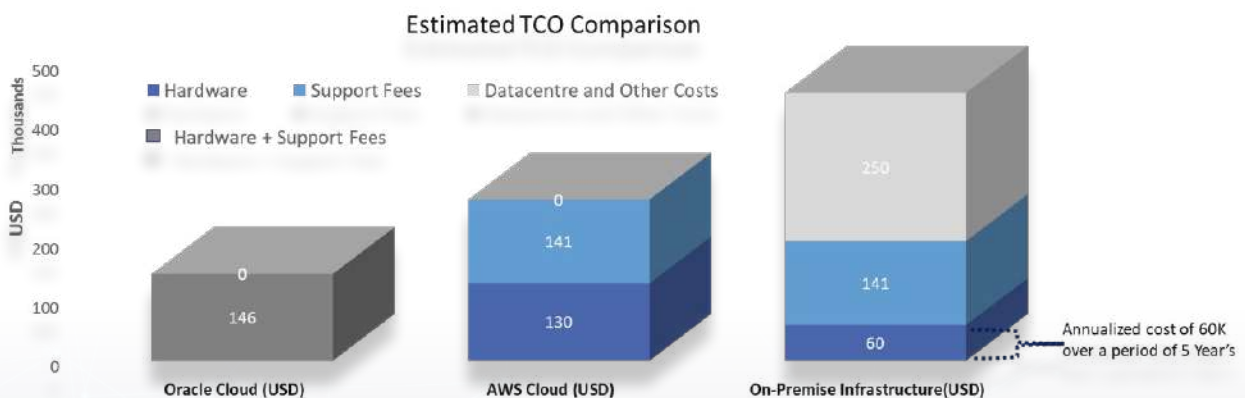
Adopting the Oracle Cloud Infrastructure Platform

Oracle Cloud Infrastructure is a set of complementary cloud services that enable you to build and run a wide range of applications and services in a highly available hosted environment. Oracle Cloud Infrastructure offers high-performance compute capabilities (as physical hardware instances) and storage capacity in a flexible overlay virtual network that is securely accessible from your on-premises network.

Key features of Oracle Cloud Infrastructure (OCI) include:

- ✓ Regional services provide multiple options for HA & DR
- ✓ Choice of VM, bare metal based on requirements of customers
- ✓ Compute elasticity for changes in demand - seasonality, month-end reporting, dev / test
- ✓ High-performing block volumes for large data sets
- ✓ Integrated object storage for backup, archive
- ✓ Data encrypted at rest by default. KMS available
- ✓ Private connectivity from your facility to Oracle cloud or via Internet
- ✓ Virtual Cloud Network firewalling via security lists enforces isolation
- ✓ Scale database cores up / down with no downtime
- ✓ Data Guard provides data protection and replication for DR

Minimal or Zero cost Transition to Oracle Cloud



Instance consolidation

Operations and maintenance costs for organizations running multiple Oracle production instances are 30 – 40% higher than those operating a single, enterprise wide instance. Compare your different Oracle systems and highlight:



Inconsistent processes



Design rationalization opportunities



Custom coding



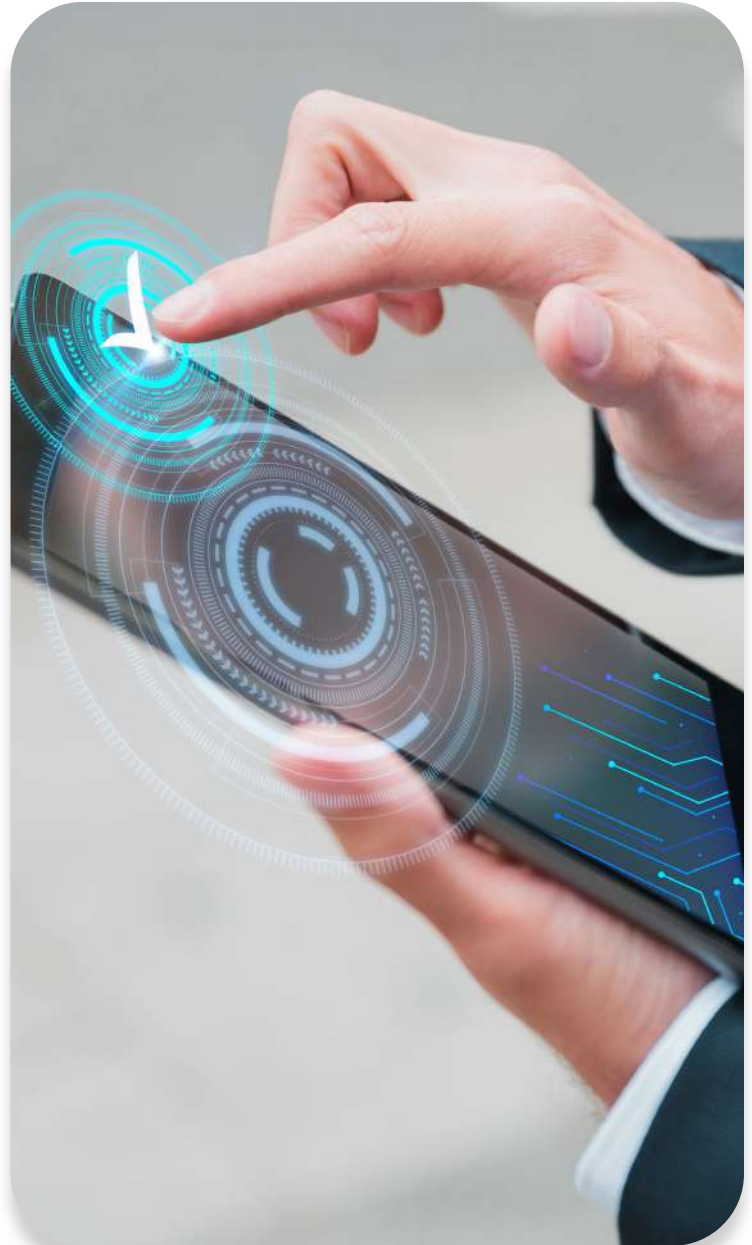
Deviations from vanilla SAP



Redundant configuration



Unused or limited use data



Critically, our approach doesn't treat instance consolidation as a greenfield project. Instead we use a differentiated process that focuses on business benefits, a functional use analysis to remove unused elements of the landscape, and a return to 'vanilla' Oracle to eliminate complex custom developments and high points of failure. As a result, we can deliver global single instances for 30 – 40% of the cost of traditional approaches.



IT OPERATIONS PILLAR

In our experience, too many Oracle Centres of Excellence (CoE) were set up as an afterthought. As a result, too little time was spent on defining the support processes, the implementation of automated tools, or the establishment of a culture of continuous improvements. Consequently, it is usually possible to make significant cost reductions by re-designing and streamlining Oracle Centres of Excellence.

By analyzing the costs and performance of your existing Oracle CoE we can rapidly assess not only CoE maturity, but also:

- ✓ Gaps in capability
- ✓ Costs of IT non-compliance
- ✓ Base and peak resource levels
- ✓ Opportunities for more cost-effective provisioning of services
- ✓ Increased use of automating monitors and health checks
- ✓ Process performance KPIs and monitors.

DevOps for Oracle

DevOps is a key element of many enterprise IT strategies as digital transformation drives the need for greater efficiency and higher speed. However, teams responsible for enterprise resource planning (ERP) software sometimes feel like they're not surfing the same wave. Do you think DevOps isn't for you? That it's not relevant? Perhaps you understand the value and are trying to achieve a culture of DevOps for your software environment but find yourself unsure if you're succeeding. Maybe you're even thinking "What is DevOps?" In reality, DevOps, in general, isn't quite as black and white as whether you "are" or "are not" doing it. DevOps is unlikely to look the same in any two different organizations, and adoption is typically more of a journey with lots of different potential milestones along the way.

Adopting the Oracle Cloud Infrastructure Platform

The majority of companies we work with say they're not doing DevOps in their ERP environment, but when we talk to them, we see many are already applying DevOps concepts into their software delivery approach. They just don't label it DevOps. Those companies might not tick all the boxes for the complete and "ideal" DevOps methodology. But the common ambition is to deliver more value to the business – whether that's through a "big bang" or, more commonly, via incremental and iterative change. If you're trying to:



Increase deployment frequency and achieve faster time to market



Lower failure rate of new releases



Shorten lead time between fixes



Improve mean time to recovery

then DevOps is the answer.

Why now is the time for DevOps?

This shift from "why?" to "why now?" and "how?" in the ERP DevOps conversation has been driven by three key factors.

First, slow delivery of change has become a business risk. Customers today are simply more demanding than ever. According to Appian, US businesses lost an estimated \$62 billion in 2017 due to poor customer service – much of it due to systems and automated processes that either don't work or are no longer fit for purpose.

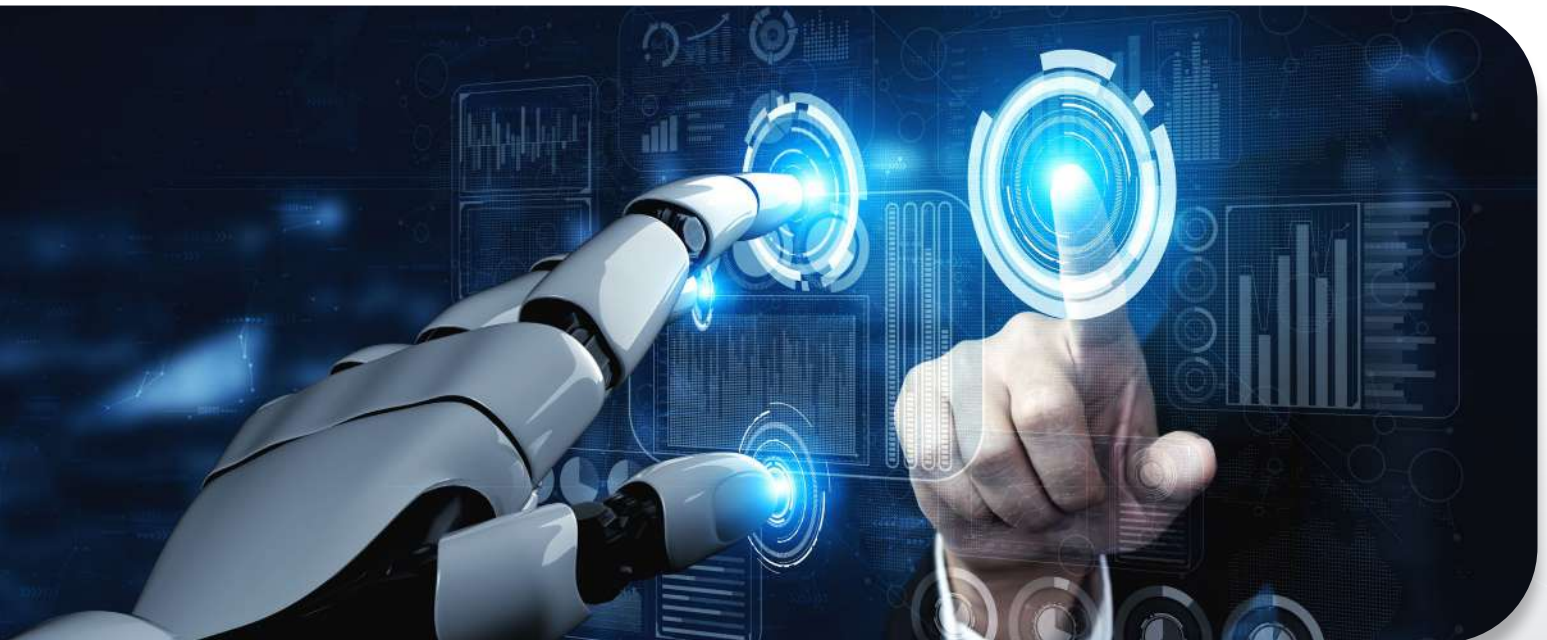
Second, the benefits of DevOps are no longer in question. It's an approach that has proven to be effective in many non-Oracle IT systems. A 2018 report by DORA found that the highest-performing DevOps teams have 46x more frequent code deployments, 2,555x faster lead time from commit to deploy, 7x lower change failure rate, and 2,604x faster time to recover from incidents.

Last but certainly not least, tools are now available that accommodate the unique requirements of enterprise-wide ERP systems. Unlike in years gone by, there's no longer a technical barrier to adoption. With the right tools, you'll likely even be able to connect ERP systems to cross-application DevOps workflows used in other parts of the business – enabling an even faster and more efficient response to customer demands.

Artificial Intelligence (AI) in IT Operations

Lately, the concept of the employment of artificial intelligence for IT operations (AIOps) -- which Gartner defines as the combination of AI, big data and ML to manage primary IT operations functions, "including availability and performance monitoring, event correlation and analysis, and IT service management and automation" -- has been taking hold. What can AI in IT Ops do for an enterprise IT shop?

- ✔ Collect data from a heterogeneous array of sources across the IT infrastructure, from performance alerts to incident tickets. This data can be used to enable cost reductions and help achieve improved productivity by recognizing a specific time of day when demand on IT resources is low and shifting compute resources automatically.
- ✔ If automatic adjustments are not desired, data can be displayed in a visual format that provides IT operations managers or Site Reliability Engineers with recommended courses of action and explains the rationale behind those recommendations
- ✔ Automates task such as shifting traffic from one router to another, freeing up space on a drive, or restarting an application.
- ✔ AI systems can also be trained to self-correct so IT managers and their teams can spend their time on higher-value work, while simultaneously getting full visibility into the enterprise's operations.



Licenses Pillar



As an Oracle customer, are you faced with unexpected license purchases? Do you do an internal audit before the Oracle Audit comes every year to you? Once you implement an Oracle system, it is very difficult to remove the system from business processes and the IT landscape as the effort, costs, and risks involved are huge. You are dependent on ORACLE and they know you are vulnerable. The sales teams use tactics such as audit penalties for incorrect usage of licenses and charge additional fees and top it with the high maintenance costs (especially, if they are not meeting the regular quarterly sales targets) With twisted license types and complicated license metrics, you must find your actual Oracle usage to get truly great savings. You need to answer questions such as:

- ✓ How do you track your usage before Oracle does?
- ✓ Can you use a less expensive license type other than Professional User?
- ✓ What are the indirect access to your Oracle systems,
- ✓ how do you identify, monitor and correctly license it
- ✓ How to analyze the broad scope of authorizations and compare what you are using against what you are allowed to use?

We compare your current ORACLE license types to a simulation of all possible license types. Which do you currently have in your Oracle account, and which should you have? Our service looks at Oracle Named User, indirect use, or any of the license types combined.

You might be interested to know: **“How high can my savings be?”**

Not all cost optimization initiatives yield the same benefits. Use this tool to get an objective, visual representation of your cost optimization ideas early on – by the level of benefit, cost, risk and viability. After using the decision framework, map your cost optimization initiatives to help your function visualize the effort required and the relative risks and benefits of each initiative. (Source: Gartner)

Potential Financial Benefit	Small	Medium	Large
<ul style="list-style-type: none"> How much will the function save if the action is implemented? How does the action affect cash flow? 	Potentially to minimally improves cash flow or will generate hard/soft savings	Potentially to moderately improves cash flow or will generate hard/soft savings	Potentially to significantly improves cash flow or will generate hard/soft savings
Business Impact	Negative	None	Positive
<ul style="list-style-type: none"> What impact will this initiative have on business unit leaders? Will this initiative adversely affect business units' day-to-day activities or operations? 	Will have an adverse impact on business operations	Will have neither a positive nor a negative impact on business operations	Will have a positive impact on business operations
Time Requirement	Long Term	Intermediate Term	Short Term
<ul style="list-style-type: none"> Can we capture and realize cost savings within this fiscal year? How do we measure soft savings with this initiative? 	Savings may or may not be realized upon (or within months of) full implementation	Expect savings to be realized within months of full implementation	Expect savings to be realized within weeks of full implementation
Degree of Organizational Risk	High	Moderate	Low
<ul style="list-style-type: none"> Will our business unit leaders ensure the changes are made? Is our enterprise capable of adapting to the changes? 	Layoffs and/or reengineering of processes and structures likely	Limited change in roles, structures and processes	No layoffs or changes in organization and processes expected
Degree of IT Technical Risk	High	Moderate	Low
<ul style="list-style-type: none"> Will the change undermine the ability of our systems to deliver services? Will this change cause delays in enterprise operations impacting few or many components of the architecture? 	Impacts operating system, database, middleware and applications	Impacts few components of the architecture	Little more than "moving boxes"
Investment Requirement	Long Term	Intermediate Term	Short Term
<ul style="list-style-type: none"> Does the initiative require a large, upfront investment before savings can be realized? Is the enterprise willing to make an investment at all? 	Large upfront investment required before savings can be realized	Moderate upfront investment required before savings can be realized	Little to no upfront investment required before savings can be realized

Next Steps

If some of the opportunities and ideas outlined above resonate with you, and you think that there's an opportunity to drive real cost reduction in your IT systems budget, please get in touch and we will arrange a more in-depth discussion with one of our Oracle and IT cost reduction experts.



To get in touch, please write to us at
contact@neevsystems.com

References:

- [Gartner](#)
- [ZdNet](#)