Top trends to consider for your own ERP evaluation
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If you have answered "No" to just one single question you are probably struggling to take value from your current ERP system and you will find this quick guide really helpful to see where you stand in comparison to best-in-class solutions.
Trend #1 Cloud ERP

Cloud computing is one of the most influencing technologies in IT in many years. It is changing the way companies think about IT and also the way financial decision makers think about their ERP stacks.

With a well-executed strategy, the Cloud can expand company control over the business while lowering its software costs. By choosing to modernize the ERP software with a cloud ERP solution, business can become more maneuverable and flexible by gaining access to real-time data and eliminating the dependence associated with client software.

Very close to cloud but a different concept is SaaS, Software as a Service. Cloud refers to access to computing, software, storage of data through a network (generally the Internet). SaaS stands for access to the software as a service. It is accessed over the Internet and is generally paid for on a subscription basis. It does not reside in customer servers at all. A lot of people, however, use both terms interchangeably, although it is important to know the difference.

However, a total shift to the Cloud is still far from happening. In the meantime Hybrid is the future. ERP is no longer a decision between either a monolithic ERP suite, often too complex, slow and expensive to manage, or a set of best-of-breed applications. Instead, more and more firms will find themselves making hybrid investments in a mix of on-premises, hosted, and SaaS ERP deployments for their global operations.

**Main benefits**

1. **Gain real-time data access:** access to real-time data and reports from anywhere.
2. **Lower Costs:** reduce installation, maintenance, and support costs because there is no client software to install or maintain.
3. **Achieve higher business agility:** solution can be provisioned faster and rapidly scale up and down to support growing businesses and off-peak seasons.
4. **Pay-per-use:** pay only for what you consume, and always have access to as much as you need.
5. **Easy fundraising:** Subscription based SaaS solutions represent operational expenditures, not capital expenditures, which makes it easier to locate funding and gain consensus for the project.
6. **Improve business relationships:** give access to trusted customers or suppliers of the solution more easily, thus improving collaboration.

**What to look for in an ERP solution for the Cloud**

- **True web interface:** only true web solutions will provide real Cloud advantages. This won’t be the case if a vendor requires a client installation or offers a hosted version of legacy software.
- **Choice of deployment:** having the option to deploy on-premise, hosted, or as SaaS, gives full freedom to adapt to company needs, for example to decide to run in an internal Cloud instead of a pure SaaS model.
- **Deployment flexibility:** business needs can change quickly, and a company initially using SaaS could decide to go on-premise.

47% of organizations surveyed said they would move the majority of their core ERP systems to the cloud within five years. Gartner [2]
Selecting a vendor that offers deployment flexibility will better support company long term needs and minimize long term total cost of ownership.

✓ **Customization:** Multi-tenant Cloud systems (ones where many companies share a single application) can reduce vendor maintenance costs, but may constrain the ability to customize the application and interface with other systems. Single-tenant Cloud systems can help to improve this situation.

✓ **Security:** A typical Cloud concern involves the security of data that is located off-site. Each company must verify which security mechanisms are provided by the Cloud ERP solution, including physical, storage, access, data, transmission or application security.

✓ **Upgrades/updates and backups:** companies can be interested in a vendor that gives flexibility to decide when these actions will be executed, instead of being set without any negotiable changes.

✓ **Business Continuity:** Cloud providers provide service level agreements (SLAs) that include uptime and availability guarantees. It is then important to verify which SLAs these are.
**Trend #2 Mobile ERP**

Without a doubt, mobility is another disrupting technology that is rapidly taking off. In the coming years however, it will become mainstream. All kinds of employees within most enterprises that already regularly use mobile devices in their personal lives will inevitably use them to access ERP software for work.

Mobile ERP solutions are already present today in many areas, such as sales in a retail store, doing an inventory in a warehouse or delivering merchandise to customers. Mobile workers can take advantage of the functionality, data, and benefits of their ERP application anywhere they are.

Indeed what it is expected in the future is a shift from a scenario where mobility has always been considered as second stage, building additional extensions that enable ERP process mobilization, to a “mobile first” scenario, where mobility has a more central role and becomes the default scenario.

Companies deciding on a mobile ERP will first need to have a clear mobile strategy in place that can finally impact the evaluation of the ERP system.

**Main benefits**

1. **Achieve greater productivity:** give employees access to information and processes from everywhere, so they can minimize downtime.
2. **Provide better customer service:** give employees access to relevant information when sitting with their customers so they can provide a better service.
3. **Increase data quality:** facilitate workers to enter all relevant data accurately and without re-keying the data later back into end systems, thus minimizing data-entry errors.

**Organizations with mobile ERP saw a 17% improvement in the cycle time of key business processes over the past 12 months.** Aberdeen Group [3]

**What to look for in an ERP solution for Mobility**

- **Deployment and maintenance:** know how easy mobile solutions are to deploy and to maintain. One of the most important factors in this case is the choice of native or web based solutions. The first requires installing the solution on each device and is also device-specific (Android, iOS), while the second only requires a browser to be run. Each option has its own benefits and drawbacks. A long-term strategy would seem to favor web-based over native apps, but customers will need to evaluate their needs for a final decision.

  - **Supported devices:** an important decisive factor, even more so these days with a lot of employees making use of their own devices. Maximum freedom becomes critical. Responsive web based mobile solutions allow using multiple device technologies and sizes with just one single solution.

  - **Security:** existing mechanisms to provide access control from each terminal.

  - **Functionality:** know about which available mobile functionality already exists to cover business requirements.

  - **Flexibility:** it is important that the mobile ERP does not only provide some mobile solutions but a complete mobile platform that allows to easily create new mobile solutions or adapt the existing ones.

- **Pricing model:** ERP vendors offer different pricing models for their mobile solutions. Typical pricing models are based on terminal, application or user. Each company will need to analyze which model best suits their business needs.
Trend #3 User experience

In the recent years, “Ease of use” has surpassed traditional criteria such as “fit and functionality” to evaluate an ERP solution. Mint Jutras [4]

Main benefits

1. Boost end users’ productivity and satisfaction: by providing a modern and stylish solution that is easy to use, and users will like to consume.
2. Increase user adoption and lower chance of ERP failure: by simplifying daily user tasks and duties.
3. Minimize training costs: by providing a very intuitive solution, adapted to the way users work, thus reducing the time required for training, traditionally one of the highest hidden costs for any ERP.

What to Look for in an ERP Solution for User Experience

- **Usability**: evaluate how easy navigation is, the number of steps required in tasks, instructions and prompts, and the user’s overall command of functionality.
- **Familiarity**: verify how easy and intuitive the system is to learn and the sense that information and tasks correlate with the user’s job role and activities.
- **Transactional efficiency**: know about existing tools to ensure speed and reliability in accomplishing or automating common, repetitive tasks.
- **Accessibility**: confirm how easy it is to access the solution from anywhere, any time. A web solution will clearly facilitate this.
- **Visual design**: although not the most important aspect, a visually appealing user interface will for sure help to increase adoption, so it is important to evaluate this as well.
- **Personalisation**: confirm which tools the system provides to allow users to personalize the user interface without technical assistance.

Since the 1980s, business applications have transitioned from green-screen, through Windows interfaces, to today’s modern web and mobile interfaces.

ERP systems were typically difficult to use and end users had a hard time releasing and using the data within the system.

But things are rapidly changing and today a clear shift exists from product-centric solutions toward more consumer-focused ones. Traditional rigid ERP user interfaces are evolving to richer solutions with very graphical components that enhance user productivity and also provide higher personalization capabilities.

Today’s ERP vendors goal is then focused on creating software that people want to use and make it easier to use. Visual appearance and appeal of the software is an important factor, but it is not just about the visuals; it is also about creating a system interaction that works for what the user wants to do. And doing so ensuring that the solution remains technologically competitive.

Although at an infancy stage, user experience is also reaching the wearable technology domain as a way to improve employee productivity and job satisfaction.
Trend #4 Embedded analytics

One of the hottest trends in business intelligence today is embedding analytics capabilities into transactional applications, instead of the traditional approach with a distinct business intelligence solution integrated with ERP.

According to Gartner "Embedded analytics is the use of reporting and analytical capabilities in transactional business applications. These capabilities can reside outside the application, reusing the analytic infrastructure built by many enterprises, but must be easily accessible from inside the application, without forcing users to switch between systems. The integration of a business intelligence (BI) platform with the application architecture will enable users to choose where in the business process the analytics should be embedded.".

Companies are also contributing to the Big Data phenomenon in recent years. Technologies like IMC (In-Memory Computing) and Hadoop are offering the tools required to manage the huge volume of data existing today. Formerly rivals, IMC and Hadoop are now combined by several companies to provide more powerful solutions.

In 2015, 25% of analytics capabilities will be embedded in business applications. Jaspersoft [5]

Main benefits

1. Improve user experience and increase big data adoption: by allowing employees to use a single solution to access both transactional and analytical information. The same application they already know and use on a daily basis.

2. Gain deeper insights: by making a more intensive use of embedded analytics that will help employees to gain deeper insights and take more informed decisions. This process will finally facilitate a progressive abandon of a number of external spreadsheets.

3. Business intelligence automation: by embedding the solution into the ERP, integrated workflow associated with the information is facilitated, for example, approvals.

✓ Embedded or external analytics: confirm whether vendor provides embedded or external analytics solutions.

✓ Functionality: verify available features that are provided to end-users to consume and analyze information.

✓ Flexibility: know how easy it is for end users to create their own new analytical reports.

✓ Self reporting: confirm whether it allows users to modify, create and save their own reports.

✓ Security: understand which mechanisms exist to control access to the information and reports.

✓ Big data technologies: confirm whether the solution provides support to manage big data.

The global Big Data market is set to grow five-fold by 2020 - from $3.20B in 2013 to $15.10B in 2020. IDC [6]

What to look for in an ERP solution for Embedded analytics
Trend #5 **Flexibility**

Flexibility can be defined as the capability to adapt to new, different, or changing requirements, that can impact user interface, background processes, integrations, reporting… Without a doubt, a mandatory capability for companies competing in today’s fast changing markets.

In Gartner’s study this year, Gartner defines a legacy system as “any system that is not sufficiently flexible to meet changing business needs.”. A definition that clearly reveals the big concern flexibility represents for a lot of companies. According to the study this is especially true for those companies suffering from very customized and old-fashioned systems unable to adapt to the new company reality.

Flexibility is also considered as a key enabler for business agility, or the ability to enable timely and adequate (re-)actions to/for the unexpected.

**Main benefits**

1. **Adapt for competitiveness:** highly customized systems are no longer considered a valid approach. Instead companies will leverage flexibility for developing features that support truly sustainable competitive advantages.
2. **Be prepared for changing scenarios:** introduce changes at different levels to support unforeseen or planned changes in a timely and cost effective way, thus helping to shorten time-to-market and reduce costs.
3. **Leverage prior IT investments:** by seamlessly integrating with existing systems and/or technologies.
4. **Leverage vendor innovations:** adopt new vendor innovations (functionality, technology) easily without impacting the existing functionality.

**What to look for in an ERP solution for Flexibility**

- **Adaptability:** know about the available tools and assets to adapt different solution elements.
- **Upgrade and update processes:** understand how the process of upgrading and updating the system works and how it affects operations and the existing customizations. A modular architecture will be easy to upgrade and customize while a simple and secure update procedure makes it easy to take advantage of software improvements.
- **Reusability:** confirm how easy it is to reuse existing functionality, for example existing solutions or extensions provided by the vendor or its partners.
- **Interoperability:** check which are the existing mechanisms to integrate with external systems and/or technologies.
- **Scalability:** confirm how the system can be scaled to support future business needs at any stage of growth.

A legacy system is “any system that is not sufficiently flexible to meet changing business needs.” Gartner [7]
Two-tier ERP is a strategy midsize to large companies are considering, typically in scenarios to support subsidiaries or remote business units, where migrating these business entities to their legacy headquarters’ ERP solution can be expensive and can complicate supporting business requirements at a local level.

Instead, these businesses decide to implement a flexible ERP solution for these business entities and integrate it with the headquarters’ ERP.

With such a strategy, organizations can keep their existing Tier-1 ERP solution to run common processes, such as financials, at the corporate level and give subsidiaries a Tier-2 ERP solution to address their specific requirements with greater flexibility, agility, and improved manageability at a lower cost while achieving a faster time-to-market. Or they can simply leave the complete management to each subsidiary and have integrations to centrally consolidate data.

Two-tier ERP is considered as a growth accelerator for cloud ERP adoption, since the cloud is the most common deployment scenario in these cases.

Main benefits

1. Higher flexibility: by adopting a flexible Tier-2 ERP solution, organizations can leverage higher flexibility (compared with the headquarters system) and therefore adapt the system better to specific organizational or geographical requirements.
2. Shorter time to market: Two-tier ERP makes business units operational and ready to perform much more quickly than with a conventional, on-premise ERP system.
3. Innovation: since in most cases the Two-tier ERP system is a Cloud ERP, enterprises gain immediate benefits from modern cloud solutions for their subsidiaries, acquisitions and regional operations without causing wrenching disruptions in the corporate finance office.
4. Cost savings: with a well-executed strategy the adoption of a two-tier ERP for subsidiaries or remote business units can represent a significant cost reduction.

What to look for in an ERP solution to be used as a Two-Tier ERP

✓ Functionality: confirm that the solution offers comprehensive functionality in all those areas of interest, out of the box.

✓ Localization features: Especially to cover multiple countries, confirm the solution offers specific support for international operations, such as multi-language, multi-currency, multi-legislation, and multi-company structure.

✓ Flexibility: In this case the same topics suggested in the Flexibility section should be evaluated.

✓ Low Cost: A Tier-2 solution should be cost-effective and fit into the organization’s budget not only initially but over the entire period of ownership.

Companies are seeing a 33% reduction in implementation costs and a 50% decrease in total time to full implementation when a two-tiered system is executed. Gartner. [8]
Social can mean different things to different people. During recent years ERP vendors have started to offer social business functionality as a way to deliver collaboration, connectivity and visibility, as long as they begin to understand the greater implications of these technologies.

Although many business applications include some of this social technology, it is also true that its incorporation has not been as rapid or as widespread as originally envisaged by different studies.

This social technology includes both synchronous and asynchronous communication tools. Examples of synchronous or real time communication tools are instant messaging, chat, IP telephony and the like. Asynchronous communication tools include wikis, blogs and message boards. Each of them are useful under different circumstances.

In organizations that have implemented social ERP, 58% of employees exceed their performance metrics in comparison to 36% for organizations without social ERP. Aberdeen Group [9]

Main benefits

1. Increase employees’ productivity: by introducing elements that help to make quicker decisions and execute more efficient processes.
2. Boost people’s collaboration: by providing tools that help people communicate better and share information more efficiently.

What to look for in an ERP solution for Social

- **Real time collaboration and communication tools**: confirm which tools exist, for example to talk or chat in real time.
- **Annotate and share features**: confirm whether asynchronous features are supported, like for example for registering notes, sharing documentation...
Conclusions

This is clearly a challenging age for ERP vendors. But also for ERP customers that will need more than ever to clearly understand what they can get from their current and future ERP systems and the new technology around them.

As a consequence of all these changes, the procurement decisions about IT solutions and ERP in particular are increasingly likely to be selected directly by the business and with limited input from IT. This new reality is radically reshaping the IT function and the CIO role, as we know them today, and creating a plenty of discussions about their future within the companies.

And what should customers do under this new reality? It seems clear customers must have a defined ERP strategy that allows them first to properly evaluate what they get from their current system and after that if needed, be able as well to evaluate existing alternatives.

What also seems clear is that companies must be prepared for a hybrid future. In the future, a mix of core ERP and third-party functionality will become the norm, since the do-it-all ERP suite is no longer tenable. In this future cloud, mobility, analytics and simplified user interfaces will reign.

An important consequence of all these changes during the coming years is the existing impact over the ROI calculation. Traditional elements such as cost savings (current actual costs saved), costs avoidance (future costs) or expected benefits (added revenue and others) seem to be not enough. In addition, some elements can’t be very easily measured, such as staff engagement or empowerment. ERP customers will need to have a broader and more detailed picture of costs, some of them often missed like training or organizational changes.

By 2015, 60% of new business application purchase decisions will be made outside IT. Gartner [7]
## References

1. T.Lee Wylie photography courtesy of Brigham Scully


4. Mint Jutras 2013 ERP Solution Study,


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