

Planning For Brexit

5 Points for a changing future





Introduction

Increased globalisation and technological advances have made the world in which we do business more complex.

The current economic framework in which UK organisations operate, looks set to potentially become a whole lot more complex in a few years' time when the impact of Brexit on such things as trade deals, changing regulations and taxation becomes more apparent.

Whilst the outcome of Brexit negotiations will mainly be economic it is likely to also influence technology and more specifically your business processes and systems.

Wait and see?

Many businesses are watching and waiting to see what the outcome of Brexit will be. In times of uncertainty companies tend to reduce spending, so companies which were planning to replace their ERP (Enterprise Resource Planning)/Business Management system or implement a new system may take a more cautious approach. However, even if they are currently not operating in an international environment or don't have immediate plans for growth, they may want to consider some of the risks of "doing nothing".

Whether Brexit will be "soft" or "hard", or even incorporate a transition arrangement; the change will involve time-consuming and perhaps complex adjustments to current business systems. And although it may still seem some way off, it will be wise to start planning now, so you can stay competitive in a changed future.

Here are 5 points to take into consideration for a changing future.

1. VAT and Duty

Brexit may mean the UK does not get an agreement with the European Union (EU) for free movement of goods, which otherwise would retain its current VAT and customs duty integration. For companies which trade with other EU countries this could involve more complex costs for products imported from or exported to Europe. Extra duty and freight costs may need to be added to maintain realistic margins.

Food for Thought

Does your current Business system include the ability to easily adjust tax settings? If not, how would you deal with this?



2. Multi-Currency

For businesses importing raw materials to the UK, costs have risen – by as much as a third in some cases – due to the fall in the value of GBP (pound sterling). Although for organisations which rely on exports, this change has meant an increase in demand.

So, whilst currency fluctuations due to Brexit may already have a negative impact on some businesses, other businesses can't wait to leave the EU as demand for their products has grown. Leaving the EU could also help organisations to save huge amounts in import duties. Potentially suppliers from areas currently not cost-effective may become an affordable option, as new trade-agreements will mean different import duties. However, this could also mean having to do business in currencies not currently part of, or supported by your ERP/ Business Management system.



Food for Thought

Does your current ERP or Business Management System allow you to easily process multiple currencies? Furthermore, does it allow you to report, analyse and account for exchange rate fluctuations and other currency related issues?



Food for Thought

Can you access business-critical data in real-time, globally if necessary, through your ERP or Business Management system? Do you or another dedicated employee spend hours trying to analyse and report on business-critical data?

3. Visibility

Visibility can mean a lot of things in business. It can either involve being able to track key elements including stock, orders, cash-flow, or having real-time access to data across the business and even the ability to drill down in costs, processes, etc.

Currency fluctuations have already impacted many businesses, with some companies facing significant cost increases. By having real-time visibility of costs, data, etc. the ability to build short to medium term models to analyse how these costs can be reduced will help companies to retain their competitive advantage.

Companies with subsidiaries in multiple countries may have disparate ERP or Business Management systems and in general will only have to report to head-office on a weekly/monthly basis.

However, with the ever-faster changing pace of the global economic and political situation, there may be a need to have access to more real-time data without it impacting the day-to-day operations of each individual subsidiary. This could bring about the need to consider a single global business system, which will give real-time access to business-critical information and bring together a holistic view across the whole group.

Companies with better intelligence are **four** times more likely to optimise their inventory levels, and are **2.2%** more profitable.*



Food for Thought

Does your ERP/Business Management system give you access to all the data necessary to model the outcome of different scenarios? How much time will your staff have to spend to update information? Will basic legislation updates come with your next system upgrade?

4. Agility

Agility is a term used so often that it has almost lost its meaning. However, the ability to quickly deal with changes is becoming more and more important in the current economic and political environment. Cost fluctuations, travelling bans to, for instance, the United States of America for some employees; changes in legislation and regulation are but a few that some companies have had to deal with since the start of 2017.

The impact of Brexit on businesses could include the need to rapidly update key information; such as supplier data, invoicing, tax reporting, duty, VAT and shipping costs. Some of this information may need to be turned around quickly and can be very labour intensive. This is one head-ache that businesses can do without at a time when there is uncertainty in the markets.

Different suppliers may need to be found or contracts re-negotiated, as some of the existing terms may not be compatible with new legislation, duties, etc. Brexit could bring an opportunity to explore suppliers from outside the EU, as EU imposed duties for some suppliers may disappear. None of these points are clear and will not be clear for some time to come. But when Brexit does happen, it will certainly require businesses to be agile in how they deal with the changes in the markets.

Companies with more usable data
experience a **10%** increase in efficiency.*

5. Business System Implementation

ERP or Business Management system implementations are cost, resource and risk-heavy undertakings for any organisation and can take months to implement. The Brexit deadline of 24 months since the invoking of Article 50 is already rapidly ticking by and could pass quickly from selection through to go-live.

Implementing a new system may also necessitate organisational change. A new Business Management System does not just require training on the new software, but it can involve adjustment of business processes, organisational structure and more. This can potentially be hugely disruptive to the business at a time when other factors are also creating disruption.

Whatever happens in respect of Brexit, change will be a certainty. In whatever format Brexit unfolds, investing in a business system that will enable companies to be more agile when dealing with the impact of rapidly changing economic circumstances seems like an opportunity to get ahead of the competition.

Food for Thought

Will your current ERP, Business or Financial system allow you to easily cope with change when it comes?

If you were planning to replace your ERP or Business Management system and have decided to monitor the situation, will your current system enable you to continue to easily manage your business when new rules and regulations come in?



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 supports international business needs including multi-language, multi-legislation, multi-currency, local accounting requirements and consolidation. It can be deployed on a private cloud, via a hosted cloud or on-premise, giving you flexibility and access from the web as well as mobile devices.

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 requirements and by providing a smooth implementation process.

Our methodology has been proven in multiple successful implementations and we pride ourselves on the fact that all of our projects have been delivered on time.

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

*Statistics taken from Impact of data effectiveness on business outcomes at midsize businesses in North America and Europe – IDG Global Research 2014, commissioned by Sage Inc.

