



Super-Charging Your ERP

system for the future

HOW TO GET A FAST RETURN ON YOUR INVESTMENT

To upgrade – or not to upgrade?

In an ideal world, most organisations would choose to keep their technology up-to-date, especially their ERP software which typically drives their entire business. But, for mid-range companies fighting with larger enterprises for market share, there are so many different demands on budget.

Having made a large initial investment in their legacy systems, they may believe there are other priorities – or wonder how long it will be before any further spend on the systems will be repaid.

At the same time, they may be struggling with a whole host of challenges connected to growth and change. Typically, one of the most significant of these problems is the need to deliver coordination across systems, processes and teams, either to support the business as a whole or within a specific project. The key will be the ability to achieve seamless connectivity across all of these functions and use that to drive collaboration while providing cost savings and enhancing operational efficiencies.

In the new age of big data, data management and analytics is likely to be another stumbling block for many businesses. To address this effectively, organisations will need to ensure growing volumes of data are effectively integrated across the organisation and business intelligence extracted from it.

These are all issues that can be effectively addressed not just by implementing an ERP system but, critically, by also ensuring that it is optimised and kept up-to-date at all times. The evidence demonstrates that mid-range businesses that are doing this effectively are achieving great success. Yet, many organisations are currently not taking advantage of the potential benefits of ERP by failing to upgrade their existing systems. Research firm, Aberdeen Group, found that the average ERP system in a mid-range company is more than seven years old. Yet, 58% of 'best in class' mid-range businesses are using the latest versions of their ERP software.

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In our view, this is because companies that are using ERP software are best able to improve their processes and ensure information is kept up-to-date across the organisation, which enables them to run their operations more efficiently, responding better to customer needs and market demands.

This, in turn, allows them to become more profitable and grow more rapidly therefore helping ensure that they are 'best in class'. Another consideration is that companies running outdated software versions risk being left unsupported by their vendor and facing ever-increasing maintenance bills as time goes on.

The potential benefits mid-sized businesses can achieve by upgrading their ERP systems are therefore clear. This white paper considers these in more detail by assessing the key factors that drive success for these organisations and clearly demonstrates how the use of ERP can help to achieve them.

What makes a successful mid-sized company?

Coping with upheaval

The fact that the business world has been facing wave upon wave of technology-led disruption in recent times is well-documented. First, there have been the universal developments – from the emergence and growing dominance of cloud-based delivery to the ongoing explosion in data volumes and the increasing prevalence of big data analytics, mobile working, social media and ecommerce.

In addition, many organisations are facing their own individual transformations. For example, the servitisation of products has caused a shift in processes for some, while others have felt the impact of rapid expansion through mergers and acquisitions and now find themselves running projects across multiple international borders and legal systems.

Retailers are turning stores into showrooms at the front-end of an ecommerce operation. Products and product portfolios have grown both in size and complexity to meet new customer expectations and aggressive competition.

It's tough in the middle...

It's not always easy to be a mid-sized organisation. The latest available government figures show that in 2014 there were 5.4 million businesses in the UK. However only 0.1% of these employed over 250 people and very few have gone on to reach anywhere near a £1 billion valuation.

While there is often extensive help available for start-ups, there is typically very little funding to enable organisations to scale up and fulfil their real potential.

Instead, to achieve success businesses invariably have to rely on their own resources. The most successful are often those that are best able to invest in product innovation and in their people, and that have the ambition and operational agility to grow into new markets, streamline their processes and respond to new market demands quickly and effectively.

Key success factors

The factors given above are the broad brush strokes. When it comes to detail – what do organisations need to do to achieve success in this volatile environment? What would be on the 'wish-list' of a mid-sized company wanting to grow to become a global leader? Here are our recommendations:

- A straightforward way to integrate silos of information to create an accurate view of company performance across an entire worldwide organisation
- The ability to access data in real-time for fast remedial action when necessary
- One single, centralised view of each individual customer
- The knowledge that their data is solid, reliable – and totally secure
- The flexibility to change the business model as markets demand
- Secure access to current company data when mobile
- Complete scalability through the cloud
- A hybrid set-up to enjoy the benefits of the public cloud where possible but the security of a private cloud where necessary
- The ability to introduce social media into mainstream sources

Ultimately, the key success factor here is having access to the right information at the right time to enable a fast response.

How to achieve these goals

This is where we return to ERP. A report by analyst, Forrester into the future of ERP, 'Global, Industry and Technology Forces Shape the ERP Landscape', points out that traditionally, ERP stayed true to its name and was used as a tool to plan operations in terms of process management and cost retrenchment.

However, recently vendors have taken a more creative approach. They have incorporated more up-to-the-minute capabilities to enable new business models and revenue streams. These advances mean that even those organisations already running an ERP system will benefit from upgrading. By being able to achieve the success factors wish list given above they are also likely to see a fast and ongoing return on their investment.

Vendors have recognised that a 'one size fits all' approach is no longer adequate. But, choosing the right implementation partner - one that understands both the technology and the business itself - can significantly consolidate the gains. This will enable an organisation to select an industry-standard solution such as Microsoft Dynamics AX with all the advantages that such an approach brings – and then tailor the solution to fill in any gaps and meet specific industry needs.

A closer look at the technology

So, it's worthwhile looking at how ERP has evolved to meet new demands.

For a start, Microsoft's enterprise technology has developed to enable organisations to adopt the key success factors listed above. Its fully-integrated ERP is now also available in the cloud to help simplify integration, eliminate data silos and provide the agility and scalability they so badly need.

Major updates to the latest version of its ERP solution – Microsoft Dynamics AX 7 – take full advantage of the Microsoft Azure cloud platform. Once the on-premise version is released in mid-2016, users will be able to move as much, or as little, into the cloud as they want and do so at their own pace.

Microsoft Dynamics AX 7 also addresses the need to access data remotely. It ensures that there will be no difference to a user's experience, whether they are in the office, on a laptop or PC, or on a smartphone, iPad or other mobile device. In fact, the new Dynamics AX 7 interface and workspaces have been designed for ease-of-use on mobile devices without a mouse or keyboard.

Research by IDC shows that the cloud can lower hosting costs by up to 75% and cut deployment by up to 95%

Using the right partner

Of course, putting the right technology and upgrades in place is only part of the challenge. There are many business issues to consider too. For example, is the organisation preparing for growth or trying to move into multi-channel operations. Or both?

ERP systems such as Microsoft Dynamics AX 7 are robust, rich and highly valuable. But this potential won't be realised without the individual approach. It will take a consulting and implementation partner with the right in-depth expertise and knowledge of the technology, the industry and business in general to understand the precise needs of each individual organisation and customise the software accordingly.

Unfortunately, ERP projects – whether based around a new deployment or an upgrade – have a reputation for being protracted and expensive.

According to research by Oxford University and McKinsey, one in six big IT projects go over-budget by an average of 200%

The study also revealed that technology spending was three times more likely to run out of control than spending on construction or other major projects. Researchers highlighted rare, but high impact problems known as black swans, and the tendency for IT decision-makers to ignore them as a key factor behind this.

Yet, with the right methodology and support in place, these risks can be minimised and a fast return on investment can be made much more attainable.

HSO's Excellerate implementation methodology, built on 25 years' experience and more than 1,000 implementations, has resulted in the company achieving Microsoft's highest level of customer satisfaction.

For example:

In the retail industry – Crew Clothing Co.

is a UK-based clothing retailer that specialises in luxury British casual wear for men, women and children.

Crew's business was growing quickly, and the brand was gaining increased visibility both on the high street and online.

The management team realised that to take the business to the next level, an investment in IT was needed.

Crew invested in Microsoft Dynamics AX for Retail from HSO to support the exciting strategic growth ambitions of the business, as well as to enable an innovative customer experience and to optimise stock and operational efficiencies.

The management team were pleased with a number of early wins, such as the implementation of PoS with integrated Chip and Pin capabilities.

They now have greater business insight, operate with increased agility and are exceeding consumer expectations and delivering unrivalled customer service, which drives improved loyalty.

The internal team and management team said that they have been delighted with the Dynamics AX solution and HSO.

In rental services – Lambertsson

Lambertsson is one of the largest suppliers and renters of construction and industrial services. Lambertsson has everything from small hand machines to the largest cranes to match any particular construction project regardless of size. Lambertsson needed to replace their aging heterogeneous ERP system with a fully integrated ERP solution that could allow them to manage their business and provide key performance indicators on business health.

Because of the positive experience Lambertsson's parent company, Peab Group has had with Dynamics AX, Lambertsson's Business Systems Manager, Nico Van de Vaart began looking for a partner with Dynamics AX expertise; "We started the process choosing partners who had developed bespoke rental applications on top of the Dynamics AX platform." commented Van de Vaart. Against a detailed list of specifications that the new system would have to deliver, they chose HSO as the Dynamics AX deployment partner of choice; "We were drawn by HSO's unique rental solution and 25 years of experience. They knew exactly what they were doing."

With the new system in place Lambertsson has been able to significantly enhance customer engagement and asset visibility.

"The new system has enhanced our ability to engage and interact with customers, working closer around the sharing of information. As a result, customer satisfaction is up and repeat business is helping fuel our growth."

Nico Van de Vaart - Business Systems Manager at Lambertsson

The numbers don't lie, before the new system turnover for Lambertsson was £56m per annum, since the Dynamics AX deployment this has increased to almost double, £94m per annum.

In manufacturing – Rotork

Rotork is a British FTSE250 company that designs, manufactures, sells, services and supports equipment and services that are used in the pipeline flow control business. As the market leader in its field, Rotork has a presence in more than 180 countries around the world and factories in 32 countries.

Its Microsoft Dynamics AX programme began in 2009 with the aspiration of having best practice and consistent, high quality processes across the entire organisation.

"Rather than doing things ad hoc or by chance we wanted a framework to systemise processes and make sure we get the efficiency gains we require. Therefore we are able to output more for any given space," says Alastair Spurr, Group Operations Director. "We recognised that our lead times would reduce, our product quality would increase and our delivery accuracy would increase.

In fact in just about every area we believed customers would see a benefit."

Now Rotork has live KPIs live across the whole group of companies providing data on what is happening in every facility at one time – what their delivery performance is, what their backlog is, what orders are on time.

"Our data shows what's happening now, not last month. We have this powerful tool and powerful data – one click and your entire business is there in front of you," adds Aitor Laso, Regional General Manager – Europe.

"It's the only way of managing a business today. When you are dealing with nine different companies as I am, there's no other way to do it."

When it came to looking for an implementation partner, Rotork knew it wanted one that could work with them across the world.

"We operate in some strange and spurious locations that typically organisations don't extend their ERP systems to," says Phil Wood, Group IT Director. "So finding a partner who could work with us centrally to define and develop the solution, but also deploy it internationally, was very important to us. HSO is uniquely placed with an international focus on global projects such as ours

"Not every partner has the stamina and the long-term vision to make it happen. But Rotork and HSO are continuing to plan the future together."

Aitor Laso - Regional General Manager - Europe of Rotork

In distribution – Searchlight

Searchlight, a Manchester-based lighting distributor, has shown how implementing the right technology can lead directly to new business. By working with HSO, it has customised its Microsoft Dynamics AX platform to include warehouse management with mobile transactions and electronic data interchange (EDI). The latter was a pre-requisite of a tender for the business of a big high-street name – a pivotal contract which Searchlight went on to win.

Through its partnership with HSO it has also met its aim of reducing stock levels and ensuring stock is in the right place to service demand. It is now also implementing its second e-commerce websites, proving that successful businesses rarely stand still.

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Conclusion: Five ways to prepare for super-charge

Once a business is convinced that an ERP makeover will give it the agility it needs, there are several steps it can take to prepare.

For example:

- 1. An obvious first step** – but nonetheless valuable. Define what the business really wants from ERP
- 2. Identify risk factors** – particularly poorly-performing areas and those operating on outdated infrastructures. By considering these at an early stage, precautions can be taken to keep the project on track
- 3. Assess current workflows** – if some processes are working well, there's no need to change them. This way resources can be directed to the most-needy areas
- 4. Communicate the benefits** – it's important that everyone's on board, so don't just focus on the actual implementation, tell them about the enhanced functionality and what it will mean to them and the business as a whole
- 5. Define what's meant by 'a successful project'** – by calculating return on ERP investment, it will be much easier to justify expenditure.

If you need help with any of these five steps or would like to know any more about HSO and Microsoft Dynamics AX, please visit www.hso.com

About HSO

HSO is a leading provider of innovative enterprise business solutions that improve the results of our clients. Founded in 1989, HSO specialises in implementing, integrating, optimising and maintaining enterprise solutions based on Microsoft Dynamics AX, CRM and Office365.

HSO works with multinational enterprises in industries such as Distribution, Retail, Manufacturing and Services.

Learn more at www.hso.com

About Microsoft Dynamics AX

Microsoft Dynamics AX makes it easy to operate across multiple locations and countries by standardising processes, providing visibility across the organisation, and helping to simplify compliance.

HSO has the specialist expertise to deliver industry-focused Microsoft Dynamics AX implementations for customers in retail, distribution, and manufacturing.