

Focus Experts' Briefing: Five Ways Modern ERP Solutions Increase Business Agility

November 16, 2011

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by Brett Beaubouef, Michael Dortch, Jonathan Gross, John McCoy

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Executive Summary

Business agility is the ability for a business to be able to rapidly make informed decisions in order to react quickly and cost effectively to changes in their environment. In previous decades, business agility was a “nice to have” function, but today’s real-time environment requires that even the largest enterprises operate nimbly. As Focus Expert, Jonathan Gross, says, “[whether] businesses like it or not, they have to be agile to succeed. If managing extreme economic volatility wasn’t challenging enough, businesses also have to contend with shifts caused by acts-of-God (e.g. the Japanese supply disruption), faster cycles of technological innovation and obsolescence, and structural shifts in the labor market.”

Modern enterprise resource planning (ERP) solutions allow for businesses to increase their agility by, “providing the ability to close gaps at all levels of business,” and ultimately getting the right information into the right person’s hand at exactly the right time. In this report, you’ll hear what Jonathan and his fellow Focus Experts, Brett Beaubouef, Michael Dortch and John McCoy, have to say about the ways modern ERP solutions increase business agility.

After reading this guide, be sure to check out the entire discussion and join the conversation:

<http://focus.com/c/JF8/> and <http://focus.com/c/JO8/>.

Five Ways Modern ERP Solutions Increase Business Agility:

1. Deliver real-time business intelligence
2. Encourage business process improvements
3. Leverage mobile technology
4. Offer end-to-end automation
5. Utilize cloud architecture and modular design

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Five Ways Modern ERP Solutions Increase Business Agility

1. Deliver real-time business intelligence

"Business intelligence is another area that offers opportunities for improved agility. Under the old ERP regime, senior leaders would oftentimes have to wait days—sometimes weeks—for their analysts to slice, dice and present critical information. And, it wasn't unusual for the reports to contain errors caused by manual data extraction and manipulation. In today's ever-changing, just-in-time world, business leaders don't have the luxury of being able to wait days or weeks for analysis. If they want to approve the pricing for a new sales order, for example, they're going to need accurate information to establish an appropriate margin. In many cases, COGS (costs of goods sold) line items are highly volatile (supplies and transport, for example). And, if a decision is made on old data, it could mean the difference between profitability and loss on the new sales order. Modern business intelligence applications give business leaders the opportunity to gain the near real-time, accurate insights they require. These applications allow timely and relevant data to be extracted from far-reaching corners of an ERP database, and then manipulated as needed. And, the extraction and analyses functions are offered in a user-friendly way. This allows companies to push the power of analytics to their end-users. It gives them an opportunity to eliminate an extra layer of IT support—and the associated time—that was historically required to generate a new report." (Gross)

2. Encourage business process improvements

"That every company that sells anything must have at least basic awareness of and participation in 'the mobile, social cloud' is a given. After all, that's where every company's customers, partners, prospects, competitors and purchase influencers already are. The combined strengths of modern ERP solutions with that mobile, social cloud can be considerable. The ability of every authorized business decision maker to make those decisions when they need to be made, from wherever those decision-makers may be, can make any company more agile and responsive. However, more meaningful, pervasive and lasting agility comes from what modern ERP solutions can do for business operations: Engender Revitalized Processes. Effective deployment and use of modern ERP solutions generates credible, incontrovertible real-life information about what processes work and what processes don't with regard to resource planning and management. Modern ERP solutions, especially those with strong BI, analytics, reporting and integration features, can help business decision-makers to turn that information into process improvements that can be replicated and scaled across the entire enterprise. This is where the real and lasting business benefits of modern ERP solutions can be maximized. Perhaps the best news here is that there are now solutions for inventory management and other elements of ERP that are usable and affordable by almost any business, whatever its size or the technological sophistication of its decision-makers. All they need is the will to take steps to make their businesses more agile, and the focus to learn about what's available and what users and others think of and experience with those alternatives." (Dortch)

3. Leverage mobile technology

“Let's look at an example of where mobility can help improve agility. A customer sends an email to a sales representative looking to change an order at the last minute. If the sales rep is stuck in all-day negotiations with a hot prospect, he might not be able to place a call or get in front of his computer screen. Under the old ERP regime, this could have been problematic, particularly if the order was completed and about to be shipped. With modern ERP systems, however, the sales rep can update the order on his smartphone, which can automatically trigger appropriate actions along the entire value chain. For example, with just a few clicks on a mobile app, the salesperson can trigger automated system processes that tell the shipper to take the shipment off the dock, tell production to make another item, and tell the suppliers to ship more parts.” (Gross)

4. Offer end-to-end automation

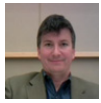
“ERP provides automation of business activities and incorporates ‘best practices’ that enables business to perform activities faster and work more efficiently. ERP automation provides business the additional capacity (people effort) that allows the business to be nimble and effectively react to a changing environment. An integrated ERP solution can automate the collection of data from across multiple functional areas and present information in the right context for quick decisions. Too often customers spend more time manually piecing together data into information versus analyzing information to make informed decisions. In the end, people with the capacity for change have the greatest impact on business agility. ERP plays a supporting role in promoting business agility by automating the fundamental business activities.” (Beaubouef)

5. Utilize cloud architecture and modular design

“The key is solid design that gathers the correct data from the right sources and presents it in a meaningful way to decision-makers. ERP deployments are only as good as the architects and integrators who design and deploy them. In addition to being timely, well-designed ERP solutions also give information in far greater detail than is generally possible otherwise. For instance, by correlating data from timesheets, electric bills, CRM tickets, HR/payroll, procurement, and countless other systems, ERP systems can tell an IT director not only how much it cost to support the enterprise this week, but how much it cost to support an individual application yesterday (or even this morning). This level of detail can help decision-makers pick out problems that would normally be averaged in and difficult or impossible to detect.” (McCoy)

“If companies want to use technological innovation as a springboard to make themselves more agile, the barriers to adopting those innovations have to be low. And, cloud computing lowers those barriers, particularly when the software is offered as a service. For example, companies have the opportunity to adopt software enhancements, updates and upgrades with much less business disruption and risk when compared against on-premise alternatives. Further, with cloud computing, companies don't have to be handcuffed to depreciating and limiting infrastructure to run their ERP systems. By downloading software administration responsibilities onto the vendor, the company can put more effort into running its business and less effort into worrying about its complex IT environment.” (Gross)

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