



6 Key ERP Considerations for Your Business

Moving with the times and
making success a reality.



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Moving with the Times and Making Success a Reality with an Industry-Built ERP Solution

In today's ever-evolving digital world, the business of doing business is complicated. Globalization, the emergence of the digital economy and the transition towards largely user-driven ecosystems, continue to disrupt old business models leaving many enterprises grappling to not only remain competitive but also relevant.


This is particularly the case when it comes to manufacturers and distributors, the world's primary movers and makers of things, who currently face a rapidly changing business landscape on both the regulatory and technological front.

On the tech front, not only does the arrival of increasingly tech-savvy employees into the workforce bring with it a whole new set of considerations, but the introduction of cutting edge technologies such as the Internet of

Things, Artificial Intelligence, Machine Learning and Bots into the sector are rapidly ushering in quicker, smarter and cheaper ways of doing things.

In addition to these technological considerations, compliance to industry regulations remains a primary concern for industry players, and staying abreast of and anticipating developing changes on this front remains a key business imperative.

Given all the change and uncertainty facing many industry movers and makers, when it comes to ensuring operational efficiency and competitiveness, the current way of doing things is simply not going to cut it anymore. So where to next? And can the answer really be as simple as finding the right Enterprise Resource Planning (ERP) solution?



Amid demographic change, innovation, and evolving customer needs, the outlook for the sector is positive, and growth is expected to accelerate in the years ahead (5 percent CAGR from 2016-21, compared with 4 percent from 2011-16). Emerging market population growth (coupled with urbanization and rising living standards) will drive rising demand (Asia is expected to account for 50 percent of growth through 2021), backed by a dietary shift to higher value-added products. Changing consumer preferences will continue to boost organic and healthier food markets, and food safety regulation will lead to product/menu expansion, higher standards, and a more intense focus on traceability.

— McKinsey on Food Processing & Handling. *Ripe for disruption?* (March 2018)

Let's Get Real about ERP to Keep You Moving Forward

Truth be told ERP software solutions are nothing new. Many have been on the market for several years, some even decades, the majority of which continue to herald a myriad of business success claims and guarantees.

However, despite their numerous well-documented benefits, given the considerable outlay in time, money and resources associated with implementing or migrating to a new ERP system, many business leaders remain understandably skeptical as to the immediate and long-term value an ERP solution can realistically bring to the business.



By 2020, global profits for automotive OEMs are expected to rise by almost 50 percent. The new profits will come mainly from growth in emerging markets and, to a lesser extent, the US.

— *Advanced Industries: The road to 2020 and beyond: What's driving the global automotive industry?*

Weighing Up Risk vs. Reward

There's no denying that the complex business models underpinning the day-to-day operations of manufacturers and distributors are fraught with risk, and the enormity and complexity involved with any fundamental system change may seem overwhelming to those tasked with steering their course.

But does it really have to be that complicated or is there a simpler way to ensuring long-term competitiveness and profitability? One that ideally doesn't require compromise somewhere along the value chain. Often the

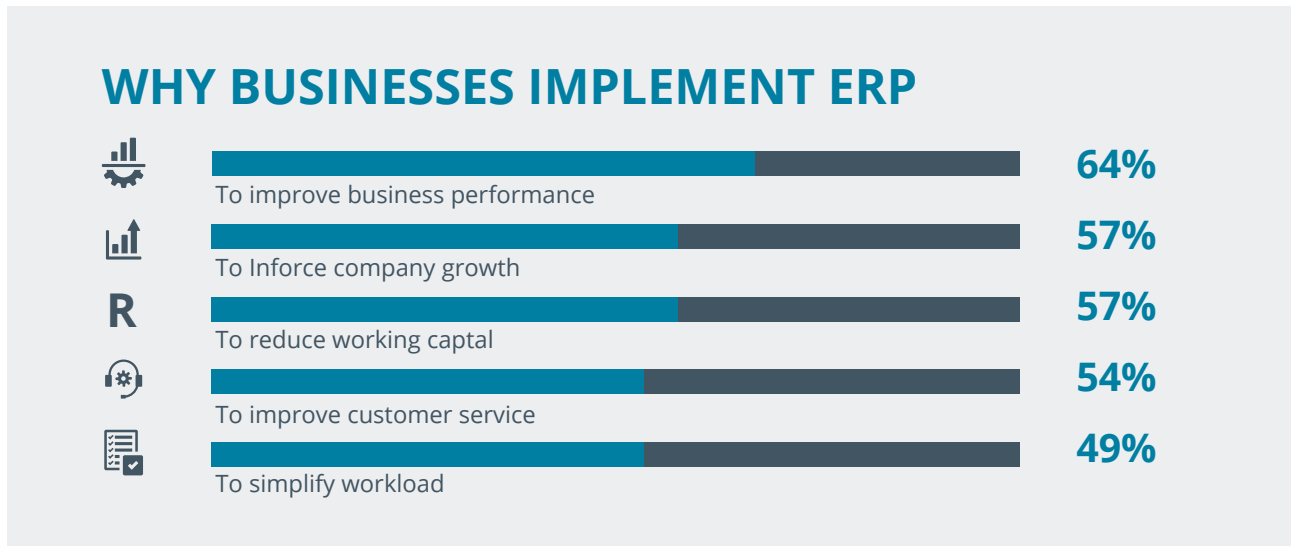
mere thought of the enormity of putting trust in one seemingly simple 'answer to everything' solution will have even the most hardened CFO sweating at the collar.

However, when provided with the facts and empowered to make an informed decision, it soon becomes evident that opting for the right fit ERP solution is guaranteed to deliver solid and consistent ROI over and over again, thereby multiplying in value the tangible business return when considering the initial capital outlay.

Here are six key considerations we believe all manufacturers and distributors should keep top-of-mind when embarking on their ERP selection journey.

1 Industry-Built ERP is Always Your Best Bet

Among the popular reasons for implementing ERP are to improve business performance (64%), to position a company for growth (57%), and to reduce working capital (57%). ([Panorama Consulting 2018 ERP report](#)).



When it comes to manufacturers, in particular, the main ERP system considerations tend to be ease of use (50%), functionality (46%), and total cost of ownership (43%). ([The Aberdeen Group](#)).

So why then is there still so much uncertainty and skepticism at the beginning of the ERP selection and implementation or migration process?

Often the problem is not the ERP itself, but rather, its lack of 'fit' with the business. In other words, many ERP problems are attributable to the misguided or hasty selection of an inappropriate vendor. As many companies have discovered too late, the ERP selection process creates the initial conditions for success or failure and should be thorough, thoughtful and rigorous.

If you think of your manufacturing or distribution company as a living organism, ERP is its central nervous system. As such, it perpetually collects, analyzes and disseminates information about the health of different parts of the body so that it can be immediately acted upon to the benefit of the whole.

Finding the right ERP solution is not about choosing the software with the most complex features or the lowest initial cost. It's about finding the solution with the closest match to a business's needs and objectives.

At the beginning of an ERP selection process, the immediate goals should be:

- **Maximum value for outlay**
- **Improvements that support and accelerate near and longer-term goals**
- **An intuitive platform that supports and engages workers, partners, and customers**
- **A smooth transition from old to new**

As the heart of your business operation, your ERP system needs to be 'industry built'. Industry-built software is better attuned to the unique and specialized challenges that exist in your sector. One-size-fits-all solutions will likely need constant attention, plenty of tweaking, and add-ons that address shortcomings in the software's essential 'fit'.

Here, it makes sense to opt for an ERP solution that is able to provide built-for-industry frameworks designed to help you benefit from best practices, while minimizing the cost, time and disruption involved in ERP implementation.

This is particularly the case in any highly regulated manufacturing industry where ongoing compliance to industry regulation and standards needs to be adhered to when it comes to the efficient monitoring and documentation of complex information flows inherent to the sector.

In other words, a solution is required that is both customizable and adaptable at the outset of the ERP journey. When both these features are inherent to solution design the real business benefits and value ERP brings soon become evident. Manufacturers and distributors benefit from optimized operations to ensure you remain current and in control with an ERP solution that best meets your organization's unique needs. The solution will also have the flexibility and scalability to be customized and adapt, streamline, and

simplify operations, and allow for increased competitive advantage through greater differentiation.

Finding the right industry-built fit is undoubtedly the single most important step towards ERP success and may well see you joining the ranks of other satisfied ERP customers, where a growing understanding of this critical factor continues to see a rise in customer satisfaction. Recent industry statistics indicate an impressive increase in customer satisfaction with their chosen and implemented ERP software solution to **68%**. ([Panorama Consulting 2018 ERP report](#)).

...global consumer electronics market was valued at around USD 1,172 billion in 2017 and is expected to reach approximately USD 1,787 billion in 2024, growing at a CAGR of slightly above 6.0% between 2018 and 2024.

— Zion Market Research:
Consumer Electronics Market by Product (Smartphone, Television, DVD players, Refrigerators, Washing machines, Digital cameras, and Hard disk drives) and by Region (North America, Europe, Asia Pacific, Latin America, and the Middle East & Africa) - Global Industry Perspective, Comprehensive Analysis and Forecast, 2017 – 2024.

2


Keep Moving Forward by Creating a Single Source of Truth (SSoT)

All too often as companies grow and evolve, they stitch together a makeshift ERP. The problem is that these cobbled-together solutions don't talk to one another. This effectively means that unnecessary time and money is being tied up in inefficient processes and multiple versions of data that don't correlate.

Lack of ERP software can lead to redundant data **(35%)**, unaligned business systems **(33%)**, and the inability to track business processes in real-time **(28%)**. **(The Aberdeen Group)**.

A comprehensive ERP solution that is able to consolidate all of your data sets into one system, providing one clear single source of truth (SSoT) can potentially prove to be game-changing. The real-time data that comes from an SSoT can be relied on. Duplicate data is eliminated, as are errors accruing from manual entry.

With an SSoT your view of the business is detailed and complete, and your forecasts and actionable insights are derived from accurate information. With an SSoT, workers across the enterprise are all on the same page, and management can confidently drive strategic decisions across the entire operations. Decisions that ultimately keep manufacturers and distributors moving forward.



Manufacturing firms prefer creating their own supplier and distributors network to market their products. More collaborations with key suppliers for co-development of parts and systems among manufacturers offer efficient supply chains to reach out to more customers.

— *Industrial Machinery Market size worth \$771.5bn by 2024: Global Market Insights Inc.*

3 Comprehensive Compliance and Traceability Allow You to Keep Doing What You do Best

For most manufacturers, especially those who participate in international markets, compliance is an ever-expanding headache. From defence contracting through to food and beverage production, granular traceability of details such as material sources, supplier changes, and transactional audit trails is an absolute must.

Providing automated and efficient methods of capturing data helps to ensure that the recording of quality and origin is automated and reliable. Seek out a provider that understands the importance of compliance and provides the functionality to fulfil your company's requirements, through search capabilities, quality tracking, lot traceability and/or supplier performance reporting. In a recent report, **95%** of businesses experienced an improvement in their processes after implementing an ERP system. ([Panorama Consulting 2018 ERP report](#)).

Compliance is an incredibly complex issue and if this is a consideration for your business, it is best to speak with an ERP provider to see how their solutions fit your needs. Above all, look for a secure platform that minimizes manual processes and allows for efficient monitoring and documentation of complex information flows.



4

Movers and Makers Are People too, so Strive for the Ultimate User Experience

Streamlining operations through the implementation of ERP software makes excellent business sense in a world with ever-increasing volumes of data to process and analyze, and a new generation of employees entering the workforce.

The boundaries between personal and business technology are becoming blurred, which presents you with both opportunities and challenges. Enabling employees to maintain a work-life balance is becoming harder.

However, you can now be open for business regardless of temporal or geographical constraints. Today's employees are not only intuitively familiar with technology, but they also feel a sense of ownership – this is what they grew up with.

Interestingly a recent study reveals that in addition to reduced process times and centralized enterprise-wide data, one of the top three benefits gained from ERP is increased collaboration. (**TEC ERP Software Facts & Stats 2018**).

However, your attempts to use ERP to enhance collaboration between departments, countries, and regions, could fall short of your goals if your employees are reluctant to adopt new software.

User experience (UX) is crucial to rapid uptake, but UX alone is not enough – your chosen ERP software solution must engage your employees. That means empowering them to work whenever and wherever they want and enabling them to personalize the appearance and functionality of their ERP software interface.

To maximize engagement and avoid a confusing user experience it is important to note that engagement marks the intersection between commanding attention and taking action, and represents the deliberate choices your employees make when interacting with devices and software. In essence – it's how they extract optimum value from the tools you provide them with. Without engagement, there can be no meaningful user experience.

Engaged employees are more productive, more innovative, and happier. Engagement is the key to improving business performance and boosting productivity through reduced complexity and enhanced collaboration.

5

What about Support and Training?

When an ERP system is deployed, the expectation for ROI is understandably high. All too often, however, companies balk when the time comes to invest in adequate education and support. Such reluctance is misguided. It will be difficult to maximize the ROI from your company's ERP investment without ongoing access to expertise and user training.

The preceding may not be apparent to first-time ERP purchasers.

By way of illustration, a Deloitte & Touche survey reports that the top criterion for first-time ERP purchasers is price, but for second-time purchasers, the top criterion is the vendor's level of support, during and beyond implementation.

ERP training, like support, too often neglected, is your greatest hedge against application erosion – the idea that business software loses value over time. At SYSPRO, we believe that application erosion is avoidable since its major cause is insufficient user competence, enthusiasm, and commitment.

Untrained or apathetic users often revert to pre-implementation habits or focus their attention primarily on functionalities that add immediate, visible value. As your ERP's deeper features are neglected, its potential to create value is diminished. To maximize the ROI of your new ERP system, request adequate levels of support, and be pro-active in training your workers.



The plastics and rubber products manufacturing market size is expected to reach \$1.7 trillion by 2022, significantly growing at a CAGR of around 5% during the forecast period.

— *The Business Research Company: Plastics And Rubber Products Manufacturing Global Market Report 2019*

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C-Suite Commitment – Get Them Moving in the Same Direction

The failure of an ERP project remains an unfortunate reality for many organizations. Here analyst firm Gartner estimates that 55% to 75% of all ERP projects fail to meet their objectives.

It is therefore crucial for your company's executives to be very closely involved in the ERP selection process. It's their job to know the company's big picture – past, present, and future. If there are expansion plans, for example, an ERP should be selected with sufficient scalability. If there are plans to move into new markets, then your selection team should be thinking about multi-lingual support, exchange rates, taxes, and government regulations.

Having an executive on the team that prioritizes your business requirements will help to clarify the most suitable ERP solution. Should security and compliance be at the

top of your list, or does the business have complex needs for its distribution processes? Which of your many business processes need immediate improvement, and which could be addressed further along the upgrade path?

One of the dangers of choosing an ERP without enough executive involvement is that the result may not address the long-term needs of the company. On the other hand, the vision of talented executives can help your company realize additional, perhaps unexpected ROI, through the adoption of promising and cutting-edge technologies.

In the absence of executive involvement, your ERP project timeline will probably suffer. Choosing and implementing ERP systems requires many important decisions. Having an executive guide and understand the process helps to avoid delays.



When the World Changes Around You, Move with it and Make it Happen

For many organizations the single defining criterion for ERP selection is often, quite simply, the cost. While price will always be an important factor, we believe that companies are better advised to focus on building competitive advantage and ROI through a combination of provider expertise, industry-built functionality, and quality of support.

More than any consideration of price, these are the factors that will add to your ERP's value in the years to come. That value, if your ERP selection process has been successful, will lead your company to a competitive advantage and profit.

Prioritizing the importance of your business' requirements will help to clarify the most suitable ERP solution without the need for costly re-implementation. With a clear focus on needs and objectives, a choice of deployment option that suits the way your

team works, and the support and training to start on the right foot, your organization will be gaining the resource efficiencies and insight to move your business forward ever faster.

As these trends shape and re-define the competitive landscape, make sure you opt for an ERP solution whose powerful capabilities, integrated with the latest technologies, will pave the way to digitalizing your business, streamlining your supply chain, and providing greater control and visibility. All while simplifying and personalizing your user experience.

As the Makers and Movers of the world, make sure your ERP selection process is thorough, thoughtful and rigorous.



The global metal fabrication market was valued at around US\$ 17 Bn in 2017 and is anticipated to expand at a CAGR of over 3% from 2018 to 2026.

— *Transparency Market Research (TMR): Metal Fabrication - Global Industry Analysis, Size, Share, Growth, Trends, and Forecast, 2018-2026.*



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