

# TRANSFORM AND THRIVE:

An Executive's Field Guide to  
Capitalizing on the ERP Evolution



## Introduction

As a pragmatic business executive, you recognize that times have changed. Your customers and competitors have changed. Your vendors and employees have changed. Your organization has changed.

But, is your enterprise resource planning (ERP) system designed to respond to these changes?<sup>1</sup>

If your business is like many, your existing on-premise ERP system is outdated, configured in a way that no longer aligns with modern business operations and the expectations of customers, vendors, and internal staff.

As a result, you may have noticed inefficient and ineffective processes across your organization, as well as a lack of consistent access to information.

It's not just your company. Over half of business executives now describe the performance of their ERP systems as only "adequate" or "basic," yet over 80 percent agree that ERP is critical to their business success.<sup>2</sup>

The reality is that in today's ever-changing business environment, legacy ERP systems can't provide the value needed to compete, including optimal levels of:

- Customer service and satisfaction
- Operational efficiency
- Strategic alignment
- Corporate governance
- Mobility and information transparency

With ERP being central to your daily operations and ability to meet short- and long-term business objectives, it is time for a change: a new, cloud-based ERP system, consisting of a core ERP solution and various specialized, seamlessly integrated solutions.

But, as many executives have discovered, implementing a new ERP system is far from simple. In fact, it is a major undertaking: a critical, all-encompassing event. No longer just a technology project, ERP implementation is a reinvention of your business, requiring you to examine how you want to run your organization.

So, how can it be done effectively, and with the most positive impact? It all starts with a comprehensive ERP strategy: a tailored, detailed roadmap for successful ERP adoption.

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<sup>1</sup>While the definition of an ERP system has evolved, Gartner defines it as "an integrated suite of business applications sharing a common process and data model, covering broad and deep end-to-end processes."

<sup>2</sup>Source: Redshift Research/Epicor What's Next? ERP Survey

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# THE CHANGING ROLE AND IMPLICATIONS OF ERP ADOPTION

Since the time your legacy ERP system was implemented, it has served an important function in supporting your organization's internal processes. It has likely been your core business system, helping to improve data access, inter-departmental communication, and operational insight.

However, it is no longer enough—your ERP system must go beyond only supporting internal processes. It must also deliver the immediate insights and information necessary to exceed customer expectations.

## **Matching ERP Technology with Modern Customer Expectations**

In recent years, the expectations of your customers have changed significantly, and solutions have needed to respond to increasing demand.

Consider the consumer space, where shoppers now enjoy immediate, online access to precise inventory information, order history, and product details. This shift in user experience has been both dramatic and wholly embraced by consumers, to a point where it is no longer an option for retailers—it is a requirement. Whether looking for a home, service, or basic product, consumers expect to have an array of options for researching and purchasing.

So, it was just a matter of time before the consumer mindset surfaced in the business-to-business space. Most businesses now want the same capabilities and purchasing experience as consumers. And, as was the case in the consumer space, these expectations are quickly becoming the norm, prompting competitors to scramble to deliver the desired experience.

Unfortunately, providing this experience requires an ERP system that goes beyond supporting your organization's internal processes to address the preferences and requirements of your customers, vendors, and partners. Today, many legacy ERP systems struggle to fulfill these parties' basic expectations, such as:

- Consistent service delivery and quality
- Responsiveness to needs and requests, regardless of time or location
- Immediate access to accurate, up-to-date information

### **The Common ERP Approach: Legacy System with a Patchwork of Applications**

In lieu of transitioning to a modern, cloud-based ERP system, many companies find themselves mired in an intricate web of applications, antiquated ERP technology, and limited functionality. And, it's easy to understand why.

As customer, vendor, and staff needs evolve, organizations address them by adding applications to their core, on-premise ERP system. As additional, specialized functions are needed, more applications are adopted. The result is a complex patchwork of applications on top of a highly customized ERP solution.

Over time, as the system becomes more complicated and customized, the thought of transitioning to a new system becomes more daunting.

Though this approach is common, it is rarely tenable. It leaves businesses with a bloated, unwieldy system that is neither flexible nor capable of adapting to shifting customer expectations. It often requires time-intensive employee "workarounds," which may yield potential security issues. Further, in addition to limiting progress beyond the status quo, it requires an increasing portion of company funds and efforts to simply keep the system running.



*Like the consumer space, your customers, vendors, and partners want a user experience with more control and greater functionality—requiring an ERP solution that goes beyond supporting your company's internal processes.*

## **The Future of ERP: Flexible, Cost-Effective Cloud Solutions**

With the changing role of ERP within organizations, there is now a substantial evolution occurring in ERP technologies.

The number of ERP options available to today's businesses is staggering, ranging from on-premise solutions to cloud-based and industry-based solutions. However, those that will survive the evolution will undoubtedly be cloud-based, allowing for the flexibility, scalability, mobility, and efficiency organizations need to be competitive.

With cloud-based solutions, you can now build your ERP system around your business needs and objectives, with various specialized solutions integrated with a core ERP solution.

For instance, some organizations have a core, cloud-based ERP solution that effectively performs accounting, order processing, and related functions. Meanwhile, the ERP seamlessly integrates with other cloud-based solutions that address specific company needs, such as payroll, budgeting and forecasting, and customer relationship management.

With a combination of today's cloud-based solutions, your ERP system can not only allow for easier maintenance, updates, and accessibility, but also let you orient your organization to your customers and vendors—ensuring that you deliver greater functionality and a better user experience.



# ELEMENTS OF A SUCCESSFUL ERP STRATEGY

To fully capitalize on the benefits of cloud-based ERP solutions, organizations must also develop and employ an effective, comprehensive ERP strategy. But, why? The answer lies in the far-reaching, organization-defining aspects of ERP.

## **Not Just a Technology Strategy**

Consider the wealth of high-quality, cloud-based ERP solutions on the market today, from vendors like Oracle, SAP, Infor, Microsoft, and others. Each solution has impressive functionality, features, and the potential to deliver numerous business-changing benefits.

However, realizing that potential involves much more than a consideration of the technology itself. ERP is just one part of a truly effective ERP strategy—which is both a technology and a business strategy.

As the backbone of your company's operations, ERP solutions require a strategy that considers what your organization is trying to achieve, and why. So, the selection, implementation, and utilization of your ERP system will be far more effective if performed through the lens of your organization's objectives, customers, and requirements.



## The Six Pillars of an Effective ERP Strategy

Developing such a strategy entails six main pillars, each producing an essential component of your ERP strategy.

- 1. Map Current Processes.** First, gain a full understanding of your organization's business processes through mapping and documentation. This initial step, though tempting to bypass, is essential to gaining the desired short- and long-term benefits from your ERP system.
- 2. Identify Process Pros and Cons.** Based on your business process mapping, examine your current processes. Which processes are effective? Which are failing to reach expectations? Why? Process weaknesses are most often apparent as a product of functional gaps, business growth, or changes in customer preferences, industry trends, or regulatory requirements.
- 3. Determine Your Strategic Objectives.** Next, consider what strategic business objectives will be served by your ERP. How will you interact with customers? Where are you going, and how will you get there? And, what, when, and how will ERP contribute to meeting these objectives?
- 4. Define Your Ideal Process.** With your strategic objectives in place, use your knowledge of existing gaps and issues to define your ideal process. This is an opportunity to make major business improvements: inefficiencies can be remedied, costs and operations can be streamlined, and business processes can be redesigned to better serve your customers.
- 5. Select the Right Solutions.** Using a mindset shaped by your objectives, processes, and customers, explore the available cloud-based ERP solutions and select the right solutions for your organization. Disregard extraneous features and marketing hyperbole. Instead, since ERP systems are replaced an average of only once per decade, focus on long-term benefits, functionality, and flexibility. Can each solution grow with your organization? Are there additional, future costs as your needs change?

In addition, include end users—not just executives—in your selection process. Doing so will not only establish critical buy-in, but also allow for better identification of potential functionality or implementation issues.

- 6. Properly Align Your Solutions.** Lastly, once you have defined your new ERP strategy, ensure proper alignment with your ongoing organizational needs and requirements. For instance, address any issues regarding redundancy and security, and confirm that your strategy includes a clear plan for regular maintenance and improvement.

With each pillar in place and effectively employed, your ERP strategy can dramatically improve the likelihood that your new system will deliver the dependable, long-term benefits your business needs and desires.



# COMMON ERP MISTAKES AND MISCONCEPTIONS

Given the swift evolution and aggressive marketing of ERP solutions, mistakes are often made in the process of ERP selection, implementation, and utilization. Three of the most widespread mistakes are explained below, each rooted in a common ERP misconception.



## **MISTAKE 1:**

### **Selecting Solutions without Considering Long-Term Functionality**

Since adopting a new ERP system is a major endeavor, be sure to examine how potential solutions will grow with your organization.

When long-term functionality is not sufficiently considered, some organizations misguidedly invest in a solution that is no longer evolving or being updated (i.e., a dead product). Others invest in industry-specific solutions, which tend to lack the capabilities and long-term support to meet your future needs. These solutions are often heavily marketed at industry conferences and events.

Still others refuse to move on from the familiarity of on-premise solutions, falling victim to the “we’ve always done it this way” mindset. While there are still many new and updated on-premise solutions available, they are not the future of ERP.

Further, relative to cloud-based solutions, on-premise solutions typically require a substantial upfront investment, as well as dedicated IT staff and regularly updated hardware and servers.

To avoid these issues, consider whether each solution is robust and flexible enough to meet your needs not only now, but also in five years. Who is the vendor, and are they a dependable presence in the ERP industry? Is the solution still being updated?



*With the time and effort needed to adopt a new ERP system, avoid products that may not deliver the necessary long-term value, such as solutions that are industry-specific, on-premise, or no longer updated or supported.*



## **MISTAKE 2: Adopting a New ERP System without First Examining Processes**

ERP solutions are only as effective as the processes they automate. Therefore, before making the mistake of diving into an ERP implementation—or becoming enamored with a solution’s laundry list of features—take the time to map, evaluate, and improve your processes. Further, determine the strategic business objective that your ERP will support, and identify your ideal state.

The adoption of a new ERP is the perfect time to undertake this effort. In addition to improving the effectiveness, efficiency, and value of your ERP system, it allows you to leverage modern ERP technology to reinvent your business and dramatically change how you satisfy customer expectations.



## **MISTAKE 3: Viewing ERP Implementation Strictly as a Technology Project**

Organizations that bypass process improvement and strategic alignment often also make the mistake of underestimating the all-encompassing nature of ERP implementation.

While ERP adoption likely possesses the most potential benefits of any technology implementation, it is perhaps also the most complex type of technology implementation. ERP adoption touches every corner of your organization, disrupting operations and substantially changing the day-to-day tasks of most employees.

So, it’s important to get it right.

Remember: an effective ERP strategy is not only a technology strategy, but also a business strategy. So, it should outline extensive change management efforts, from training and education to the allocation of resources. This work is especially important when transitioning from an on-premise solution to a cloud-based solution, since business processes are likely to change in various areas.



# STEPS FORWARD: INNOVATING AND THRIVING WITH A NEW ERP SOLUTION

Adopting a new ERP system is a landmark event in your organization's evolution. Though daunting and stress inducing, it is essential for maintaining operational efficiency, and adjusting to changing customer, vendor, and employee expectations.

Fortunately, an effective ERP strategy can make all the difference. A comprehensive ERP strategy, tailored to your organizational objectives and requirements, can serve as a roadmap to success, helping you maximize performance and avoid common pitfalls.

So, while companies can develop their ERP strategy internally, many are recognizing the benefits of engaging a specialized technology advisor for such a critical task.

A technology- and vendor-agnostic advisor can serve as a valuable strategic partner during the ERP process, providing an independent, insightful perspective on your goals, people, and processes. With this perspective, combined with deep business acumen and technology expertise, the right advisor can help you more effectively evaluate and identify the best ERP solutions for your business.

Ultimately, by engaging a highly qualified, unbiased advisor, you will gain a dependable partner in one of your organization's most important business and technology projects. Together, you can develop and employ a detailed, effective ERP strategy, setting your business up for long-term efficiency and a powerful competitive advantage.

# CONTACT US

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To learn more about the ERP evolution and how the right ERP strategy can help your organization—as well as maximize its efficiency, mobility, and profitability—click [here](#) to contact SC&H Group’s Technology Advisory Services team.

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