
8 Ways to Mold ERP Around Your Business (not the other way around)

Building sustainable and
adaptive business solutions
with flexible ERP

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Introduction

In the past, measurements of quality, cost efficiency and speed were sufficient to improve profitability and maintain a competitive edge. And it is no surprise that this is precisely the mindset that underlies every large ERP platform that was designed decades ago for a different time and place. Accounting reports and the numbers were all that really mattered. As a result, the systems put in place performed well in accounting, but did very little to facilitate and improve operations where they were most needed. Perhaps even worse, these systems complicated operational efficiency throughout the organization to the benefit of these “bean counting” functions.

In today's world of fast changing markets, complex supply chain relationships and multi-channel distribution, firms are no longer able to operate under these constraints. As businesses change their processes from time to time in order to keep pace with their ever-changing world, it is essential that their ERP solutions remain aligned. The alternative is fragmented islands of departmental solutions based on a combination of SaaS, server and Excel based applications that then feed your ERP for centralized accounting.

No doubt - there are times when these external systems are relevant and appropriate. And if the business is growing through mergers and acquisitions, disparate systems are inevitable and should be expected. There are now modern alternatives to these legacy ERP solutions that are much better aligned with dynamic markets and agile businesses.

We suggest there are 5 important questions a company should consider before moving forward with its next enterprise application project:

- ? Would the executives and employees benefit from a 360-degree view of the entire business, in real time, to make better decisions?
- ? Are there important aspects of the business, which are not adequately addressed by the software vendor's recommendations for “best practices”?

- ? Is the company facing a backlog of desired improvements to its enterprise application that are blocked due to limitations of the current solution(s)?
- ? Does the company feel the pressure of limited time to provide tangible benefits to the business (perhaps measured in months rather than years)?
- ? Does the opinion exist that implementing a new solution might be easier than changing an entire company to use the new solution?

If a company has answered yes to most of these questions, then it has already been experiencing the limitations of legacy ERP and the impact to its business agility. These solutions typically take years to deploy, are late, over budget and often rejected by users. For companies that have seen this first hand, they will benefit greatly from a platform designed from the ground up to adapt to their current and future business needs.

A flexible ERP platform provides benefits to address each of the questions above by providing these characteristics:

- ✓ Rapid installation, setup and configuration
- ✓ Progressive, iterative deployment – focus on high ROI workflows first
- ✓ Extremely configurable - extensive configuration settings out of the box (without coding)
- ✓ Accessible – web-based for desktop and mobile access
- ✓ Flexible integration options – to fully embed with current systems and procedures

More succinctly, a flexible ERP solution allows the company to mold the solution to its business needs, not the other way around. A flexible ERP solution allows the business to grow, change and evolve while allowing its IT systems to keep pace and often enable positive organizational change where it is necessary to support its long term growth and business agility.

“A legacy system is “any system that is not sufficiently flexible to meet changing business needs.”

Gartner ¹

The role of IT in Business Agility

IT (including IT organization, technology and systems) represents key enterprise assets that can play an important role in becoming a more agile, customer-focused business. IT systems flexibility refers to the ability to adapt systems to changes, both incremental and revolutionary. An incremental change could be performed by employees right at their workplace, while a revolutionary change may require expert assistance to adapt information systems to new situations. Flexibility of information systems is then considered a key capability that will allow companies to improve their business agility. This capability is today even considered more important than other traditional ones such as functional fit with customer business requirements. This importance is amplified in fast changing industries like Retail where continuous innovations and market movements are forcing companies to react efficiently.

ERP role

If we talk about business information systems, ERP solutions are one of the most important components within companies today. However, despite the proliferation of ERP solutions in modern organizations, many of these solutions are unable to align to the high pace of change faced by such organizations and become a barrier to business evolution.

Standardization of business processes is a key benefit of using an ERP solution, and is essential for efficient and consistent execution. But standardization of processes should start with what works for the individual business, and must be allowed to evolve.

Most ERP software vendors argue that the business processes embedded in their software solutions have encapsulated best practices. The promise is that adoption of these best practices embedded

in the software over existing internal processes will always result in better/ improved performance. This argument implicitly assumes that best practices are universal and independent of the companies' prior growth and unique circumstances.

But the reality is that these best practices allow the software vendor to enjoy economies of scale by treating all customers alike. Any variability in the process that is appropriate for business reasons may need to be handled on an exception basis expending considerable time and resources. Therefore, this rigid standardization approach using rigidly defined “best practices” is the antithesis of flexibility and agility in business processes.

Therefore achieving a suitable balance between the processes embedded in the ERP software solution and the existing business processes proves to be challenging for many firms. An ERP solution that is too rigid makes it difficult to complete ad-hoc or unusual tasks and to introduce new or more innovating business processes. A solution that lacks the necessary controls may lead to problems resulting from poor data quality and the overuse of non-standard practices.

What does ERP flexibility really mean for end users?

A flexible ERP solution allows the business to grow, change and evolve while allowing the IT systems to keep pace and often enable positive organizational change where it is necessary to support your long term growth and business agility.

However, to help better understand what ERP flexibility means to the system user, it is interesting to take a look at how flexibility is perceived by different user levels, including the various senior and middle managers or line worker positions within the company.

Senior Management Perspective of ERP flexibility

The capability of the ERP solution to adequately respond to business process changes with low penalty in terms of cost and time is commonly highlighted by most senior managers.

Since most companies would like a solution to closely match their existing business processes, it is not surprising that senior managers are interested in the ease (in terms of time and cost) with which the solution can be modified to match existing or future business processes.

Among senior managers, there is also the common view that ERP flexibility includes the ease of the ERP solution to provide ad-hoc management information in a timely manner.

Middle Management Perspective of ERP flexibility

For middle managers, ensuring data transparency and consistency under changing conditions are widely cited topics. Furthermore, middle managers usually mention the requirement to conduct analyses and run reports on different aggregation levels. To conduct this analysis, it is important for middle managers to be able to view and mine data across departmental and functional silos.

Similar to senior managers, these users also place high value on responding to changes with little programming effort and ensure that changes do not impact the system's stability, function, and data accuracy. For middle managers, the interfaces between different information systems need to remain stable, reliable, and accurate under changing business conditions.

Individual Contributor / Front Line Employee View of ERP flexibility

For the line worker employees, a flexible solution is one that drives workflow and allows for some

deviation when appropriate. It eliminates duplicate data entry into disparate systems while also reducing data entry overhead by maintaining normalized data across the company. When a change is made in one department, this is immediately visible to other solution users. In short, flexibility that is valued is where it streamlines work, eliminates duplication of effort and provides real-time information.

In addition to live data transfer, the ease of accessing all the data needed to perform daily tasks can be a big issue for the employees at an operational level. The ease of creating their own reports, customized to their individual needs, is also a widely mentioned issue.

Dimensions of ERP flexibility

Although the perception of ERP flexibility can vary from different users and business situations, it seems possible to identify a set of dimensions that are commonly highlighted as contributors to the flexibility of the ERP solution. They can be ultimately identified as different ways ERP flexibility enables truly sustainable business agility.

1. Connectivity

Connectivity represents the ability of the ERP solution to integrate any of the other components inside and outside the company environment.



An easy to integrate ERP solution helps companies to:

- ✓ Leverage prior investments in other solutions that can be easily integrated with the ERP
- ✓ Improve collaboration with customers and partners by integrating with their solutions
- ✓ Leverage future new technologies that will be integrated with the solution
- ✓ Progressively implement new capabilities focusing first on areas with the greatest need and expected ROI benefits

“70% of firms decide to build from scratch to get the required functionality that no software vendor provides.”
Forrester³

Web services are today the preferred integration technology, so most modern ERP solutions tend to include a built-in web services layer for easy access to business entities and functions. However, sometimes the external solution to be integrated cannot take advantage of these web services. In these cases, alternate integration approaches may be appropriate including CSV or XML files, ESBs and others. A flexible ERP solution that supports the agile business will support various integration approaches.

2. Accessibility

Accessibility represents the ease of access to the ERP solution.



An easy to access ERP solution helps companies to:

- ✓ Increase employees' productivity
- ✓ Shorten reaction time to events that require immediate action
- ✓ Leverage new collaboration scenarios since companies can easily provide access to ERP to trusted customers or partners

A full web architecture and mobile capability are today becoming key ERP characteristics that provide clear benefits in this area, enabling the use of the solution from everywhere at anytime.

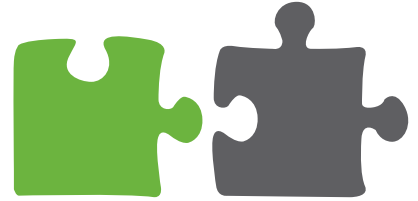


“With Openbravo ERP it is now easier for us to access remote information and get a better picture of a process status during customer interaction. This enables us to provide better customer service with accurate and real time information. Higher data quality and process automation have improved our operations as well and provided more time to monitor our business performance and react faster to any unforeseen event.”

Julio Mota, Commercial Manager at Waiser scientific.

3. Extensibility

Extensibility represents the ability to modify the software to support new requirements with ease while also remaining flexible enough to accept future releases from the software vendor.



An easy to extend ERP solution helps companies to:

- ✓ Adapt the solution to themselves, not the other way around
- ✓ Leverage competitive advantages by adapting the solution to very specific business requirements
- ✓ Simplify upgrade and update processes thus reducing maintenance costs and time-to-market

ERP solutions with a modular, “plug in” architecture and following a Model Driven Development (MDD) approach (aka “Low-Code platform” approach)² clearly provide great benefits in this area. Modularity decouples customizations from the core functionality, which enables pure distributed development, code maintenance optimization and an easier update and upgrade process. MDD simplifies the way new functionality can be developed based on models thus also reducing time and increasing development efficiency.



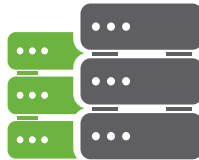
“Openbravo's ERP functionality and extendible development platform is allowing us to do something impossible in the past, to develop core services for all our countries in a single platform. It provides us with higher business agility and increases our development productivity.”

Miguel Ángel Bayona Pérez, CIO at Grupo Eulen.

“In the recent years “Ease of use” has surpassed traditional criteria such as “fit and functionality” to evaluate an ERP solution.”
Mint Jutras ⁴

4. Scalability

Scalability represents the ease with which the ERP solution can be scaled and upgraded over time.



Easy to scale ERP helps companies to:

- ✓ Accommodate future business growth needs in terms of new users or a higher volume of transactions
- ✓ Ensure appropriate solution performance under different growth scenarios
- ✓ Progressively roll out to different geographies and locations
- ✓ Streamline workflows so more work can be completed in shorter amounts of time.

- ✓ Minimize training costs by providing a very intuitive and consistent solution, adapted to the way users work, thus reducing the time required for training, traditionally one of the highest hidden costs for any ERP solution

ERP vendors are motivated to create software that people will embrace and use because it makes their job easier / better. Visual appearance of the software user interface is one important factor, but beyond this, the flow must be consistent, efficient and intuitive. The ability to personalize the user experience on an individual user or role basis is recognized as another important aspect of great usability in a solution.

6. Deployability

Deployability represents the ease to install the ERP solution under different deployment scenarios.



Easy to deploy ERP provides companies with:

- ✓ Choice of deployment - having the option to deploy on-premise, hosted, cloud or SaaS, gives full freedom to adapt to company needs
- ✓ Ability to optimize cost and availability to their specific operational needs. A single cloud instance with daily backups may be suitable for a low volume B2B business whereas a fully redundant approach may be necessary for high volume B2C deployments
- ✓ Portability - since business needs will change, a company initially using SaaS could decide to go on-premise. Selecting a solution that offers deployment flexibility at that stage or business growth will better support the company's long term needs and eliminate the need for solution migration due to changing needs regarding deployment

5. Usability

Usability represents the degree to which ERP can be used with ease.



An easy to use ERP solution helps companies to:

- ✓ Boost end users' productivity and satisfaction by providing a modern and stylish solution that is easy to use, and that users will like to consume
- ✓ Increase user adoption and lower chance of ERP failure by simplifying daily user tasks and duties

“47% of organizations surveyed said they would move the majority of their core ERP systems to the cloud within five years.”
Gartner⁵



“Thanks to Openbravo ERP we have complete control of the business in real-time, so we can operate like a bigger company even though we're

an SME. The fact that our deployment option is on-demand is an advantage, as we can forget all about the technology and just focus on our business. Now we can access all information from anywhere we are.”

Carlo Garza, Administration Manager at AMMISA.

7. Business intelligence

Business intelligence represents the ability to provide quality and timely insights into business processes and information through different reporting and alert features.



An ERP solution providing business intelligence helps companies to:

- ✓ Reduce time-to-reaction with detailed information that helps to identify potential issues even before they happen
- ✓ Take more informed decisions with more and better information
- ✓ Provide the information users need to understand and maximize performance across the enterprise

One of the hottest trends in business intelligence today is embedding analytics capabilities into transactional systems making them more widely accessible to the users. This contrasts with the legacy approach using a distinct business intelligence platform integrated with ERP and which is limited to a small subset of users. Modern ERP vendors are now offering embedded BI capabilities which provides much broader organizational access to analytics with a seamless user experience. This approach increases adoption by end users and also opens the way to the adoption of Big Data.

“In 2015, 25% of analytics capabilities will be embedded in business applications.”
Jaspersoft⁶



“We chose Openbravo because of its flexibility that can be easily adapted to customer needs. The better visibility, control and decision

making that the solution provides was key to lead us to another level of art of manufacturing.”

Mr. Koh L.Y., General Manager at Aligent.

8. Openness

Openness represents the level of usage of open standards (versus the use of proprietary technologies) as well the ease of access to the ERP source code.



An open ERP solution helps companies to:

- ✓ Avoid being locked in by a specific technology and/or vendor
- ✓ Integrate more easily with other solutions
- ✓ Gain easier access to experts with experience in these open technologies
- ✓ Gain more control provided by the capacity to explore and own the source code from day one



“Openbravo was key in the modernization of our IT platform. We chose Openbravo for its Open Source nature that offered us flexibility, innovation

at an affordable cost. We needed to have the best tools to provide excellent customer satisfaction and now we do.”

John Cheatham, CEO at Supplies Now Inc.

Solutions built based on technologies such as Java, XML, HTML provide clear benefits in terms of vendor independence and future open standards innovations. Although vendors are already used to providing different levels of accessibility to the source code, open source solutions clearly offer maximum freedom and control over the source code from day one.

Conclusions

In today's fast changing markets companies must excel in their capacity to rapidly react to frequent changes and to stay competitive over time. They need to stay agile. Information systems and ERP in particular play a key role in enabling business agility but most companies are struggling to get the most out of their ERP solutions, with legacy solutions that are not providing the required flexibility. It is then the responsibility of senior business and IT managers to evaluate the importance a flexible ERP solution can represent for the business today and in the future.

ERP flexibility can't however be described by a simple feature. It encompasses a set of capabilities that must be properly understood and evaluated so the company can ensure its current or future ERP solution is providing the required benefits to acquire truly sustainable business agility.



“ One of the keys to our project that I'd like to point out, with large government contracts that we operate typically for a 5 year period, is the ability to onboard customers quicker. The key strategic elements that we are seeing in Openbravo, and flexible ERP, is our ability to cut that transition time down. So the ability to onboard complex new contracts faster is huge and this is of significant business value.”

John Coble, VP Solution Architecture at SAIC⁷

References and additional information

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About us

Agility ERP



Agility ERP helps companies improve efficiency in business software deployment while remaining adaptive to future changes. We provide consulting, deployment and operational services to our clients with primary focus on the rapid delivery of enterprise-grade solutions that are affordable, sustainable and molded to specific business needs.

Our typical clients are suppliers of products and services to a wide range of industries and markets. These businesses need rapid availability of a solution and prefer a more progressive approach to the slower "big bang" approach favored by legacy ERP providers (deployments which are typically out-of-date before they ever go-live).

Agility helps these companies improve operations by leveraging agile, iterative approaches to obtain real business value fast. Where appropriate, we leverage flexible enterprise open source software including *Openbravo ERP Platform, Magento eCommerce, Frepple Production Planning, Sugar CRM and others*. Agility also integrates these systems with legacy environments where appropriate to facilitate smooth migration and avoid the chaos and disruption typical of forklift type upgrades.

Agility ERP has been an Openbravo Gold partner since 2008 and has been consistently awarded "Partner of the Year" recognition by Openbravo.

Openbravo



Openbravo is the provider of the preferred Commerce and ERP Platform. A state-of-the-art Commerce solution for agile retailers and a broad horizontal ERP solution for any industry, both built on top of a flexible and easily extendible development platform, web, mobile and cloud ready, to power company ideas for building smart enterprise solutions.

Openbravo solutions are distributed exclusively through the network of global Openbravo partners.

With 3M+ downloads and 1,000s of organizations using Openbravo solutions every day, Openbravo is a world leader in the Open Source enterprise software space. Openbravo has offices in India, Mexico and Spain.