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GTM competition intensifies

Oracle Corp. surprised few in January when it released its global trade management module. For the last decade, the database and business software giant has aggressively moved into the supply chain systems market through a mix of acquisitions and application developments.

"We started talking about building global trade management back when Oracle acquired G-Log in November 2005," said Derek Gittoes, vice president of logistics, product strategy for Oracle. Having worked at G-Log prior to the acquisition, Gittoes brings a unique knowledge and a lot of experience to his role at Oracle.

"We had three strategic goals with that acquisition," Gittoes said. "First, acquire a presence in the market with the transportation management platform. Second, build out a solution set on that platform, which now includes fleet management and global trade management. Third, we wanted the ability to address the logistics providers market.

"We want to go where our customers are going," he added. GTM "is a key piece of a supply chain solution set and we did not have a native Oracle application."

Oracle is the latest entrant into a crowded market of GTM vendors, which includes rival software giant SAP and a host of vendors focused specifically on supply chain, including Management Dynamics, Descartes Systems Group and TradeBeam. All of these firms provide some element of technology that manages global trade functions such as regulatory compliance, security, supply chain visibility and trade finance.

Oracle's first stab at GTM is entirely compliance focused. "Compliance is a core, foundational element for an import/export management operation," Gittoes said. "It's the 'must have' for global trade management. It's the one thing everyone has to have." Oracle does not comment on future releases, but based on Oracle's track record of new product development in the supply chain market it is not a stretch to imagine security, visibility and trade finance functionality will be addressed in future releases.

Gittoes believes Oracle has a considerable opportunity to provide GTM to the company's extensive stable of customers. "Many of our customers are using homegrown systems or spreadsheet-based processes to manage global trade," he said. "In some cases there are customers using commercial software."

Oracle's ability to link GTM to the enterprise resource planning (ERP) systems creates a unique value proposition shared only with SAP. These two firms dominate the market for systems that are used to coordinate the resources, information and activities of a business.

"Connection to the ERP adds value to company in so many ways," said Beth Peterson, president of global trade consultancy and training firm BPE. "GTM takes you beyond getting the classification right. By connecting to the ERP, I have visibility to the creation of new products

well before they are ordered or shipped."

Oracle can also tie GTM to its Oracle Transportation Management (OTM) module. "The movement of physical goods is tied to the movement of that information," Gittoes said. "Linking global trade to (OTM) provides users with true end-to-end management of their freight delivery."

Oracle has focused its GTM development on automating the export process, which may seem odd on the surface. From an American point of view the global trade

industry is dominated by import operations feeding the voracious appetite of U.S. consumers. Export business is often an afterthought.

"Every export is an import," Peterson explained. "Although many of these GTM solutions are focused on exports their functionality can be used for imports."

Gittoes points to the flexible architecture of its GTM module as another key differentiator. "The problem we wanted to avoid is delivering a global trade solution that is deeply tied to a specific set of regulations so that there is no reimplementing or re-customization involved in making a change if those rules change or the user's needs change" he said.

Like most Oracle applications the GTM module will be delivered in a classic licensed software model where users pay upfront

fees for the software, installation and integration, and an on-going maintenance fee for the life of it use.

Oracle does offer a single-tenant hosted version of this module but that does not address the community-based, multitenant model with which many other GTM vendors have been successful. That is were Oracle's deep community of business process outsourcing partners steps in and takes the application a step further.

MavenWire, the largest independent provider of OTM services, will be rolling out their multitenant, on-demand Oracle GTM offering in the coming months. "We believe the mid-market has tremendous untapped potential for applications like OTM and (Oracle's) GTM," said Samuel Levin, the company's co-founder and director of North American sales.

Oracle's entrance into the GTM market is positive news for all parties involved. Its investment in this space gives weight to the importance of properly managing global trade and its inherent complexity and risk.

"Global trade is the one thing that CEOs constantly leave out of strategic planning," Peterson said. "SAP's early commitment to global trade automation combined with Oracle's entry into this market will be the catalyst that the global trade automation solutions market needed. This will move global trade from being an afterthought to being a key component of every global company's strategy."

GTM users will not be the only beneficiaries of this announcement. It may be counterintuitive but this should be a boon for other GTM vendors who will see piqued interest in their offerings. The tide is rising in GTM and all of the boats in the water should expect to rise with it.



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