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Business in a changing world

3 ways ERP can help to keep your business agile

"The business of doing business, by which I mean transforming resources into products and services in the most efficient and sustainable way, has never been more challenging, yet at the same time, the opportunities have never been greater."

Klaus Schwab - Founder and Executive Chairman, World Economic Forum

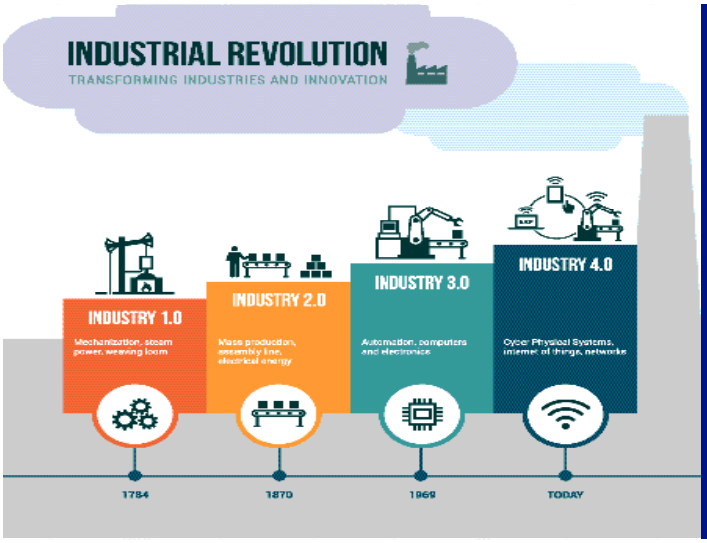
INTRODUCTION

There are now so many influential trends and issues that affect the business environment; Industry 4.0, looming trade wars and Brexit to name but a few.

This whitepaper explores some of the challenges facing organisations like yours today and will present how ERP systems can help to your business agile in a changing environment.

SPEED OF CHANGE

The digitalisation of our everyday life has speeded up change considerably. It took 204 years to get to the 3rd Industrial Revolution, but only 42 years to move from the 3rd to the 4th Industrial Revolution.



18 years

average lifespan of an S&P 500 company

40%

of small businesses in the UK do not survive beyond ***5*** years

Another marker of change, 'sources of market dominance', shows a more rapid change as well. The 'Age of the Customer' is here and companies cannot afford to pay lip-service to customer service anymore. 'Word of mouth' has been digitalised, reviews can go viral and with sites like TripAdvisor, Trustpilot, Checkatrade or Glassdoor, companies need to deliver to promise.

Another illustration of the increased speed of change is that the average lifespan of S&P500* companies has come down from **68** years in 1950 to just **18** years today and **40%** of UK businesses do not survive beyond ***5*** years.

When you put this speed of change together with the average life-cycle of an ERP system of around 7 to 10 years and the average implementation duration taking about 18 months, then the need for an ERP system that will grow with you and enable you to keep up with rapid change becomes even more essential.

INDUSTRY 4.0 ISN'T JUST A CONCEPT

The fourth industrial revolution (Industry 4.0) is all about connectivity. Connection of people, things and machines across products, value chains and business models. Data can be collected by cyber-physical systems such as sensors, which due to advancements in big data combined with powerful analytics can be used to produce real-time insights, which can be acted upon remotely and across value chains due to a more secure communications infrastructure.

Industry 4.0 isn't just a concept, it's already a reality for companies such as lift manufacturers using sensors to anticipate maintenance and recycling companies using robots to separate recycled material. However, for many organisations Industry 4.0 is still a concept, as it's difficult to see the bots for the bytes (the wood for the trees) and figure out what it entails for their business.

An ERP system will not provide the answers to what Industry 4.0 will mean to your business, but it can help you to plan for the future by:

- Working through current business pains
- Freeing up much needed time for planning and strategy
- Providing insights in your current business

Furthermore, the role of ERP systems will change, the focus will shift from central data collection to the system becoming a central part of a connected business, allowing real-time data access and analysis, empowering businesses to strategise and invest in a new digitalised future.

We must move from numbers that are keeping score to numbers that drive better actions

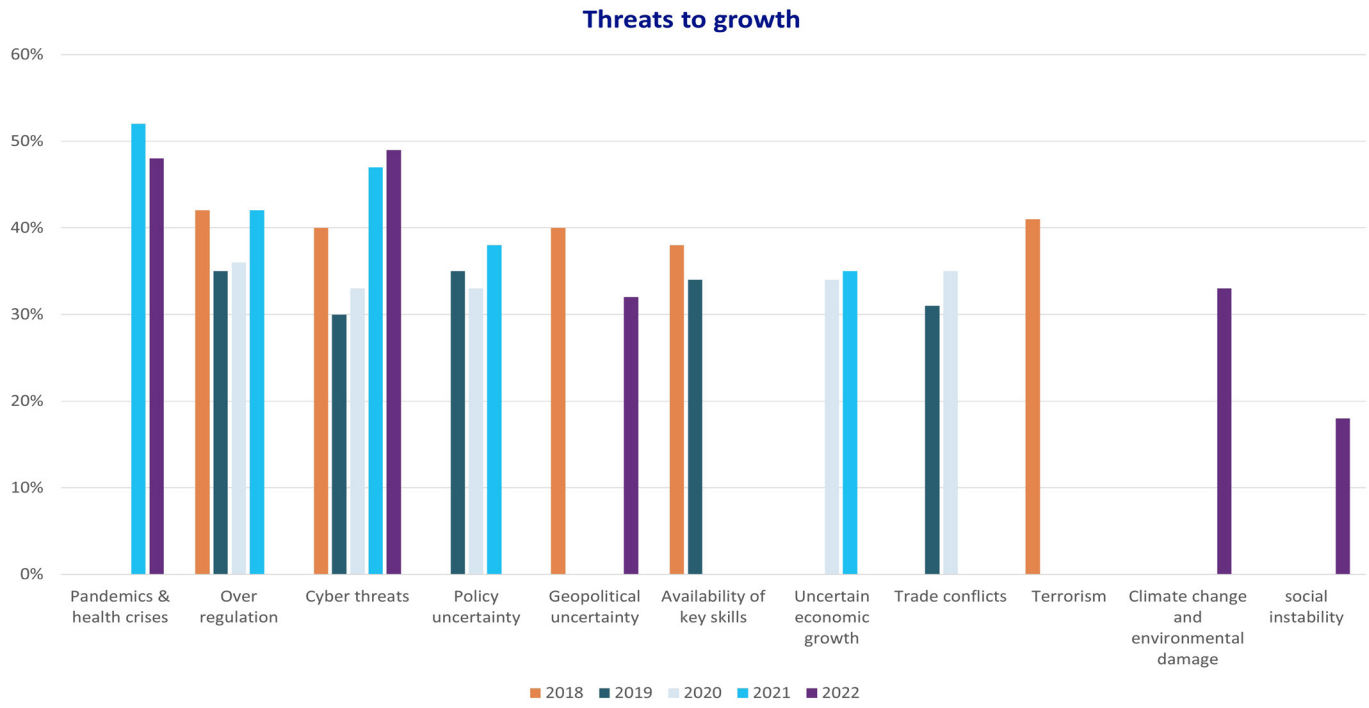
David Walmsley, Head of Multichannel, Marks & Spencer

***Andy Haldane**, **Chief Economist of the Bank of England** has warned that the UK will need a skills revolution, as artificial intelligence makes many jobs obsolete and that the disruption of Industry 4.0 could be "on a much greater scale" than anything felt during the First Industrial Revolution.*[1]

CHANGE CHANGES

PWC produce an annual report based on their global CEO surveys, which always includes a perceived threat to company growth prospects chart.

Viewing predictions across a 5-year period shows how quickly things change; whilst over-regulation and cyber threats are perceived as threats most years, pandemics and health risks become top of the chart for 2021 and 2022, whilst terrorism dissapears out of the top 5 of percieved threats after 2018.[2]



This illustrates how on top of managing 'regular' business issues, such as competition, raw material costs and/or management of cash-flow, other external issues need to be monitored and change needs to be planned or happen immediately according to the importance and urgency of the threat.

A strong ERP system will provide the back-bone for agility by enabling you to manage your day-to-day business without added efficiency, productivity and time constraints, which can occur when a system doesn't enable the processes, analytics and visibility needed to support growth in a changing world.

3 WAYS ERP CAN HELP TO KEEP YOUR BUSINESS AGILE

Whether an organisation can successfully deal with the opportunities and threats of today's ever-changing environment depends on their ability to quickly and cost-effectively react to real-time changes. An ERP system can enable a business to be agile and responsive to both internal and external changes.

The right ERP system can support key capabilities in an agile business and with the right implementation partner the system can be prepared to deal not just with future issues, but support your vision for the future.

1. Digitisation of value chains

To date supply chains have mostly consisted of sequential processes through marketing, product development, manufacturing, distribution, and ultimately into the hands of the of the customer.

The digital value chain integrates each of those processes with previous and subsequent steps, adds visibility by incorporating machine data into processes through the Internet of Things (IoT), enables customers to easily interact with the organisation across multiple channels, and connects with suppliers to support seamless procurement, production and delivery.

Internet of Things

The Internet of Things (IoT) is the network of physical devices, machines, vehicles, appliances and other items embedded with electronics, software, sensors, actuators, and connectivity which enables these things to connect and exchange data.[3]

Today's ERP systems can remove the internal silos with extensive functionality that allows all business processes to be managed through a 'single source of the truth'. 'One size fits all' doesn't work for every organisation; the configurability of ERP systems provides the tools to extend, build, deploy and manage processes and data from multiple enterprise applications, establishing the ERP system as the 'single source of the truth'.

That configurability combined with connectivity can also enable data from other sources to be pulled into the ERP system. Machine data, transport information, etc., can be accessed through screens within the ERP system, without the need to log in and consult other systems.

Of course, the ability to connect the supply chain with customers and suppliers already exists through e-commerce systems and EDI, which can be integrated into most modern ERP systems.

However, your ERP system can help to progress this existing connectivity into the Industry 4.0 era by allowing you to leverage customer order history, forecasts, social data, as well as product sensor data, allowing you to manage a demand-driven supply chain and pro-active scheduling of maintenance or other follow-up actions.

Many ERP systems can be extended with third-party apps, which enable them to exchange data vital to customer service, production, etc. with their suppliers and distributors.

2. Real-time data access & analytics

Organisations already generate vast amounts of data, but only a small proportion of this information is analysed and often not in real-time, but with the trusty Excel tool. Employees in every department often have their own spreadsheets, which they update to enable them to perform their job better. These spreadsheets don't communicate and provide multiple versions of the truth but are still being used to analyse and drive certain processes.

With the right ERP system data can be accessed from multiple sources and systems across the business and analysed in real-time. User and role specific dashboards can be set up, allowing consistent monitoring of performance and costs.

However, the ability to access vast quantities of data requires a different approach to analytics, the big question should be 'what's the relevance?'. Traditionally reports are used to monitor performance and costs, but organisations can now use all of this data to do predictive analysis. The ERP system is not a crystal ball though and the 'what' and the 'why' need thought before designing reports and dashboards. The 'what' and the 'why' also need monitoring, because those questions may have been relevant yesterday, but today's change may add an extra dimension that may need additional fields to be incorporated into some reports and dashboards (rather than creating additional reports).

BUSINESS AGILITY

The ability of a business to detect internal or external changes and rapidly respond by adapting in cost-effective and productive ways.

The ability to access data and provide analytics in real-time reduces the time previously spent on collating data and putting these into reports, freeing up that time for planning and strategic decision-making.

3. Scalability & flexibility

It's clear that the speed of change is increasing and with an average life-cycle of around 7 to 10 years and average implementation duration of about 18 months for ERP systems, the need to invest in an ERP system that's scalable and flexible is essential.

Scalability is the ERP system's capability of handling an increasing amount of work and accommodating growth. Flexibility is the system's capability to handle changes in internal processes, external influences and ability to unlock additional capabilities as needs change.

A flexible and scalable ERP system can handle different languages, currencies, legislations, multiple company sites and accounting standards in a single system, allowing for future expansion and regulatory compliance. It should allow organisations to implement with required functions for today, but allow unlocking of additional functionality 'tomorrow' without the need for disruptive and costly enhancements. And last, but not least it should be accessible across multiple platforms, providing mobility and flexibility for the organisation and its employees.

ERP – YOUR TOOL FOR A CHANGING WORLD

The complexity of change, whilst dealing with current business issues and planning future strategy can be hugely distracting. In addition the need for investment in new products, processes and technologies can become a constraint to keeping up with change if the growth and/or profitability isn't where it should be.

The right ERP system, implemented to your requirements should reduce workload, increase productivity, allow real-time data analysis to support strategic planning, be scalable for the future, which can make it a valuable tool to help keep your business agile in a changing world.

SAGE X3

Sage X3 is Sage's strategic ERP system. It offers rich and integrated functionality to support all core business processes on a global scale. It handles multi-language, multi-legislation, multi-currency, multi-company sites, local accounting requirements and consolidation. It is accessible across multiple devices and can be deployed on a private cloud, via a hosted cloud or on-premise providing flexibility and scalability.

THE INIXION DIFFERENCE

Inixion specialises in the delivery of Sage X3. Our mission is to provide customers with a Sage X3 system that meets their business needs, through understanding their business, their current and future requirements and by providing a smooth implementation process. Our methodology has been proven in multiple successful implementations and we pride our¬selves on the fact that all of our projects have been delivered on time.

We continually work with our customers to improve our understanding of their business and its system needs to ensure our customers get maximum output and Return on Investment from their Sage X3 system.

If you would like to discuss your requirements, then please email us on enquiries@inixion.com or call us today on 0333 800 3606.

REFERENCES

1 Bank of England chief economist warns on AI jobs threat, Kamal Ahmed, BBC Economics Editor, 20th August 2018

2 PWC CEO Surveys 21st, 22nd, 23rd, 24th & 25th

3 Wikipedia

* The S&P 500, or just the S&P, is a stock market index that measures the stock performance of 500 large companies listed on stock exchanges in the United States.