

The Digital Platform Shift for Mid-Market Organizations

Factors to consider when building
your ERP Success Story



Introduction

Recent events have underscored the need for mid-market organizations to reconsider their approach to workplace productivity and collaboration tools, applications, and systems. Enterprise resource planning (ERP) integrates all essential business processes in one system and is the core of an integrated back-office. At the same time, ERP functions across many business units and departments such as finance, human resources, sales and operations. The business applications that make up the ERP ecosystem have played a critical factor in an organization's success — or lack thereof.

Every business begins with the singular mindset of growth and success. An ERP solution is instrumental to achieving that goal, and finding the one that fits becomes all the more critical.

With the emergence and maturity of cloud and related applications, many organizations are approaching a crossroad in how their ERP strategy will support their organization's strategic initiatives and operations. The implications of a carefully selected ERP system can directly influence internal and external business processes, customer / vendor satisfaction, shareholder value, and ultimately the bottom line.

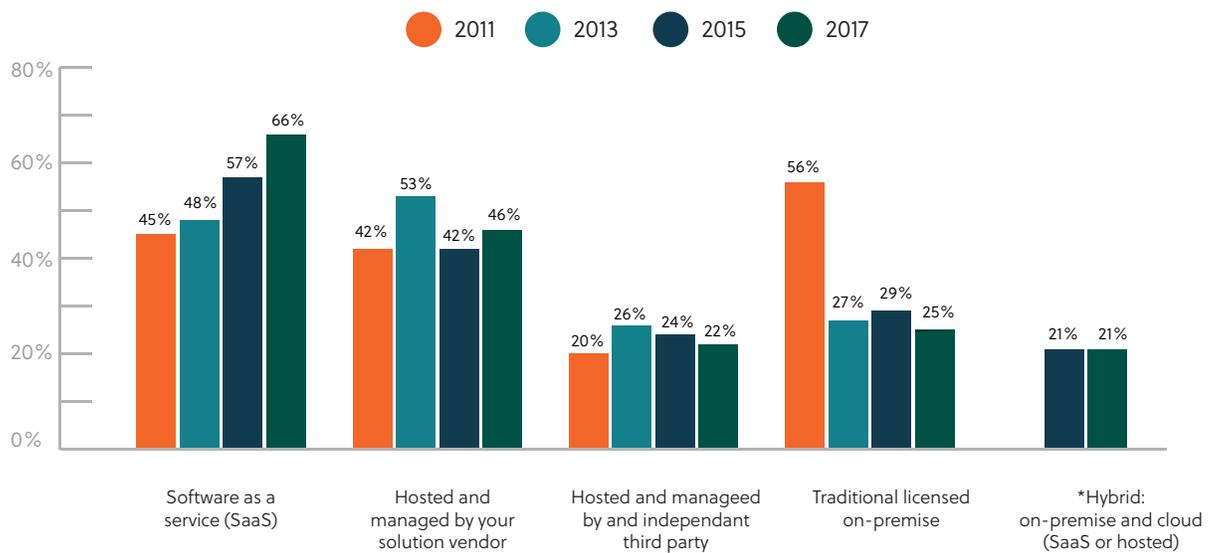
Moving to the cloud

On-premise legacy ERP systems are still prevalent among many organizations' aging and costly ecosystems. However, this is declining rapidly as a change in sentiment, perception and overall adoption is shifting applications, systems and workflow management to the cloud. The availability of more cost-efficient, viable, industry-specific cloud ERP options over the past five years have also changed the ERP landscape considerably.

A glance at these perceptions and preferences are quite different than earlier days. Mint Jutras has been tracking deployment option preferences for several years. Their February 2018 research report revealed participants are increasingly willing to consider software as a service (SaaS), and fewer are drawn to a traditional licensed model.

MNP has observed a substantial drop in interest for on-premise solutions since 2013. Beginning in 2015, SaaS has been the deployment option most widely considered for new purchases (Figure 1). This trend continued in 2017, with **66 percent** willing to consider SaaS and 51 percent selecting this deployment option as their first choice.¹

Figure 1: if you were to select a system today, which deployment options would you consider (Select all that apply)



Source: Mint Jutras Enterprise Solution Studies

The sheer benefits of the cloud services infrastructure have already proliferated organizations. The modern digital shift is apparent with many tools that are ubiquitous in today's office environment. Vendors are scrambling to re-define their ERP product strategy for the cloud. The convergence and inevitable way forward has already begun.

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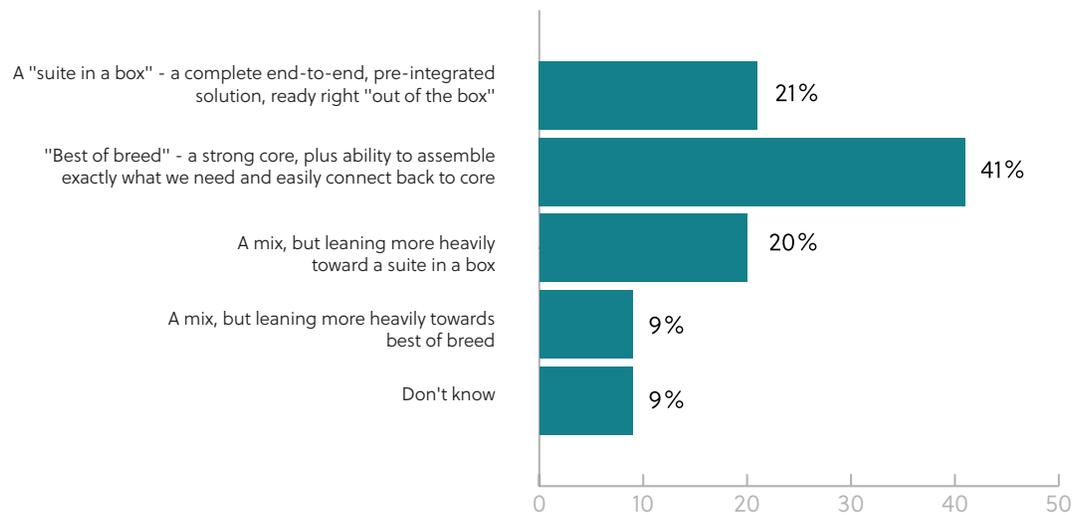
Finding the right fit

A variety of factors matter in selecting a modern cloud ERP vendor. Navigating and ranking these considerations prior to the vendor selection process is often challenging. As is aligning your short- and long-term organizational goals with a roadmap that will allow your organization to scale and grow. The focus of your evaluation is not as cut and dry as it once was, either.

Vendors used to champion the benefits of a complete end-to-end solution while avoiding multiple tools/vendors that are integrating applications making up the ERP ecosystem. Today's ERP systems are much different. Technology has changed, with the advancement of artificial intelligence, business intelligence, robotic process automation, mobile, web services, and access to modern flexible application programming interfaces (APIs)². The ERP marketplace has also become more configurable — allowing you to personalize and tailor solutions to your needs without costly and invasive customizations. Yet they remain open, interoperable, and designed to integrate with other tools and applications.

In a recent Forrester publication, it was revealed that traditional ERP approaches often fail to deliver the speed, flexibility, and intelligence necessary for the digital era. A new breed of modern cloud ERPs — often called digital operation platforms — are more agile, adaptive, intelligent and often interconnected or integrated with other best of breed solutions.³

A 2019 Mint Jutras study also collected responses from 464 companies of all sizes and a range of industries and reveals how sentiment has changed from the traditional legacy "suite in a box" to a "best of breed" customizable platform approach.



Source: Mint Jutras 2019 Enterprise Solution Studies

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Mint Jutras May 2019 What to Look For in Your Next ERP
Look Beyond ERP: Introducing the DOP by Liz Herbert October 8, 2019 – Forrester

Don't let the potential challenges scare you away from the tools and process re-engineering that could take your business to the next level. Make an honest assessment of your organization's improvement areas and seek out an ERP system that will offer the greatest potential to improve.

To narrow down your search, consider whether the technology and platform can support seamless extensibility into other best of breed applications and tools. Also, look at its impacts on your business' key metrics and key performance indicators (KPIs). A successful implementation will yield constant value to your organization as it utilized and optimized across various business lines and departments.

MNP has developed a framework to help mid-market organizations determine which ERP vendors best align with their short- and long-term business goals. We can help examine which factors are most important to your business, choose selection criteria that align strategy to initiatives, and identify which business challenges an ERP most needs to solve. When deciding which platform is right for your business, we also help you consider the pros and cons of ERP software and the respective vendors.

Looking past the incumbent

Most of the current options in the mid-market space were designed prior to the emergence of web services, mobile, big data and AI. They are often costly to maintain and inherently outdated. Many have pervasive gaps and fail to address needs for rapid application development / integration or support concepts like internet-of-things (IoT). Many ERPs excel in one area but fall short in others or are simply too limited in their ability to interoperate with other solutions in a digital and mobile environment.

These ERP investments can drag the business down with unnecessary complexity and obsolete approaches which can cause duplication of work and poor visibility — especially when it comes to managing people and employee experience processes.⁴ Re-investing into these existing systems often wastes time, effort, and money while delivering diminishing value. Many ERP vendors have failed to make their product cloud-ready and relevant. The market has undergone significant consolidation, but little real disruption.

With new pressures on business results and experience, we expect to see a dynamic shift from traditional ERP incumbent providers and others to keep up with the demand for digital platforms. These household names have been in the market for decades but have not been able to shift to a real cloud-ready platform. Yet, they still have a broad base of customers running outdated legacy systems.

Challengers in this space may not be household names. But, by virtue of being born in the cloud, they have created new digital platform products that are from a technological, cultural, and organizational standpoint, offerings which will lead in the decade ahead. They are best positioned to weather the storms of change and uncertainty.

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Choosing your selection criteria

Seek assistance when determining which modern cloud ERP platform would be best suited for your business. A qualified partner can help you evaluate and assess how the following factors will impact your organization's goals⁵.



Alignment with strategic objectives — Define a vision for what you want your business to become. Begin with your corporate strategy and objectives and carry those through to your operational strategy. This drives the concept of how your future state will look.



Technical and functional roadmap fit — The system's architecture must satisfy your organization's current needs and future integration with internal / external systems. This includes greater global scalability, mobility, security and stability. By aligning ERP vendors with your strategy and vision you can develop a technology roadmap that delivers the right set of tools, applications and systems to lead you to those strategic goals.



Platform and product innovation — The ideal vendor must support the growth aspirations described in your strategic objectives. This includes alignment in their integrated development framework, application platform, mobility and an innovation plan. Also, they must have the right technology, roadmap and viability to support your organization both long and short term.

Consider whether the product addresses users' day-to-day requirements, increases operational efficiency, automates transaction processing and supports business growth. The organizational impacts could also include capturing benefits throughout your organization's business learning, greater staff empowerment, and higher employee morale and satisfaction.⁶



Solution architecture configurability and extensibility — A one-size-fits-all approach no longer meets your organization's varying internal and external needs. ERP vendors are rarely best of breed in every process area. But you can align yourself with one that meets most of your requirements in a single solution. The Pareto principle prevails: you typically wind up with an 80-percent fit and require integrations and extensions to other mission-critical systems.

Cloud applications make it much easier to extend your ERP environment to other best of breed technologies, if and where required. An optimized, open platform allows for a greater collaboration approach, accelerated innovation and the ability to collaborate with partners to fill gaps with specialized functionality. This helps address the challenge of on-premise systems by moving away from a cumbersome monolith in favour of more flexible features, functions and connectivity.

Investigate which ERP vendors are positioning themselves as technology companies rather than solution providers using legacy technology. They invest in research and development and advancing the product for the changing needs of organizations.

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⁵ International Business Research; Vol. 8, No. 4; 2015 ISSN 1913-9004 E-ISSN 1913-9012 Published by Canadian Center of Science and Education

⁶ Look Beyond ERP: Introducing the DOP by Liz Herbert October 8, 2019 - Forrester

Conclusion

It's easy to fall into a feature function trap and the notion all ERP solutions are alike. Most high cost ERP systems will fit into an organization and minimally address business pains. But we recommend looking beyond the typical checklist to understand the long-term strategic impacts — along with the time, investment, and effort implementing the right ERP system will have on your success.

Approach the selection process seeking to understand whether a specific vendor will deliver on the most important factors for your organization. If you don't have that kind of expertise on staff, reach out to professionals who can objectively guide you through the selection process. They will help you determine how much innovation you can expect a vendor to deliver. Also, how open, flexible, adaptable, and extensible the technology and platform are.

Align yourself with a vendor that will help you scale, grow and meet your organization's objectives. One which will create, rather than limiting opportunities to take advantage of new best of breed tools and applications. This will play a leading role in your organization's success story in a global, mobile, digital economy.

To learn more about how MNP can help you choose the right ERP for your organization, contact Kerry Mann, Partner, Technology Solutions at 647.480.8400 or kerry.mann@mnp.ca

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