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Business Transfomation with Cloud ERP

Puneet Kakkar

Abstract

In a rapid changing business environment, constantly improving values across your business and IT functions is essential.Being asked to provide more for less, more insight, stronger controls, and quicker and intelligent information powered by Artificial Intelligence and Machine learning is becoming industry norm.Cloud based ERP offers organizations the ability to transform their business operations and help catapult them past their competetitors. This paper discusses(1) How Cloud ERP is transforming Business, (2) Important role of selecting right professional services implementing Cloud ERP and (3) Use Cases of successful Cloud ERP implementations driving business transformation.

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ERP Cloud;
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Author correspondence:

Puneet Kakkar,
Oracle ERPArchitect, Las Vegas, Nevada, USA
Email: Kakkar.Puneet@gmail.com

1. Introduction

Organizations in every industry are constantly reinventing themselves. Businesses must continually evolve their business models or risk being left behind. Perhaps the most important part of effectively managing change and growth is being ready for it—before it happens. With the right roadmap and an ERP Cloud solution, the transition can be smoother for all the parties involved, reducing risk and optimizing productivity to meet the demands of tomorrow.This paper explores how ERP Cloud helps business transformation with right set of professional resources to fuel business growth.

2. Business Transformation

What is Business Transformation? Business Transformation[6] is an umbrella term for making fundamental changes in how a business or organization runs. This includes personnel, processes, and technology. These transformations help organizations compete more effectively, become more efficient, or make a wholesale strategic pivot. Enterprise resource planning (ERP) system promises to help organizations improve efficiency and productivity across almost every department and business function. The core modules of an ERP range from financial and order management systems to supply chain planning and human resource management. In short, if the ERP platform goes down, orders can't be booked, invoices can't be paid, and business grinds to a halt. This high-risk proposition helps explain why enterprises need a compelling reason and an airtight business case before upgrading their ERP system and incorporating the project in a business transformation strategy. Although ERP is a mature software category, cloud software has significant differences compared with traditional, on-premise ERP. The ability to access information from anywhere, combined with lack of hardware infrastructure requirements, has important and positive implications when implementing cloud-based ERP.

3. Cloud ERP versus On-Prem Applications

Usually on-premise ERP applications, either custom-built or packaged software, are often referred to as legacy applications.This older version of enterprise software was earlier considered the cornerstone of enterprise-critical technological solutions, but in the current business landscape, it's legacy status indicates the stagnant nature of the technology, with minimal scope for scaling up to match the ever-changing business

demands. But in a fast-changing business environment, too often the legacy software addresses outdated business challenges. These applications are difficult to maintain and keep pace with business demand and usually require custom programming to meet businessrequirements. The older the system, the more susceptible it is to disruption when modified. Legacy systems limit themselves in terms of data collection, which is critical in today's environment for a successful business.

The value of modern cloud-based solutions is that they are architected from the ground up to be highly configurable in anticipation of business change. The need for collaboration and the system's interoperability are now recognized as table stakes for success in the global supply chain,financial and human resources operations. Users can facilitate on-demand changes in customer business rules, readily introduce new transport event messages with trading partners, enable rich reporting and data visualization, and other important capabilities that constrain legacy systems. And when software modification is needed, studies show that solutions built with modern SaaS technologies can be quickly modifiedfor less than 20% of the cost to modify a legacy application.

4. Value of Cloud ERP in Business Transformation

The following diagram illustrates five key benefits of cloud ERP implementation for an Enterprise.

The cloud journey usually begins with defining your business goals and specifying the improvements you seek.For some businesses, ERP cloud offers a mean to consolidate geographically dispersed business units onto a single system; for others, gaining visibility into manufacturing or finance operations may be the priorities. Often, ERP provides a means to reduce or eliminate manual data entry and spreadsheets that create error-prone results and cause inefficiency in the overall business operations.

Another benefit of cloud ERP, especially in today's global economy, is the ability to get subsidiaries up and running quickly, without additional IT staff in the remote location. Since applications are available via browser, they can easily accessible from the remote locations. Since all the remote locations are linked to main ERP, entire organizations can access the same set of information from anywhere and thus providing a global and single source of truth.

Rapid elasticity and resource pooling are essential characteristics of cloud computing. These allow cloud applications to scale instantly to meet both short-term and long-term increases in transaction volume, storage requirements, and network bandwidth. For example, with Finacials cloud SAAS [9] subscription, you can scale towards the period end, so you can process millions of transactions quickly to close books and later on give up those resources to the software provider.

Simplified implementation is an important aspect of ERP cloud subscription, especially when compared with on-premise alternatives. The focus on configuring cloud software through configurations reduces implementation time and cost and makes the entire implementation process smoother.Additionally, cloud vendors provide a higher level of security than most companies could do on their own. In the cloud, secure communication between enterprise applications, supported data, processes, and user interfaces isn't an issue and it is well defined and docunmented in the contracts with cloud service providers. ERP Provider handles upgrades, required fixes, system performance, system downtime, and disaster recovery. The solution is always up to date and it is easy to take advantage of latest innovations.

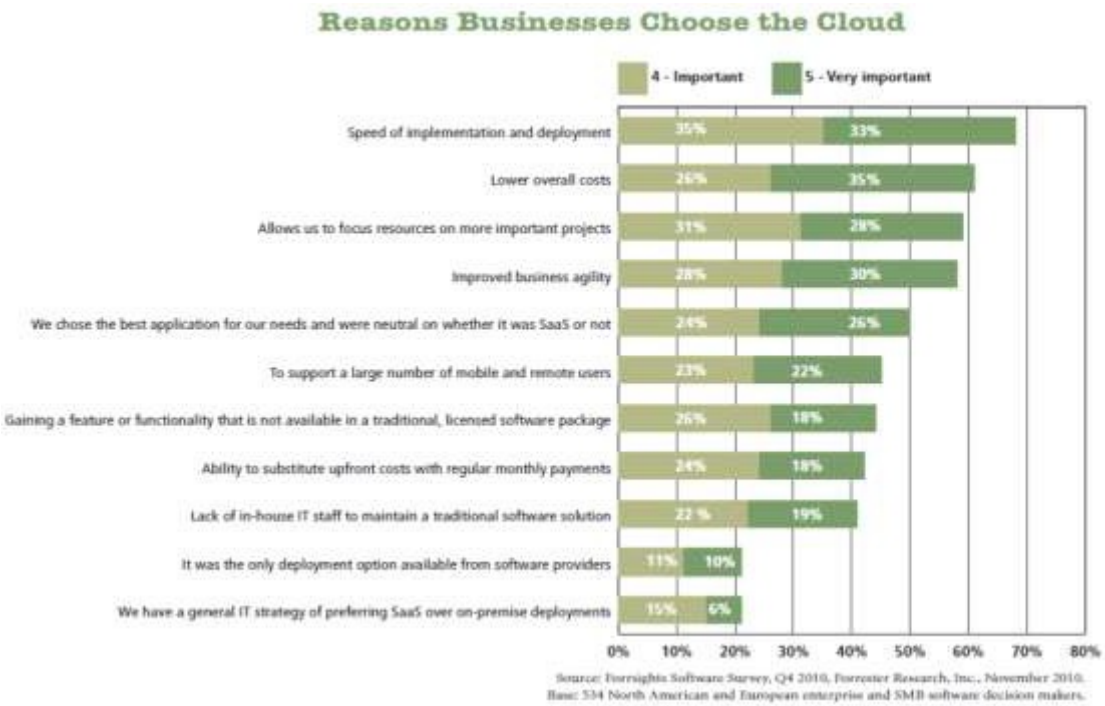
Latest Cloud ERP applications are powered by Artificial Intelligence, Machine learning and IoT[11], helping business users to leverage out of the box functionality to automate. For example, in manufacturing, IoT can improve efficiency and profitability by enabling predictive maintenance and process improvements that reduce downtime and scrap while ensuring the production of high-quality goods.

If your organization currently has a robust, well-integrated ERP system, you could be poised to build on that foundation and maximize your ERP investment by adding on emerging technologies like Artifical Intelligence (AI), Robotics Process Automation (RPA) [10], and advanced Business analytics. Doing so can open a world of new possibilities. Consider, for instance, that businesses are beginning to deploy AI-driven products in combination with RPA tools that automate functions like accounts payable. AI tools, when integrated with ERP, can programmatically capture, process, and pay invoices to suppliers, as well as extract business-critical information that can be parsed to better understand performance and profit.

5. Implementation matters the most

Once you have bought any cloud ERP subscription (known as Software as a Service), it must be implemented and implemented well. The process of ERP implementation is the bridge between Business transformation and ERP software, which you will use in the end- after golive.

Historically, long ERP implementation for on-premises applications have been a source of frustration to enterprise buyers leading to loss of Returns on Investment. For this reason, efficiency and speed are crucial to ensuring a successful project.This historical context explains why analyst firm, Forrester Research, found that businesses choose cloud computing to reduce implementation time, with other benefits such as lower costs. This following chart [5] summarizes these results:



6. Selecting aProfessional Expertise

There are differences between on-premises and cloud products implementations. Selecting a right professional services provider is critical to cloud's success.Every company has unique needs; some need a global software partner with a distributed resources to support multiple countries while others want a small sized firm with specialized knowledge. Whatever the case may be, be sure to define, prioritize and evaluate the criteria most important to your organization and lookout for below qualities in your implementation partner

- **Product Expertise**: Finding a provider with deep knowledge in the specific ERP product, that you are implementing is key to successful implementation. Ask the service provider for a list of engagements and challenges they faced with your proposed product – including the modules you are considering.
- **Businss Domain Expertise**: Seekingsystem Integrators with clear experience in your industry and market segment should be a priority. References can be found in your industry, with companies operating in the same business domain, that have similar characteristics, such as revenues, number of employees, subsidiaries and global presence etc. For example, if you are a small machine shop, don't hire a services provider that specializes in implementing software for multinational manufacturers
- **Cloud integration**: It is very common to have integrations of other inhouse/3rd applications with cloud ERP, hence ensure your professional services team knows how to leverage ―cloud-to-cloud‖ integrations via web services. Cloud integrations if implemented properly, can save lot of money and help drive ROI but can cause severe loss of business opportunities, if not implemented correctly.iPAAS (Integration Platform as a service) [7] and PAAS (Platform as a Service) [8] are very unique and niche skills that are required to build cloud Integrations and you should review their prior experience with these technologies.
- **Global implementation expertise:** Cloud ERP can become global solutions quickly, so select a partner with international experience for a company is important. Your services partner should have experience with remote training, international support, and accounting, taxation and regulatory issues in your overseas markets depending upon your business case and modules of implementation.
- **Complementary solutions:**Some implementers have such deep expertise in specific vertical segments that they develop specialized software add-ons that could benefit you. Implementers that have developed vertical solutions often have sophisticated knowledge of that market and great technical expertise and can provide complementary solutions that can ease the process of implementations and help drive optimization in the business process.
- **Trust**: Hire a company you like and trust. Your ERP implementation is one step in a long-term relationship between you, your software vendor, and the System Integrator. Trust builds confidence and creates durable relationships that will endure over time. Do business with companies that place your success at the top of their list

7. Use Cases

- **Facility Management Provider moves to Oracle ERP Cloud**

  In 2018, a leading Facility Managementprovider company executed a cloud-first strategy to reduce costs, improve technology agility and scalability, use Machine learning to gain customer insight and enhance customer experience to become #1 in the facility provider business. Prior this Business transformation, company was already processing approximately 1 million invoice transactions a month from the legacy system, and it was taking approximately 8 days to close month end periods and thus impacting their overall supply chain and revenue recognitionprocesses. The firm worked with leading cloud implementation vendor to support the migration using Oracle Financials ERP cloud subscription. Cloud leverages inbuilt statistical models backed by Artifical Intelligence algorithms to raise payable / receiviable invoices on time and doing credit checking for trading partners. With much improved system performance and ability to increase horsepower in cloud as needed, their month end process completes in less than 24 hours. The client quickly experienced the positive effects of this migration by avoiding an incremental outlay of approximately $5M in costs that would have accrued had they continued to manage these transactions on premise. The client is experiencing capital cost savings, improved capacity, much higher speed, better customer and suppliers experience led to successful business transformation.

- **Metal sheet cutting company improves Financial and Supply Chain Processes**

  A leading meta sheet cutting provider chose Oracle Cloud SCM and Oracle Financials SAAS cloud to undergo business transformation. Already a customer of the Oracle E-Business Suite of on-premises applications for more than a decade, Oracle was the natural partner for them to move to a more modern, regularly updated cloud environmentto drive business transformation . The completeness of the Oracle Cloud ERP suite further helped tilt the scales in favor of Oracle.Another factor that influenced their decision was that Oracle Cloud SCM[4] comes embedded with Artifical Intelligence and machine learning capabilities, helping the company to innovate and scale its value chain quickly. They took professional services from a System integrator and went live with Oracle Cloud ERP in three of its plants in just 20 weeks, extending the cloud service to all 15 of its plants(present in United States and Mexico) within a year. In January 2019, they became Oracle's first cloud ERP customer in the Indian manufacturing sector.

  Oracle Cloud ERP and Oracle Cloud SCM[4] allowed them to standardize and fully automate financial business flows and processes across its entire manufacturing supply chain.Per estimates, its implementation of Oracle Cloud applications allowed it to improve its overall business efficiency by 25%; cut the time it takes to consolidate financial reports by 45%; eliminate the cost of maintaining and upgrading an on-premises data center; reducing operating expenses by about 18%.

- **Leading Gaming Company goes live with Oracle cloud ERP**

  For a largeGaming company headquartered in USA, adherence to government regulations for software shipping, with customer screening upfront were impediment to their business growth. A single failure to report shipping in advance, in this business invites millions of dollars of federal fines. Following an assessment exercise with a private consulting firm, it understood that transitioning to the cloud would be essential in meeting these challenges as developing these regulations in a legacy inhouse tool and to maintain them in an ever changing environment would be a nightmare. The organization started their cloud journey with an Oracle ERP cloud [6] vendor selection and transformation project with the goal of realizing synergy targets through streamlining their SCM processes. The company chose Order fulfilment Orchestration cloud coupled with inventory and Supply chain cloud application to realize Business transformation. The success and speed of this implementation isparamount to the success of their operations.

8. Conclusions

As thoroughly discussed, the cloud ERP can drive a successful Business Transformation. ERP cloud is constantly evolving and backed by Artifical Intelligence,Machine Learning and IoT, it can be effectively used to optimize business operations throughout the Enterprise. With right professional services and technology, it's time to adopt the new collaborative thinking in cloud implementations and enjoy the numerous benefits it offers to spur business growth.

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