



# Taming ERP for good: How Australian organisations can improve ERP success rates through better planning

A complimentary report from enterprise software provider Epicor

**EPICOR**  
Business Inspired™

**Telsyte**



# Contents

3	Introduction
4	Australia's business software landscape in 2014
6	ERP delivery changing, challenges remain
8	Preparing for ERP success
10	Conclusion
11	About this report



## Introduction

This report was commissioned by Epicor and independently produced by Telsyte. The report examines ERP software usage in Australia and details how organisations can improve their business processes through better resource planning.

This report goes beyond the cloud versus on-premise software delivery model option and focusses on how ERP programs can be better managed to deliver improved business processes.

ERP projects are renowned for being costly, resource intensive and taking time to deliver a measurable return to the business. But ERP implementations do not have to end

in failure. This report examines the factors prerequisite for ERP problems and the poor outcomes that result.

The report concludes by examining how Australian CIOs and IT decision makers can learn from key industry benchmarks to boost the chances of ERP delivering real process improvement.

### Telsyte research respondent profile

The primary research contained in this report is sourced from the Telsyte Australian Enterprise Software Market Study 2014. The findings are based on an online survey of 324 IT and business decision makers in Australian organisations with 20 to 20,000+ staff across a representative sample of vertical industries. The survey topics covered a range of business ICT software and technologies and trends, including ERP and business processes. Respondents identified their key business challenges, technology use and intentions and views on enterprise applications – both on-premise and as-a-service.



## Australia's business software landscape in 2014

Each year Australian organisations make significant investments in software to automate processes and assist with business decision making.

Telsyte's enterprise software research indicates the investment appetite for enterprise software is growing, with nearly two-thirds of organisations with greater than 20 staff intending to spend more on software over the next 12 months.

This upward spending trend signals a strong confidence

to invest in software and services where it is deemed beneficial to the business – including for new projects in addition to ongoing maintenance fees.

Simply increasing spending, however, will not ensure software project success or improved automation and overall business processes. Organisations must be strategic about where their investments are directed and what inefficiencies they are aiming to overcome for software to produce a positive outcome.





## On-premise or cloud? Don't get caught in the delivery model

In recent years, the software industry has marketed software-as-a-service (SaaS), or “cloud”, delivery model as a way to improve implementation times and reduce costs. Telsyte research indicates most Australian CIOs in businesses larger than 20 employees use on-premise software to run their applications and only 17 per cent intend to move most of their applications to the cloud over the next 12 to 24 months. Whether the software is consumed in the cloud or on-premise, it is important for IT and business leaders not to overlook the usability, features and outcomes of the software itself. The cloud has risen to become an efficient delivery model for enterprise software, but a delivery model alone will not optimise processes or make better business decisions.

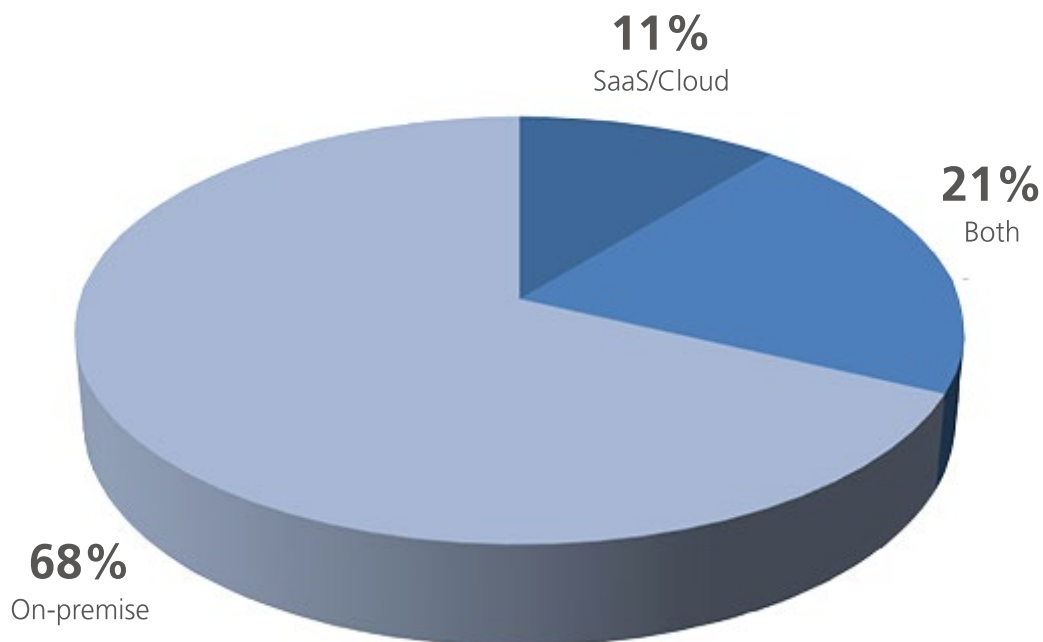
## ERP delivery changing, challenges remain

Comprising the core suite of business applications like financials, stock control and project accounting, ERP is predominantly sold and deployed as an on-premise product.

Telsyte's research indicates more than two-thirds of Australian businesses manage their ERP systems on-premise and do not use a cloud service. Some 11 per cent are using

only a cloud service and the remainder use a combination of both. With the arrival of viable cloud services in recent years, organisations now have the option of running their ERP on-premise or subscribing to a third-party application on-demand for a point solution.

**Figure 1: How Australian enterprises are using ERP software**



*Source: Telsyte Australian Enterprise Software Market Study 2014*

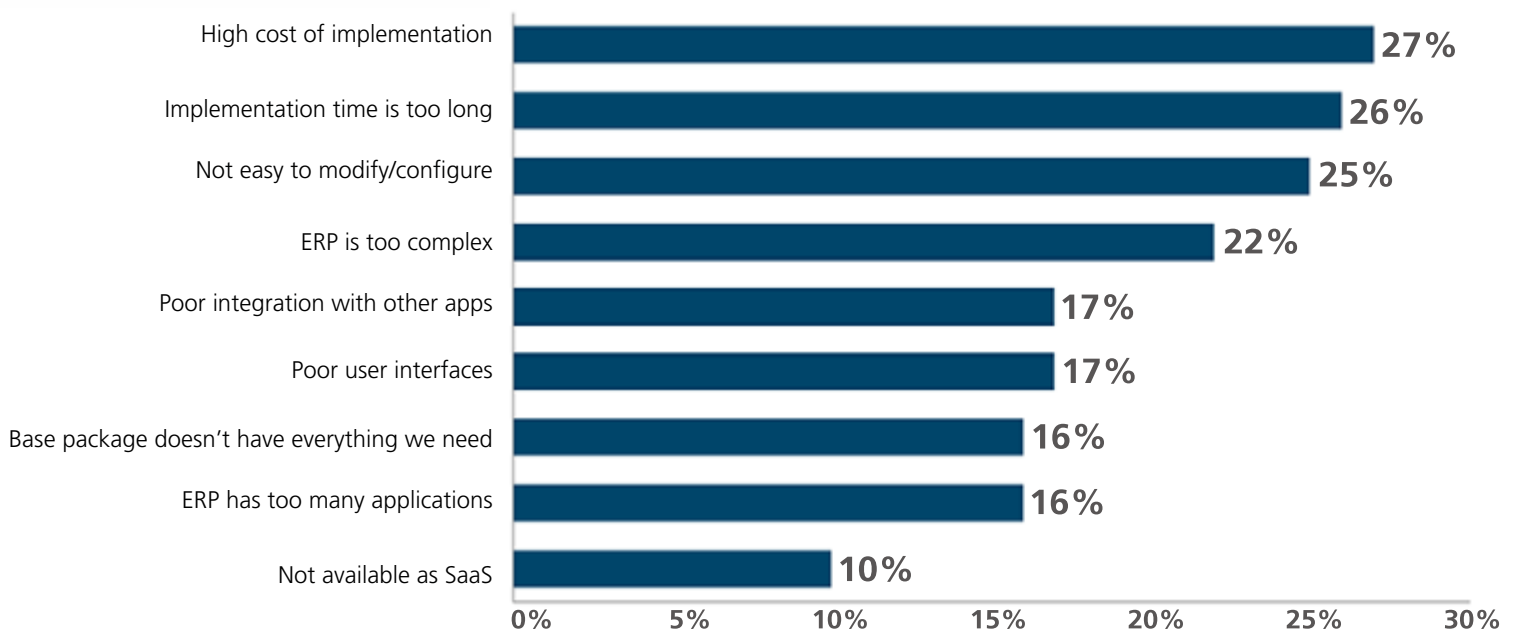
Each delivery model has benefits and drawbacks and the right approach will ultimately depend on the organisation's requirements. What is clear is Australian IT leaders are looking for delivery choice for their ERP projects and the on-premise, hosted and cloud architectures provide that choice.

Despite advancements in ERP delivery, many organisations continue to experience challenges with their ERP systems.

Most CIOs of Australian organisations rate the success of their last ERP projects as "average", with 38 per cent indicating the outcome was "good or better" for the business.

**Figure 2: ERP challenges among Australian organisations**

Q: Has your organisation experienced any of the following problems or challenges with ERP systems?



Source: Telsyte Australian Enterprise Software Market Study 2014; (multiple selection)

The most important challenges with ERP are high implementation costs, long implementation times, configuration difficulty and the ERP system itself is too complex.

With two-thirds of organisations experiencing some problems with their ERP systems, CIOs with experience managing ERP implementation projects can better prepare for possible problems before any software is procured.

Changing delivery models for ERP will not guarantee ERP success. In fact, Telsyte research indicates not having the ERP solution available as a cloud service was the lowest rated "problem or challenge" with ERP systems, according to Australian CIOs.



## Preparing for ERP success

Each year Australian organisations make significant investments in ERP software to manage core business data like customer, order, product, service and financial information. And both IT and business leaders need to make the most of these investments – from initial implementation costs to ongoing subscription fees.

How successful an ERP implementation is will depend on the value returned to the business and the user acceptance. If staff can better utilise the ERP applications

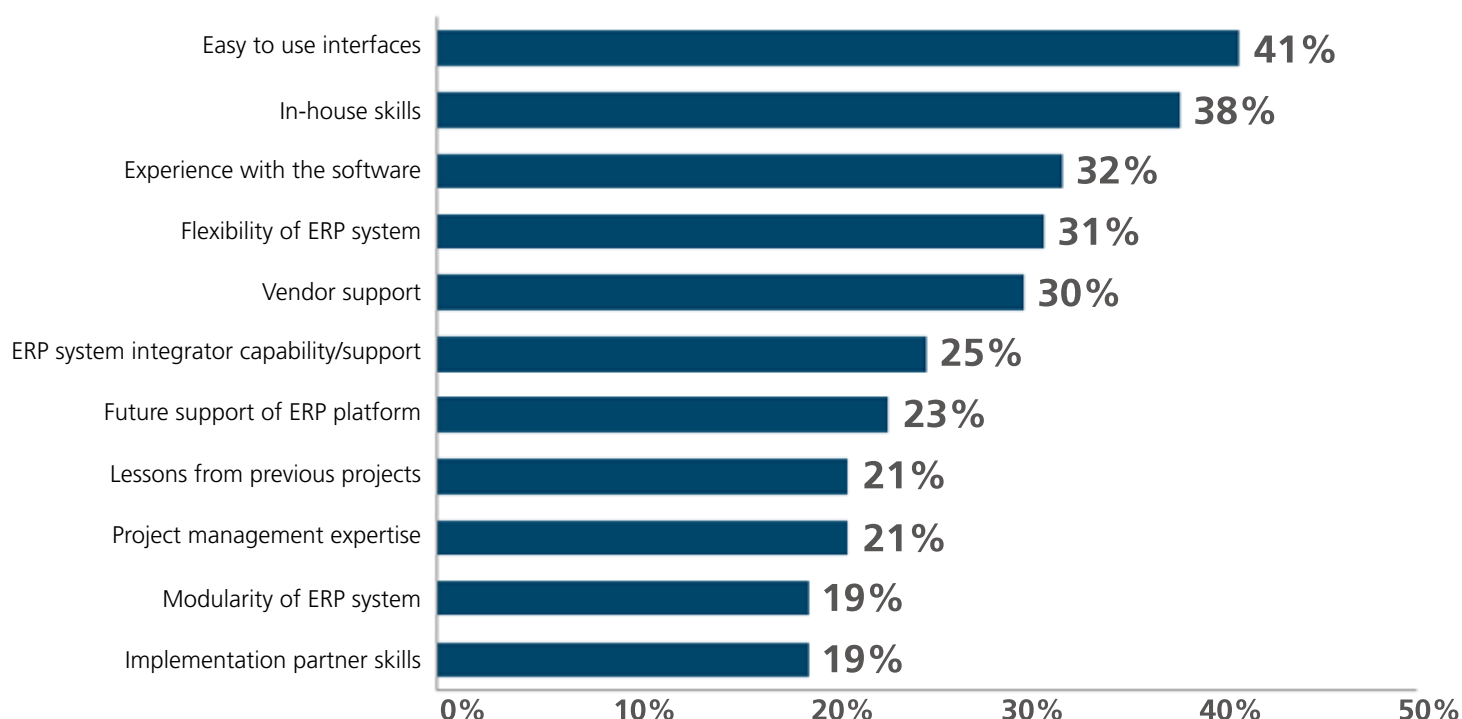
then the business will derive more value from the software. Furthermore, a successful ERP project delivers a valuable return to the business over a reasonable time, while an unsuccessful implementation costs more to the business than the value it returns.

While most organisations are satisfied with the outcome of their ERP projects there are numerous ways IT leaders can increase their success.



**Figure 3: Factors most important to ERP success**

Q: Please indicate the factors you believe are most important for the success of an ERP deployment



*Source: Telsyte Australian Enterprise Software Market Study 2014; (multiple selection)*

Telsyte's research looked at which factors IT and business leaders rate as most important to their organisation's ERP success.

An easy to use interface is a key factor for ERP success and indicates how much more value ERP can provide to the organisation when people are able to use the software effectively. CIOs should look for ERP systems with modern user interfaces that are intuitive, not arcane.

A good user interface is particularly important as more people access their ERP systems through a variety of devices – from the desktop and Web to tablets and smartphones.

In-house skills required to implement and manage the ERP system is another top priority for ERP success, followed by experience with the software itself.

The next three success factors relate to the ERP system. The flexibility of the system, the quality of the vendor support and the capability of the ERP system integrator should all be closely reviewed before undertaking an ERP project.



## Conclusion

Enterprise resource planning is the core suite of applications used by enterprises to manage products, services and financial information.

Telsyte's research indicates more than two-thirds of Australian businesses have only on-premise ERP systems, 11 per cent are using a cloud service and the remainder use a combination of both. While delivery model is important, the availability of the ERP as a SaaS solution is not a high priority when it comes to the challenges of ERP implementations, according to Australian CIOs.

Two-thirds of Australian organisations experience some problems with their ERP systems and CIOs say the main challenges include high implementation costs, long implementation times, configuration difficulties and the ERP system itself is too complex.

To increase the chance of a successful ERP outcome, IT leaders should look for easy to use interfaces to match the in-house skills required to implement and manage ERP systems.

ERP success hinges on a combination of the software quality, including how people interact with it, experience with the software itself and how flexible the ERP system is to adapt to the business requirements.

With a growing number of options for on-premise and cloud ERP, Australian CIOs need to focus on ERP outcomes for the business and not solely how the software is delivered. Examining known challenges with ERP and aligning projects with reported success factors, organisations can increase the value ERP returns to the business.



## About this report

This report was commissioned by Epicor and independently produced by Telsyte. The findings and insights contained in this report were derived from the Telsyte Australian Enterprise Software Market Study 2014. The views contained in this report represent the collective experience of the Telsyte analyst team without bias or influence from any third-party.



### About Epicor Software Corporation

Epicor Software Corporation is a global leader delivering inspired business software solutions to the manufacturing, distribution, retail and services industries. With over 40 years of experience serving small, midmarket and larger enterprises, Epicor has more than 20,000 customers in over 150 countries. Epicor enterprise resource planning (ERP), retail management software, supply chain management (SCM), and human capital management (HCM) enable companies to drive increased efficiency and improve profitability. With a history of innovation, industry expertise and passion for excellence, Epicor provides the single point of accountability that local, regional and global businesses demand. The Company's headquarters are located in Dublin, California, with offices and affiliates worldwide.

For more information about Epicor, visit [www.epicor.com](http://www.epicor.com)



### About Telsyte

Telsyte delivers strategic insights and advisory services to businesses that are producing, or are impacted by, disruptive technologies. Telsyte publishes studies into emerging consumer and business markets and provides custom research and advisory services. Our market leading coverage includes emerging technologies, mobility, enterprise IT, digital media and telecommunications. Telsyte is a wholly-owned, independent business unit of UXC Limited. UXC is an ASX-listed Australian IT services company and the largest Australian-owned ICT consultancy firm with over 2,500 customer organisations in the private and public sectors across Australasia.

For more information about Telsyte, please visit [www.telsyte.com.au](http://www.telsyte.com.au)

### Report licence and disclaimer

The content in this report is copyright protected, and is property of Telsyte. The contents in this report cannot be re-purposed for re-sale by any organisation. Any non-commercial citations, including media, must include Telsyte as the source of the data.

All surveys, forecasts, projections and recommendations made in this study are made in good faith on the basis of information available to Telsyte at the time; and Telsyte disclaims any liability for any loss or damage caused by errors or omissions, whether such errors or omissions resulted from negligence, accident or other causes. Neither Telsyte nor its agents will be liable for any loss or other consequences (whether or not due to the negligence of Telsyte or their agents) arising out of use of information in this report.