Mint Jutras

Making Enterprise Business Systems Pay Dividends

CAN NEXT GENERATION ERP AWAKEN THE FORCE? PART 1

"THERE HAS BEEN AN AWAKENING. HAVE YOU FELT IT?"

Data Source

In this report, Mint Jutras references data collected from its 2015 Enterprise Solution Study, which investigated goals, challenges and status and also benchmarked performance of enterprise software implementations used to actually run a business.

About 400 responses were collected from companies of all sizes, across a broad range of industries.

Mint Jutras has been researching and writing about "next generation" Enterprise Resource Planning (ERP) for the past two years. Of course it is always fun to use metaphors relating enterprise software to Star Trek themes and to fantasize about exploring new worlds and boldy going "where no man has gone before." Next generation ERP is faster, more technologically enabled and more in tune with the evolving needs of the galaxy.

But in 2015, the release of the next installment of a different epic space opera franchise prompted us to ask, "Is the Force with you?" The Force, of Star Wars fame, allows Jedi to perform supernatural feats, and also amplifies human physical abilities with added speed and improved reflexes. Can cloud, mobile and social features, combined with rich analytical capabilities and broader and deeper functionality, awaken the Force in your business? It would seem that the Force is a universal power available to all, but used by only a few.

Note: This is Part 1 of a 3 part series examining the impact of new features and technology that can be applied to awaken the Force in your company.

DEFINING NEXT GENERATION ERP

In ERP, The Next Generation: The Final Frontier, Mint Jutras described the next generation of ERP as solutions that provided:

- Expanded functional capabilities
- New user experiences and new ways of engaging with ERP
- Custom configuration without the need for invasive programming
- More innovation
- Better integration

But we also proposed that it wasn't the depth and breadth of functionality that qualified an ERP solution as "next generation," but the underlying enabling technology. Star Trek was all about sleek and futuristic technology, including starships that could travel at warp speed, transporter beams,

(wireless) communication devices, weapons that could be placed on "stun," and other electronic gadgetry that might not seem so futuristic today. But all these pieces of technology had something in common. They weren't just cool to have; they served a real need. And so must the technology that makes ERP "next generation."

Advanced technology must serve a purpose, whether that purpose is added features and functions, better visibility to the business or easier communication. Cool technology in search of a problem to solve adds little value. And technology alone will not grow your business or solve business problems. Today growth and performance are always a combination of people, process and technology, hence the introduction of the human factor.

While Star Trek was perhaps best known for the technology that helped the crew of the starship USS Enterprise explore new worlds, the Star Wars franchise was better known for "the Force." The Force was an energy that could be harnessed to perform supernatural feats and to amplify physical speed and reflexes. The ability to use the Force varied between characters, but it was clear those abilities could be improved with training. The Force was about enhancing human performance.

The Star Wars franchise was better known for "the Force." The Force was an energy that could be harnessed to perform supernatural feats and to amplify other common physical traits of speed and reflexes. .. it was more about enhancing human performance.

So while next generation ERP is empowered by advanced technology, the next step is to harness the power to help people make better decisions, faster.

So while next generation ERP is empowered by advanced technology, it still depends on human performnce to make better decisions, faster. That means empowering those people with data and tools to better communicate and collaborate. ERP can provide more features and functions than ever before, but to enhance the performance of the business, you need to enhance the performance and potential of the people running the business.

Of course, if ERP is going to enhance the performance of your people, those people need to actively participate in using it, including those at the top. It was almost unheard of for top executives to put their hands directly on ERP just a few years back, instead relying on super users or subordinates to bring them the data they needed for critical business decisions. But the accelerated pace of business makes this impractical today. Not only does it slow the process, but it also filters the data, intentionally or unintentionally, with assumptions and unsolicited opinions.

Fortunately the pattern of executive involvement is changing. Our 2015 Mint Jutras Enterprise Solution Study finds some, if not all executives at most companies have some level of direct access to ERP (Figure 1). So what is the secret to getting all executives to engage with ERP on a regular basis? It's actually no secret at all. Simply give them the features and functions needed to run the business, and make it easy enough to use. But is that really the way software is selected today?

Figure 1: Level of Executive Access to ERP
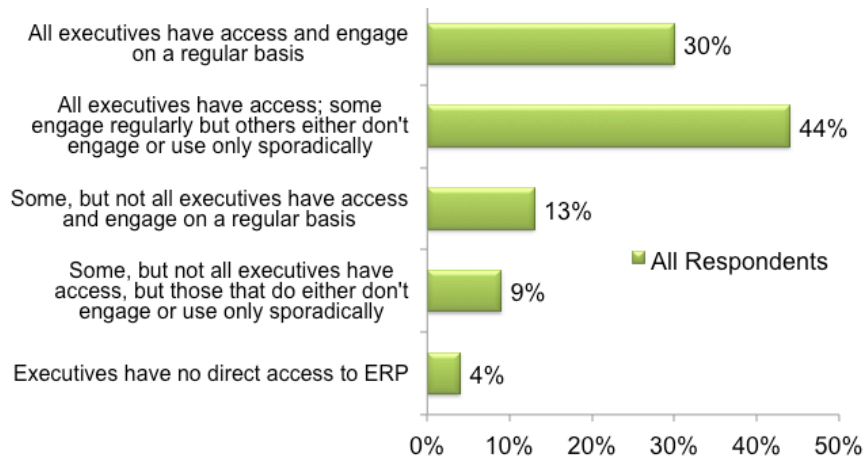
Source: Mint Jutras 2015 Enterprise Solution Study

Mint Jutras has been following the priorities of selecting ERP for years. We would present a list of selection criteria and ask survey respondents to rank each on a scale from 1 to 5, where 1 was "not a consideration" and 5 was "Must have/Most important." In days gone by, fit and functionality always topped the list. But over the past few years another selection criterion crept up in importance and appeared to be running neck and neck with fit and functionality. That criterion was "Ease of Use."

Given the pervasiveness of consumer technology today, this comes as no surprise. And in many ways, it makes sense. All the features and functions in the world won't do you any good if you can't figure out how to use them. But easy to use software that lacks the functionality needed to run the business is equally lacking. So which is truly more important?

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Table 1: Selection Criteria Priorities (ranked from 1 to 10)

	Total
Fit and functionality, including industry-specific features and functions	6.45
Completeness of solution for all enterprise functions (single end to end solution)	6.33
Quality of built-in reporting and analytics capabilities	5.98
Integration capabilities	5.91
User experience	5.87
Total cost of ownership	5.83
Cloud options	5.20
Rapid deployment	4.91
Access through mobile devices	4.72
Social capabilities	3.81

Source: Mint Jutras 2015 Enterprise Solution Study

Selection Criteria Priorities

In 2015 survey respondents were asked to stack rank the different selection criteria from 1 (least important) to 10 (most important). They were not allowed to have two ranked at the same priority, forcing them to decide on the order of importance.

In order to answer that question, the 2015 Enterprise Solution Study changed the format of the question, again listing the different criteria, but this time requiring the participants to stack rank them from 1 (least important) to 10 (most important).

In order to limit the criteria to a list of 10, we consolidated several and implied "ease of use" in the broader criterion of "user experience." You can train someone to overcome the challenges of hard-to-use software, but will people want to use it? User experience remains in the top half, but when forced to stack rank all the criteria, functionality rules. "Fit and functionality" rose once again to the top of this list, followed by the completeness of the solution. It is not enough to deliver a complete solution that must be pieced together. An end-to-end solution is preferred. And rounding out the top three selection criteria was quality of built-in reporting and analytics.

ERP has long been famous (or perhaps infamous) for being easier to get data into than information out of. Good reporting may have sufficed in the past, but with more executive-level decision-makers using ERP, analytics becomes more important.

What's the difference between reporting and analytics? Simply put, reporting answers questions you have while analytics helps you ask the right questions. And those questions change as business conditions change. Ask the right questions and the Force is strong within you.

Several other factors are instrumental though in awakening the Force within your ERP implementation and your business. Features and functions are only marginally effective unless they can be made available to the people that need them, where and when they need them, to help improve human performance.

So unless you only have inside sales people, access to the functions that help them manage contacts, customers, quotes, orders, products and pricing must not require them to be at a desk in your office. You want them out beating the bushes in the field. Similarly, you want your manufacturing supervisors on the shop floor, right? But you also want them connected to schedules, inventory and production orders. You want approvals of expedited purchase orders immediately, but you don't want those approving managers to be tied to their desks.

So you need cloud access to control your business anytime, from anywhere. And because you might not always have a laptop and a WiFi connection, you need the ability to access many of these ERP functions from mobile devices.

And while you're at it, wouldn't the ability to follow all this activity and engage in collaborative conversations with other managers and co-workers empower decision-makers? Wouldn't you like to be able to perform a Google-like enterprise search across all your enterprise data? Of course you would. For

this you need cloud options, access through mobile devices and "social" capabilities.

The goal is a solution that best supports the business with functionality that is easily consumed, provides excellent visibility and facilitates good communication.

But none of these capabilities are an end in and of themselves, but rather a means to an end. The goal is a solution that best supports the business with functionality that is easily consumed, provides excellent visibility and facilitates good communication. The solution must serve to improve human performance. It must awaken the Force within your organization.

In Part 2 we will explore how the right functionality, delivered through innovation, is simply not enough today. It is equally important for that innovation to be easily consumed. Deployment models, including cloud options, can have a dramatic impact.

About the author: *Cindy Jutras is a widely recognized expert in analyzing the impact of enterprise applications on business performance. Utilizing over 40 years of corporate experience and specific expertise in manufacturing, supply chain, customer service and business performance management, Cindy has spent the past 10 years benchmarking the performance of software solutions in the context of the business benefits of technology. In 2011 Cindy founded Mint Jutras LLC (www.mintjutras.com), specializing in analyzing and communicating the business value enterprise applications bring to the enterprise.*