Moving To Cloud ERP: Three Strategic Reasons

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Product companies are facing significant challenges. Complex global supply chains have become the norm. Social data has changed the way people communicate. Supply chain velocity has exploded. Shorter order runs, compressed innovation cycles, faster decision making, on the spot judgment calls: companies have no choice but to move faster.

Most companies *understand* that cloud services can save money and provide good service levels. Nucleus Research found that cloud applications deliver 1.7 times more ROI than on-premise applications.[i] So if you haven't moved your ERP to the cloud yet, it's for reasons other than ROI. But three other strategic capabilities should get you thinking: the ability to *collaborate*, greater operational *agility,* and deeper *visibility*

Reason 1: Collaboration Across the Entire Enterprise

For product companies, business requirements change on a regular basis. People in the supply chain, clients, and employees, have to collaborate easily with each other in real time, as needed, in whatever data format makes the most sense. Decision makers have to collaborate in order to deal with uncertainty, missing data, and unique processes. They need to take advantage of new opportunities as they arise.

Tools like Salesforce Chatter, a business-oriented social media platform, gives everyone in the enterprise the ability to make real-time decisions, and record them within the context of an ERP record. Buyers can monitor POs and, if a delay arises, they can quickly find another supplier, or at least alert the customer to the issue. An engineering manager can create an ECO and attach it to Chatter for real time updating. A finance manager can give his or her insight into costs of a new

proposal.

Reason 2: Agility With All ERP Processes

Business conditions change: they change fast, in big ways, and often without a lot of warning. And we're not just talking about a customer wanting to change their order, we're talking about big changes too: demand volatility, entire labor forces changing as one country's costs go up, mergers and acquisitions, and innovative business practices that competitors spring on us.

Agility is the ability for a company to react quickly to major changes in business conditions without a lot of disruption. Good cloud ERP systems give companies the platform for agility. The system can grow and adapt easily. It has to handle new business requirements, and new business partners smoothly, without sacrificing what still works. The system should also give you the ability to experiment with new processes, perhaps in a pilot, before releasing them to the entire community.

Reason 3: Visibility Across The Entire Enterprise

Visibility means that people in the enterprise can understand what's going on at all times, across the globe. Whether it's the status of inbound inventory, an alert to a surprise payment problem, or trending of decreasing quality from a particular supplier, managers want to see and understand what's going on. As cycle times speed up and supply chains get more complex, visibility into what's going on becomes even more critical.

With cloud ERP, everyone in the enterprise has access to the appropriate real-time information they need, when they need it—employees, suppliers, and clients. Access to information is determined by the individual's profile. Reports and dashboards update automatically with real-time information.

Getting Started with Cloud ERP

Moving your ERP to the cloud gives you a great opportunity to rethink the way your company does business. Like the first generation of ERP systems did back in the day, cloud ERP gives you capabilities that you don't have now. Here's a glimpse at how you can get started: rethink what you *could* do with your ERP system.

Go back to the three strategic reasons we talked about above, because they provide a rich set of possibilities for a product company. How could you leverage a cloud ERP if you had yours up and running just a few months from now? Get creative and ask yourself and your team questions like these:

Collaboration

- How could we respond quickly to changes in demand to drive more revenue? Can our sales reps, buyers and suppliers collaborate in real time to take advantage of a new sales opportunity?

- Where could we save money, or improve cycle time, if our partners noticed and solved problems among themselves?
- How much money could we save if we could localize production in emerging markets, and have real-time collaboration with our partners?

Agility

- How much faster could we start up a partner relationship if we could have them up and running on our ERP system within days?
- What legal and operating entities need to be on our ERP system? Which countries and currencies? It's much easier to deploy a single integrated, multi-company, multi-national system on the cloud.
- How much more quickly could we react as our business expands and contracts? How much more quickly could we integrate new systems as a result of a merger or acquisition?

Visibility

- If we knew that all of our supply chain data were visible to our partners in real time, what information would we want them to have? What data will let them speed up their cycle times? What trend monitoring can they use to notice and fix problems before we do? What data and insights can *they* provide for us?
- How much time and money would we save if we had one "single version of the truth" for everyone to work from?

Having your ERP on the cloud gives you entirely new ways to cut costs, get innovative, and make your customers happier. With a cloud ERP, you're energizing an entire community of experts around the world – your business partners - to make your enterprise more efficient.

Cloud ERP gives product companies important advantages over on-premise ERP systems, on top of savings in TCO. This is the time to start the conversation with your staff and experts, and start planning when you should make the move. In the meantime, your supply chain isn't getting any cheaper or simpler, and your customers aren't demanding any less. Now is a great time to start the process, and take advantage of the collaboration, agility, and visibility the cloud—and only the cloud—can offer.

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[i] *Cloud Delivers 1.7 Times More ROI*, Nucleus Research, September 2012

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