

IMPLEMENTING MODERN ERP: UNCOVERING KEY COMPONENTS FOR A SUCCESSFUL BUSINESS OUTCOME

A complimentary report from Telsyte and enterprise software provider Epicor

INTRODUCTION

This report was commissioned by Epicor and independently produced by Telsyte. The report examines Enterprise Resource Planning software usage in Australia, and details how organisations can improve their business processes with an ERP modernisation program.

Many organisations are burdened by so-called “legacy” ERP systems that do not afford much flexibility to adapt to new ways of doing business and are renowned for poor user interfaces.

Modern ERP systems present new options for data integration and processing, user interaction, delivery model (cloud, hosted or on-premises), and mobile client access.

This report investigates the challenges Australian organisations have with their existing ERP systems and identifies the key components of ERP systems which can improve business outcomes.

TELSYTE RESEARCH RESPONDENT PROFILE

The primary research contained in this report is sourced from the Telsyte Australian Enterprise Software Market Study 2015. The findings are based on an online survey of 263 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 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-premises and as-a-Service.

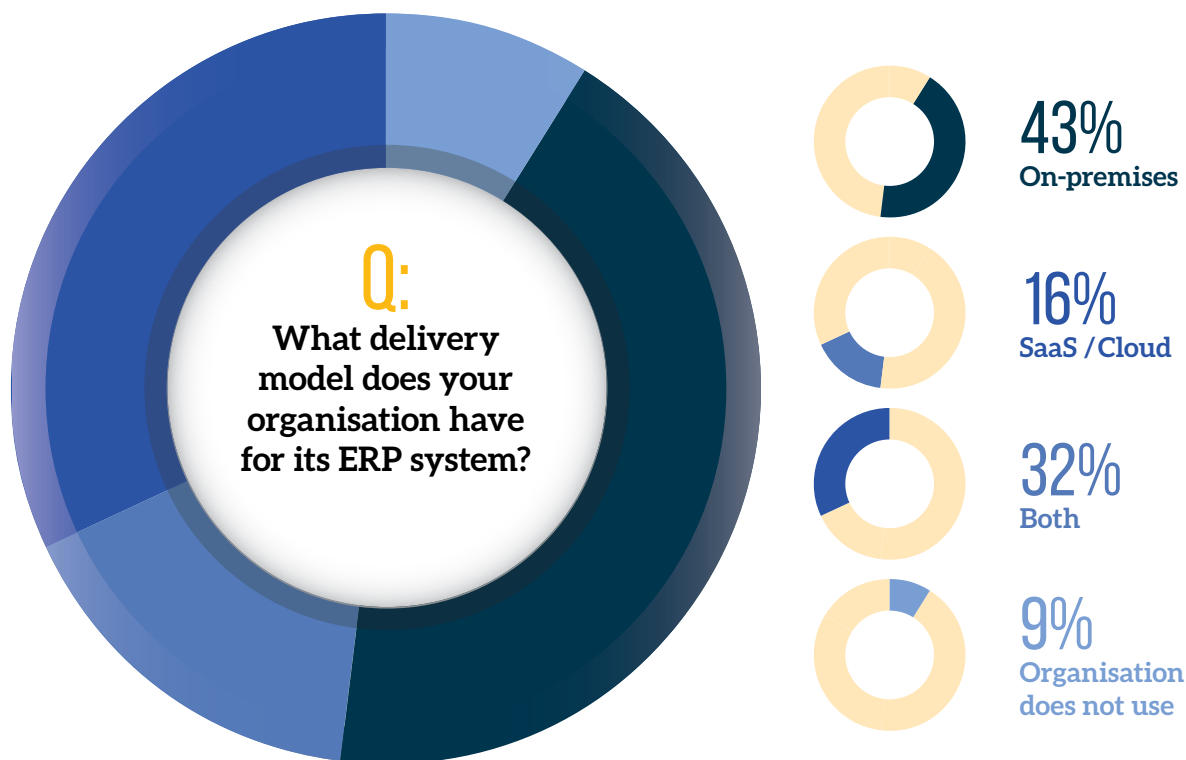
CONTENTS

2	Introduction
5	The ERP usage gap
8	Factors influencing ERP success
10	ERP access in a mobile workplace
11	On-premises to cloud: choosing an ERP delivery model
13	Conclusion
14	About this report



THE ERP USAGE GAP

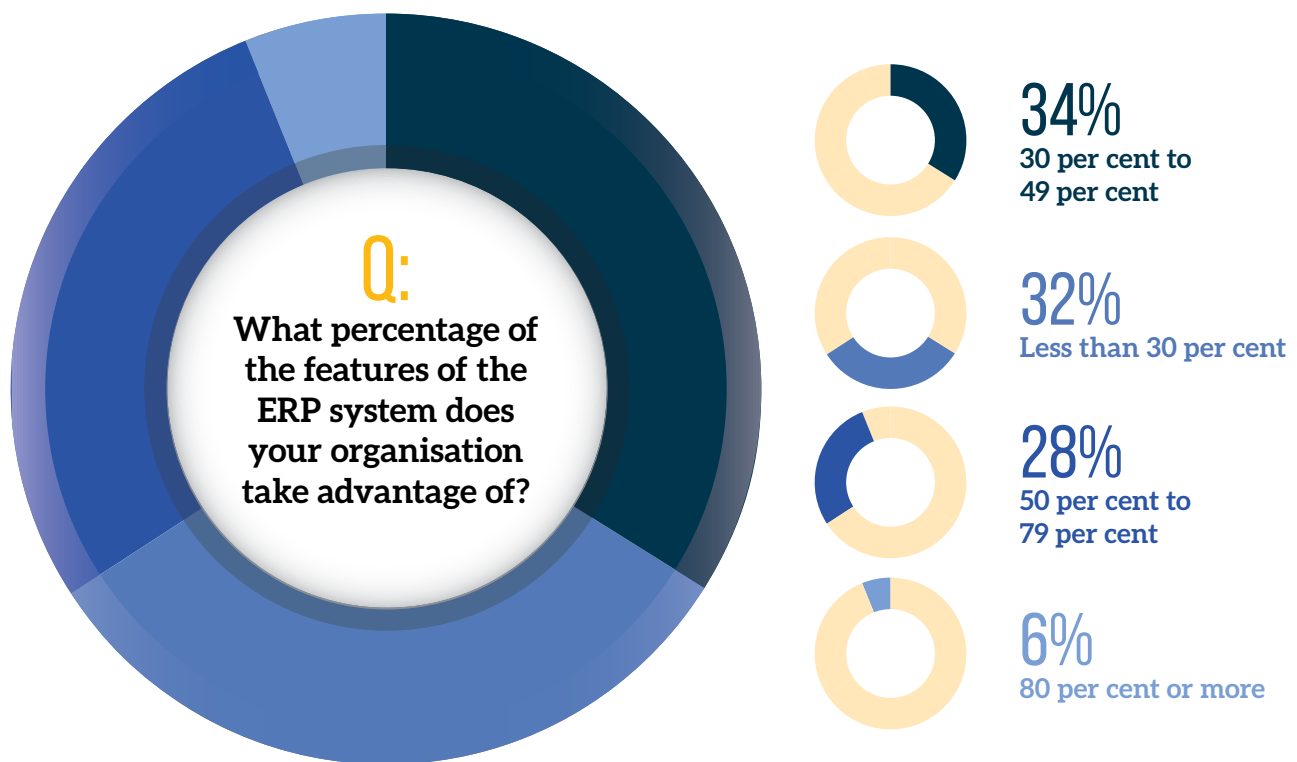
Enterprise Resource Planning (ERP) is the core application for automating financial and stock information and is thus widely deployed among Australian organisations with more than 20 employees. Telsyte research indicates more than 90 per cent of enterprise organisations have an ERP system. Most organisations (75%) manage an on-premises ERP application, and a growing number (48%) subscribe to a cloud-based ERP service¹.



Source: Telsyte Australian Enterprise Software Market Study 2015; n=263; base: businesses with more than 20 staff

Despite the prevalence of ERP — both on-premises and as-a-Service — organisations will realise greater business benefit from software if staff are using it for most or all of their duties. ERP software can automate manual processes — however, if staff are using siloed tools like spreadsheets the value of the ERP investment is not fully realised.

¹Telsyte Australian Enterprise Mobility Market Study 2015, n=248



Source: Telsyte Australian Enterprise Software Market Study 2015; n=263; base: businesses with more than 20 staff

Telsyte investigated the use of ERP from a feature perspective, and found most CIOs (66%) believe their organisation is only taking advantage of less than 50 per cent of the features of its ERP system. Conversely, only six per cent of CIOs believe their organisation takes advantage of more than 80 per cent of the features of the ERP. This indicates that, on average, CIOs believe their organisations are using less than half (42 per cent) of the features of their ERP systems.

There are a number of key factors CIOs have identified as preventing ERP from being used to its full potential.

Factors hampering ERP feature use

- ✗ Inflexible (not easy to modify)
- ✗ High complexity
- ✗ Poor integration with other apps
- ✗ Too difficult to use
- ✗ Poor user interface
- ✗ Misalignment with business processes

Source: Telsyte Australian Enterprise Software Market Study 2015; n=263; base: businesses with more than 20 staff

Combine the user-adoption challenges presented by ERP systems with factors the organisation can control – like education and training – and how much value an organisation gains from ERP can vary greatly.

Telsyte recommends assessing an ERP product with user-acceptance and training at the forefront of the procurement cycle. Most Australian enterprises have an ERP system, but the features are not fully utilised. These organisations should assess which factors are hampering their ERP usage and decide on an appropriate course of action to improve user engagement.

Options include: working with the vendor to make better use of the software (and more recent features); reviewing what features are underutilised, or not used at all, and which could be of more value to the business; and developing a training and incentive package to help drive staff usage in key areas. The outcome of the review might reveal that the organisation is not using the best-suited ERP system and needs to make a change. Successful organisations will combine features with usability and training to get the most out of ERP investments – both existing and new.



FACTORS INFLUENCING ERP SUCCESS

With ERP so crucial to the operations of most enterprises, it's important to understand which factors are likely to lead to a successful implementation. This applies equally to upgrades and to new projects, as well as moving an on-premises system to a hosted or cloud delivery model.

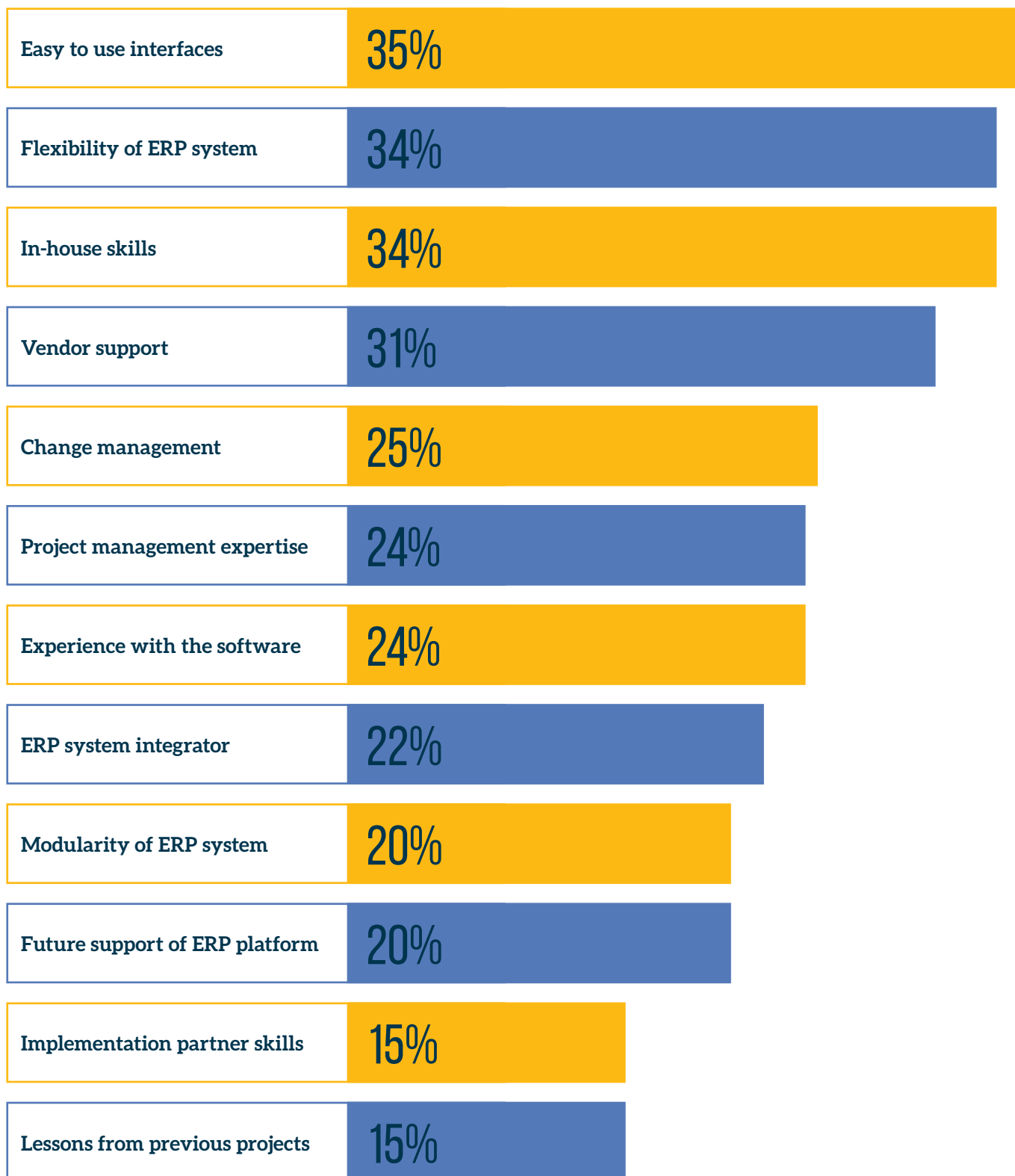
Telsyte research asked CIOs to rate the factors they believe are most important to the success of an ERP implementation. The top three stand-out factors are, easy to use interfaces; the flexibility of the system itself; and the in-house skills to deploy and manage the application.

IT and business leaders recognise the importance of user interface as a factor that can hamper ERP feature use in addition to increasing the likelihood of success. End-user acceptance is important for the success of many applications, and ERP is no different.

Other factors important to the success of ERP include vendor support, change management and project management expertise. Interestingly, system integration skills and lessons from previous projects are not rated highly by CIOs. This indicates ERP modernisation programs require new ways of thinking and skills sets to boost business outcomes. Factors like how staff use popular public cloud applications, the level of workforce mobility, the suitability of a third-party service provider, and how the organisation deals with change are critical to achieving a better ERP result.

How are Australian organisations going with ERP modernisation? Telsyte research investigated the success of organisations' most recent ERP project, and 55 per cent of CIOs said it was "good" to "excellent". Some 40 per cent rated it as "average" and only five per cent rated it as "poor" or "average". While there is still work to be done with ERP modernisation, focusing on user-acceptance, flexibility and maintaining in-house skills will increase the chances of a successful outcome.

Q: What are the factors you believe are most important for the success of an ERP deployment?

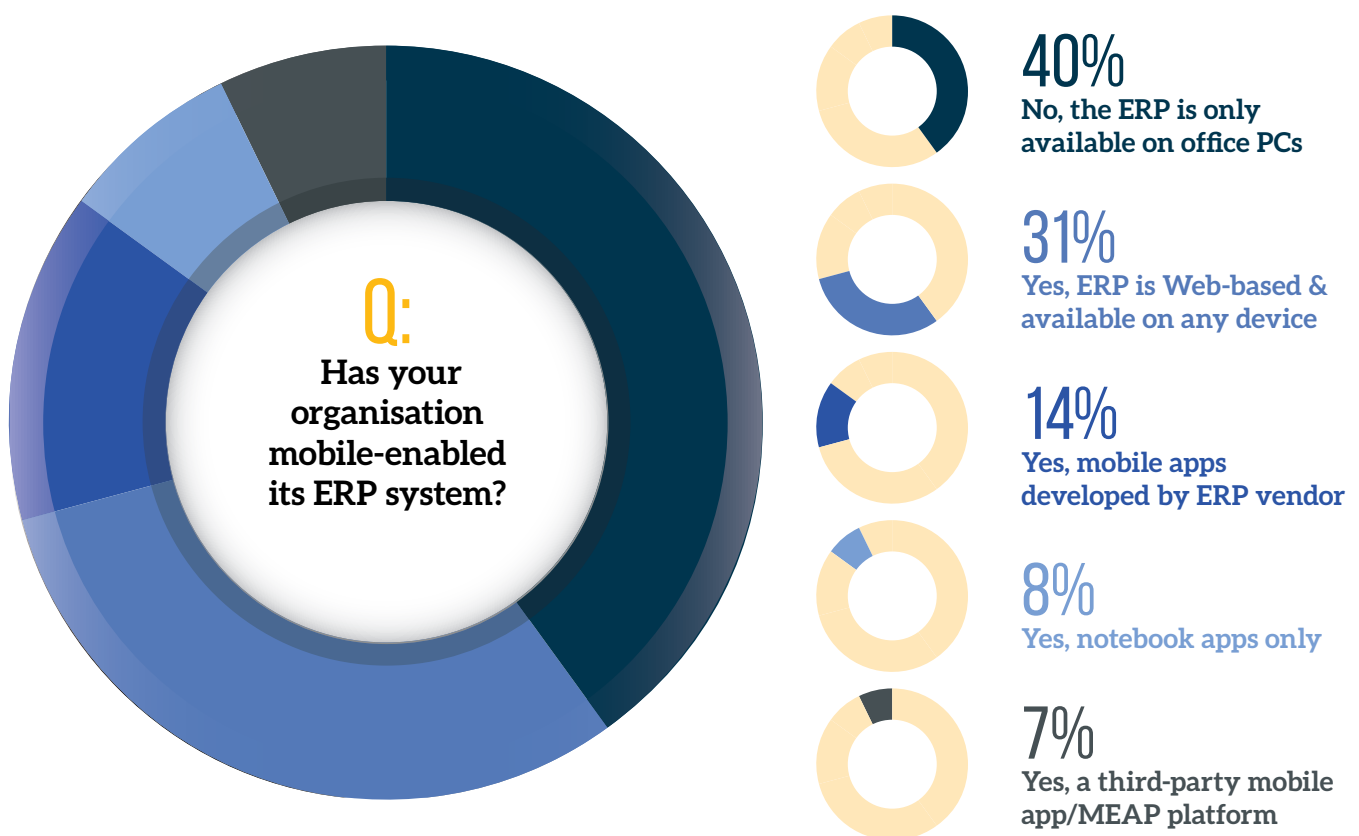


Source: Telsyte Australian Enterprise Software Market Study 2015; n=263

ERP ACCESS IN A MOBILE WORKPLACE

Australian enterprises are becoming more mobile-enabled, and applications like ERP must keep up with this trend to maximise their business value. According to Telsyte research, 84 per cent of organisations with more than 20 employees have staff who regularly perform their jobs outside an office or fixed location, excluding working from home. The range of roles working outside the office is varied, with IT staff, sales representatives and field staff the most prolific.

Telsyte investigated how staff in enterprises can access their ERP systems and found nearly half of all organisations (48%) do not have any Web-based or mobile device access and only eight per cent can be mobile with a notebook client application installed.



Source: Telsyte Australian Enterprise Software Market Study 2015; n=263

The largest method for mobile access is via the Web with more than 30 per cent of organisations having a Web-based ERP. This includes cloud-based applications, which are mostly Web-only interfaces. One of the biggest challenges organisations face with Web-based applications is the limited, if any, offline support – staff must be connected to the Internet to use the application and this is not always possible outside an office or campus environment.

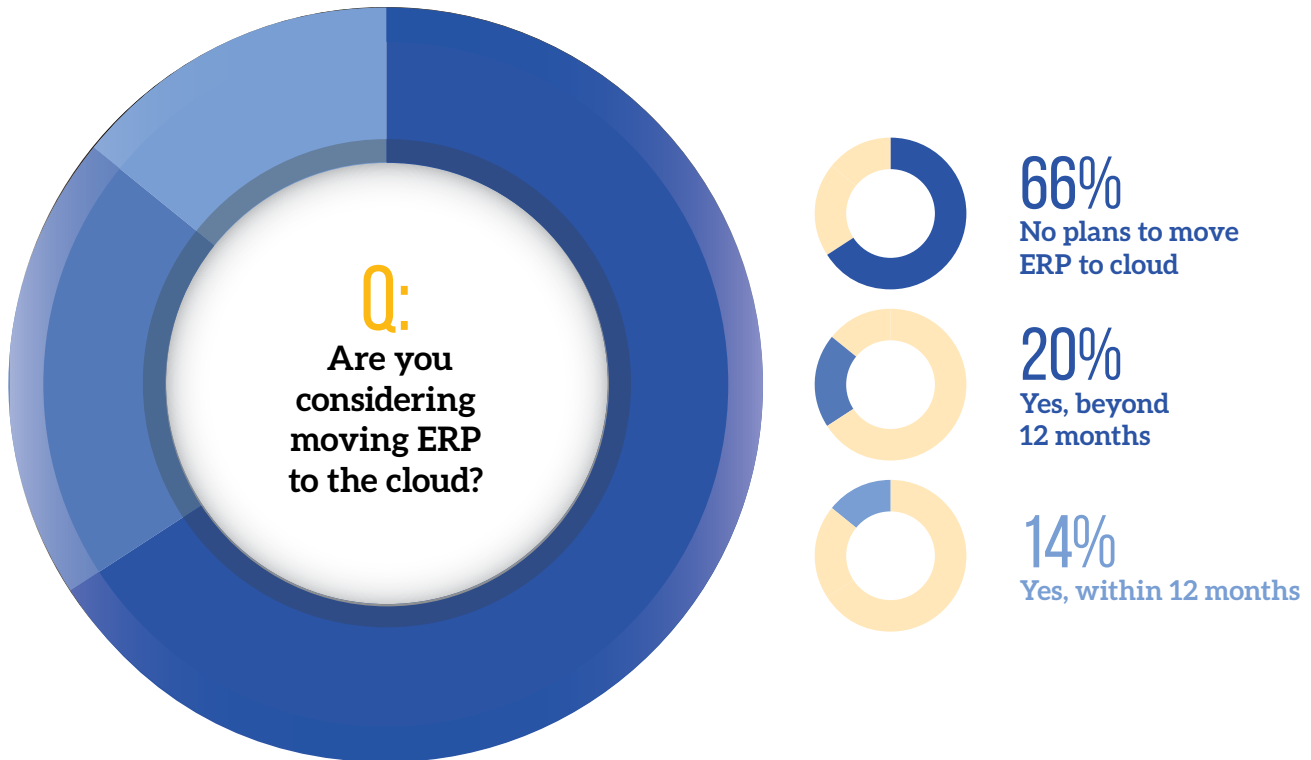
A more robust architecture is to combine a mobile app for remote workers with a modern Web-based interface for use on the office network. Slightly more than one in five Australian organisations have mobilised their ERP applications with an app provided by the vendor or a third-party mobile app platform. This still leaves a significant shortfall between organisations with remote workers (84%) and those that support mobile ERP.

Telsyte recommends assessing the mobile work requirements of your organisation's staff, and determining whether remote ERP access would help streamline data entry and business processes. Investigate a mobile access architecture that provides offline data entry which can be securely synchronised with the ERP when network connectivity is available.

ON-PREMISES TO CLOUD: CHOOSING AN ERP DELIVERY MODEL

In recent years, the software industry has marketed the 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 (75%) in organisations with more than 20 employees use an on-premises ERP, with only 16 per cent cloud-only.

Telsyte predicts a gradual shift to cloud-based ERP as organisations hope to reap as much value as possible from their existing investment in on-premises solutions, as well as valuing the control they afford. A strong two-thirds of CIOs managing on-premises ERP systems have no plans to move them to the cloud, and only 14 per cent are going cloud in the immediate term.






Source: Telsyte Australian Enterprise Software Market Study 2015; n=113 ; base: orgs with on-premises ERP

Whether the software is consumed as a cloud service or on-premises, 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.

Telsyte recommends evaluating on-premises, hosted and cloud delivery systems, as well as usability and flexibility considerations, when looking to modernise ERP systems.

Consider all ERP delivery models before modernising

 <p>On-premises</p> <ul style="list-style-type: none"> • App management • Private infrastructure • Data location control • Data centre 	 <p>Hosted</p> <ul style="list-style-type: none"> • App management • Shared infrastructure • Data location control • No data centre 	 <p>Cloud</p> <ul style="list-style-type: none"> • No app management • Shared infrastructure • No data location control • No data centre
--	---	--

CONCLUSION

ERP is the core suite of applications used by enterprises to manage products, services and financial information. To increase the chance of a successful ERP outcome, IT leaders should look at the requirements of the organisation – from mobile data to hosting requirements – and match these with the common success factors of easy-to-use interfaces, in-house skills and organisational change management.

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

User interaction also includes managing how staff can work with the ERP from a remote location. IT and business leaders should investigate how the ERP system can be used remotely, with a combination of mobile apps that support offline access and Web-based interfaces which support most networked devices.

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. By examining known challenges with ERP and aligning projects with reported success factors, organisations can increase the value that ERP investments deliver 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 2015. 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, mid-market 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



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. 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



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 content.

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 its agents) arising out of use of information in this report.