Making the ERP Future-Ready

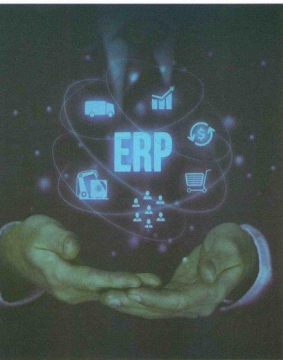Holistic digital transformation and specialized business requirements have spurred new investments on ERP systems

Businesses today can't afford to let core inflexibility get in the way of their business ambitions. The holistic digital transformation requirements have made them transform not only the customer-facing systems, but to transform the core systems such as Enterprise Resource Planning (ERP) alongside as well. ERP systems track business' resources (raw materials, cash, employees), overhead and commitments (employee payroll, purchase orders and customer orders) and provides an integrated view of the core business processes. Despite knowing the fact that transforming the inflexible and monolithic ERP system is not an easy task at all, a growing number of businesses have started embarking on the ERP transformation journey today to pursue the benefits of advanced technological capabilities like Analytics, AI, ML, Blockchain, IoT, and RPA.

As per DQ estimates, specialized business requirements such as GST-compliance, along with a continued transition towards cloud and digital, helped the India ERP market grow at around 14 percent to become a $868 million market in FY 2019.

Market	Growth
$868 million	14 percent

Kamal Singhani, Managing Partner, Global Business Services, IBM India / South Asia said, "We are witnessing an increasing trend towards ERP solutions and implementations, as part of the client's digital journey and overall IT strategy. An increased number of Public Sector and Government RFPs coming in for ERP implementations."

Mohsin Baig, Market Analyst-Enterprise Software, IDC India highlighted some of the common mega trends in the India ERP space such as AI and ML-powered ERP systems; increased need for

specialized ERP services; Migration to intelligent ERP with seamless integration across several applications and platforms, and more and more major vendors aggressively promoting their cloud offerings resulting into wider acceptance of cloud-based ERP applications.

TAKING ERP TO THE CLOUD

The ERP software market in FY 2019 has recorded a clear shift towards the cloud solution providers with proven capabilities to offer customized solutions with continuous updates.

On-premise ERP systems usually require a fairly large initial investment covering licensing cost, infrastructure and maintenance. ERP on the cloud is a better alternative due to the flexibility, scalability and ease of implementation it offers to the business. Improved processes, data transparency and reduced operational costs are also driving the adoption for cloud ERP.
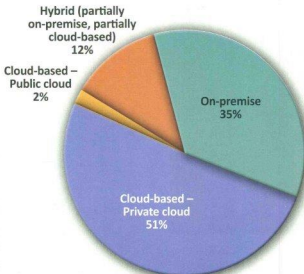
Besides this, no matter what the industry or business size is, real-time ERP software can also help connect people, devices, and networks, and create a digital core for implementing new technologies.

Dr Keshab Panda, CEO & MD, L&T Technology Services Ltd. said, "Industry 4.0 developments pertaining to connected factory-floors have compelled companies to shift their focus from on-location to cloud-based ERP. Cloud ERP can considerably reduce the overall investments required in the enterprise resources and offer greater flexibility as well as aid in the seamless OT-IT integration."

ERP in the cloud is also the fastest way to bring together mobile workforce and remote facilities. Mobile devices which are critical to smart manufacturing are also expected to generate traction for accessing ERP remotely, especially among manufacturing companies.

But the cloud journey have not been the same for all the organizations. Some organizations have preferred migrating some modules to the cloud

ERP: Preferred mode of delivery

- Hybrid (partially on-premise, partially cloud-based) 12%
- Cloud-based – Public cloud 2%
- On-premise 35%
- Cloud-based – Private cloud 51%

Data Source: Accenture 2019 CIO Survey

first, while some have moved to the cloud entirely.

ERP's movement to the cloud have encouraged many small-and-medium-sized businesses embrace ERP solutions to streamline their business processes.

Prasad Rai, VP- Applications, Oracle India said, "We have observed that startups and SMEs are adopting cloud solutions faster than others. The large enterprises are in the process of this shift, as they have a plethora of data on legacy systems. SaaS solutions can be delivered remotely to the customer enabling them to derive desired business benefits in a short time. This process helps customers reduce the overall IT spends by 30-37 percent and transform their business in matter of weeks."

Ranga Pothula, MD and GM, India Business Unit (IBU), Infor said, "The Indian ERP market is in a state of constant flux as Indian businesses realize the potential of cloud-driven innovation and agility and the tangible benefits of automated business processes. With rising competition, need for readily available business intelligence, speed of operations, cost optimization, manpower improvement, and faster access to market, mid-segment organizations are compelled to adopt ERP solutions to stay ahead of the curve."

RISE OF INTELLIGENT ERP

IDC forecast said that 35 percent of line-of-business leaders will demand intelligent enterprise applications to improve business processes and resource utilization.

IDC categorized intelligent ERP systems as the solutions that leverage automation and predictive intelligence capabilities for better resource optimization across people and processes. Context-aware intelligent systems broaden ERP's horizon from records management to empowering businesses sustain the hyper-competitive landscapes by uncovering new insights, and using recommendations to plan for better business outcomes.

With intelligent cloud ERP, companies can foresee developments early on and take appropriate actions even before situations arise. Besides providing users an assistive and conversational user experience (UX), and help businesses gain competitive edge with real-time analysis and decision-making, it brings immense business benefits such as better resource optimization, and reduced operating costs to the business.

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Deb Deep Sengupta, President & MD, SAP India Subcontinent said, "India is moving towards an integrated construct where front, mid and back offices are transforming themselves to being digitally inclusive. Hence the relevance of ERP is only going to further increase. We have not just seen a material transformation in this space but also a people transformation. Traditional ways of looking at ERP is now slowly paving way for intelligent enterprises to take over."

SAP S/4HANA Cloud has emerged as the most intelligent ERP on the market today.

MARKET OUTLOOK

As the digital technologies continue to transform the legacy ERP systems, businesses will look for solutions that are tailored specifically to their industry or requirements. Knowing user-preferences will help them to adapt business processes iteratively.

But achieving all these will also require fundamental changes in the way companies think about and use ERP. All new applications must be created cloud- and mobile-native from inception, allowing multi-channel conversational interfaces and able to absorb external data. The ability to converge different data sources is also essential to produce well-rounded insights. In the future, ERP systems will be able to process, analyze, and act on usage data in real-time using in-memory computing technologies. The challenge, however, remains on re-skilling resources on newer technologies.

Taking these new possibilities and challenges into account, businesses will put more effort into ERP implementation going forward.