Future of Enterprise application suites

Explore the latest market trends and changing landscape of ERP solutions

pwc

Are you considering implementing, upgrading or changing your ERP solution? Modern ERP solutions requires you to consider different perspectives.

Key considerations to facilitate your ERP decision:

Technology stack roadmap

How well does the technology fit into the current technology stack and how well will it cover future business needs? How innovative will the end users perceive the solution?

Implementation capabilities

What implementation approach will fit with your organization culture?

Functional fit

What capabilities and processes does the solution offer to the business and how well does the solution fit with future capability needs described in the business strategy?

Security capabilities

Is the solution compliant with your policies and regulatory framework? How well will the vendor support you in minimizing security related risks?

Integration capabilities

How easy is to integrate the technology with legacy systems and how mature does the internal integration capabilities need to be to facilitate the process? How well does the flow and communication of data run between the business process integrator?

Solution price

What are you ready to pay for ERP to enable your business? What factors need to be considered when evaluating Best-of-Breed vs. Best-of-Suite solutions?

In reaction to changing environment, businesses expect enhanced capabilities from ERP solutions...

EXPECTATIONS - DIGITAL CHANGE

Keeping pace with digital transformation

According to our latest PwC Digital IQ Survey, even though the scale of digital- driven change has grown immensely, many companies are struggling to keep up with accelerating standards. Businesses are therefore expecting the selected ERP solution to act as a driver of digital transformation, not it's break.
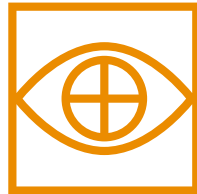
EXPECTATIONS - BUSINESS INSIGHTS

Move from processes to capabilities and networks

As companies shift from processes and silos to more capability and network driven approach, business expects greater ERP integration capabilities. For example, in case of financial suites, companies expect greater alignment of accounting and controlling to achieve better transparency and controllability.

EXPECTATIONS - TECHNOLOGY

Shifting towards state-of-the-art technologies

Many companies are moving from traditional, on-premise, DIY ERPs to ecosystem solutions. Cloud offerings are no longer a question of if, but when. Simultaneously, they are looking into incorporating new, forward looking technologies, which opens up space to alternative, best-of-breed solutions.

EXPECTATIONS - EXPERIENCE

From reactive to proactive approach

Enterprise application suites are expected to enable greater transparency through improved insights and larger efficiency gains by further reducing manual, non value-creating activities (e.g. performing mundane transactional tasks, wading through data coming from ERP to prepare for analysis).

Shifts in business expectations put the ERP market under transition...

From legacy systems to more dynamic solutions

Many customers are reconsidering their strategy around ERP and moving from internal development to off-the-shelf solutions, which opens up for a larger set of buyers targeted by ERP solutions. At the same time, improved cloud offering widens the supply in the ERP market. These trends incentivise traditional ERP vendors to move from legacy, embrace innovation and open up to being part of the best-of-breed landscape.

From data silos to open networks and strong integration capabilities

While ERP solutions traditionally store the data of their owners only, there is a new generation of collaborative cloud solutions which has the potential to simplify cross-company integration along the value chain. To make this happen, there is much more focus on the integration capabilities and efficient data models.

From software to platform vendor

The big ERP vendors, such as Oracle and SAP, have extended their portfolio from pure business software to solution platforms. This allows customers to plug-in, customize and develop innovative enhancements to enable predictive analytics, scalability and focus on value as opposed to cost. It also has the potential to shortens the ERP implementation time frame.

From individual solutions to market consolidation

In the past months, we have seen more intensified market consolidation efforts, both applicable for big ERP vendors as well as newer market entrants such as SuccessFactors, Salesforce and Workday, and we expect this trend to continue in the future.

From licenses to service subscriptions

Cloud-driven business solutions are becoming the new normal. Instead of buying licenses, companies subscribe to services on a pay-as-you-go basis and expect much shorter durations than the traditional five year contracts. Traditional vendors are trying to catch up, but have a long way to go.

For more information and associated reports on these technologies, visit PwC's Essential Eight website.

… and drive vendors to endorse new technologies to enhance core ERP capabilities

AI & Machine Learning

Artificial Intelligence (AI) and machine learning are increasingly integrated into ERPs, opening up for new, enhanced functionalities and efficiency gains. They can shorten the value chain, enabling companies to make products faster, cheaper and with more flexibility.

By integrating AI into ERP solutions, organizations can create business value by automating processes that are too complex for older technologies. This is done by identifying trends in historical data and by providing forward-looking intelligence to facilitate better strategic decision-making.

Internet of Things

As more devices become connected, cloud ERP systems have the potential to enable companies to capitalize on the data stream.

Collected data can be sent to the ERP system in real time for analysis to improve processes, predict trends, prevent problems, develop forecast and optimize production. Ultimately this can create superior ecosystems for new products and services as real time analytics will facilitate better informed decisions and lower costs.

Blockchain

Blockchain is set to change the way industries do business and has the potential to enhance ERP modules in areas where traceability is important, such as financial control, supply chain management and sustainability efforts.

Take the finance function as an example. The ERP will continue to act as the primary repository for all information that is valuable to the organization, serve as the general ledger in regards to monthly closing and handle transaction processing and validation. Blockchain solution will complement the ERP by feeding data to the system, ensuring information transparency.

The ERP market is maturing and today's market leaders are strengthening their positions

Many companies feel that the traditional vendors are not changing quick enough to keep up with new technologies. Companies are gradually starting to shift their vendor portfolio towards the vendors that can deliver future ERP experience, because they are a good source of subject matter expertise and offer an opportunity for innovation and competitive advantage. Vendors understand this shift and both Best-of-Suite and Best-of Breed vendors are moving in the direction:
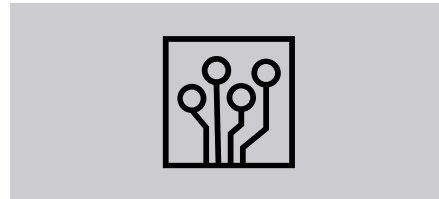
Ability to innovate/copy/acquire

The big players have large talent pool and a big war chest which makes them able to stay in the forefront of technological innovation. In case this strategy fails, they can copy the features of new entrants or acquire strong players to plug a gap or offer a powerful new capability.
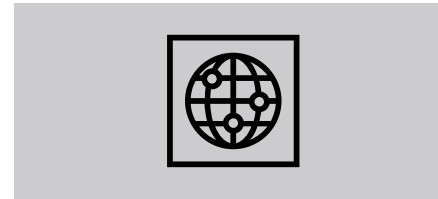
Global capabilities

The big players can offer global support, consulting resources and/or partners. They also have preconfigured global templates that will solve local legal government reporting requirements.
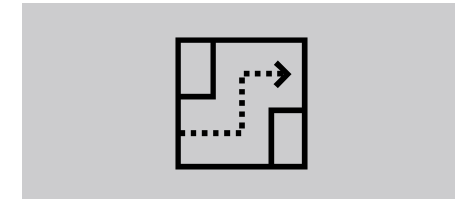
Lowering the integration issues

As the big players continue to broaden their offering, the incentive for businesses to go with smaller player shrinks. The big players will have their own environments fully integrated which takes much of the integration hurdle out of the implementation project (albeit data must still be harmonized).

From buyers' perspective, the widening offering on ERP market requires strategic ERP considerations in line with future business landscape

Best-of-suite ERPs

Best-of-suite enterprise application solutions (BoS) provide broad process driven functionalities which integrate between features and modules, connecting finance, manufacturing, inventory, supply chain management, maintenance and others in a single environment.

Examples of Best-of-suite ERPs:

- Oracle Netsuite
- Infor CloudSuite
- Oracle Cloud ERP
- Sap S/4 HANA
- Microsoft Dynamics ERP

Hybrid ERP solutions

Carefully consider whether your IT strategy is based on Best-of-Suite or Best-of-Breed. While most companies favoured a best suite strategy in the past, the changing vendor landscape (with new cloud-native point solutions) has made a best-of-breed strategy more attractive again.

Examples of hybrid ERP solution: Infor M3 for finance and supply chain, Salesforce for CRM and Workday for HCM

Best-of-breed ERPs

Best-of-breed enterprise application solutions (BoB) often compliment Best-of-Suite solutions by addressing a specific niche or functional area. They are natively capability driven, agile, built to service mobile devices and are focused on improved usability and enhanced user experience.

Examples of Best-of-breed ERPs:

- Salesforce
- Workday
- SAP SuccessFactors
- GTNexus
- Riversand
- Procurify

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