

ERP in the Cloud

Addressing the next phase of manufacturing challenges



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Introduction: The shifting business landscape

The global pandemic changed the business world as we know it. For the manufacturing and distribution sectors, the immediate impact of the pandemic translated into supply chain disruptions, operational inefficiencies and a lack of integration between disparate systems. The industry still relied on manual systems and processes, which wreaked havoc as employees were thrust into remote working situations.

In response, manufacturers and distributors realized that they needed to adjust swiftly to survive and are now looking to reconfigure supply chains with an increased focus on resiliency, transparency, and visibility. It is also anticipated that organizations will adopt different approaches to sourcing strategies that will shift their focus away from cost and efficiency control towards certainty and quality.

While some are finding a sense of stabilization in the short-term, the pandemic has laid the foundations for a number of long-term challenges ranging from new competitors, an increased necessity for predictive data, a need for new customer-centric business models and an industry-wide skills gap as the workforce takes on a hybrid form.



5 challenges manufacturers will face in the new normal

1. The ascent of the small business disruptor

Well-known industry disruptors include Netflix that disrupted the traditional entertainment sector and Uber that disrupted the taxi business. These game changers are rewriting the rules with their complete understanding of changing customer needs and emerging technologies.

Agile, small business disruptors are now making their mark in global manufacturing and distribution industries by displacing traditional business models. During the pandemic, the world realized that manufacturing was not as agile as it should have been. With reliance on manual processes and legacy systems, manufacturers simply could not respond quickly enough to industry disruptions and customer requirements. This left a gap in the market, with the subsequent emergence of smaller, niche players that could address direct customer needs because of their ability to tap into emerging technologies and the right capabilities to compete in the marketplace. Armed with lower costs, higher accessibility and innovative technologies such as 3D printing, IoT or voice-enabled wearables, these 'born-in-the-cloud' disruptors have been able to adapt on a whim and can integrate into any system.

The digital disruptor

[Gartner](#) defines a digital disruptor as any entity that effects the shift of fundamental expectations and behaviors in a culture, market, industry, technology or process that is caused by, or expressed through, digital capabilities, channels or assets.

2. Business to Business (B2B) takes the leap towards Direct to Customer (D2C)

Digital strategies are critical

67% of businesses who had the ability to initiate digital strategies such as e-commerce, digital supply chains and remote working could continue to trade effectively during the pandemic.

[SYSPRO Study: Inflection point for the factory of the future](#)

eCommerce has grown significantly over the last few years. Research by [Statista](#) shows that in 2020, retail e-commerce sales worldwide amounted to 4.28 trillion US dollars and e-retail revenues are projected to grow to 5.4 trillion US dollars in 2022. While eCommerce has been predominantly within the domain of consumer-focused businesses, B2B enterprises have also started seeing the benefits of shifting business models to be more direct-to-consumer. Companies like Tesla have already deployed this model for years—where customers could buy cars directly from the manufacturer.

The pandemic accelerated this trend. The rise of global lockdowns, remote working and supply chain restrictions limited the ability for manufacturers to trade effectively during the pandemic. In order to continue to operate efficiently, some manufacturers opted to shift business models from B2B to D2C to meet the new consumer demand. To do this, manufacturers leveraged digital channels to sell products directly to the public.

With speed and flexibility in mind, manufacturers didn't need to build entire e-commerce websites from scratch. Instead they used APIs to plug into existing platforms such as Amazon or Alibaba.





Benefits of shifting from B2B to D2C

- Manufacturers gain direct access to their customer base 24/7
- Manufacturers have access to more customer data to improve operational efficiencies and the ability to innovate
- With connectedness top of mind, manufacturers can better manage suppliers and stock availability
- Cost savings from removing 'the middle-man'

Of course, the transition towards a D2C model requires full visibility of inventory levels along with back-end systems to handle procurement and sourcing policy changes, distribution and lead time planning as well as analytics providing real-time data to support improved decision-making. Downtime is not an option and legacy systems often become the weakest link in this transition. These systems also lack the adaptability to connect with other platforms.

3. Data is a deal breaker

95%

of businesses face some kind of need to manage unstructured data

46%

of businesses lacked the necessary insights to respond to change during the pandemic

Businesses are constantly producing data, but the real question is—what are they doing with it? An article in [Forbes](#) cited that 95% of businesses face some kind of need to manage unstructured data.

Access to actionable insights is vital for manufacturers—to not only improve the customer experience, but also predict future developments. [The SYSPRO study into The Inflection Point for the Factory of the Future](#) showed that 46% of businesses lacked the necessary insights to respond to change during the pandemic. Instead they relied on disparate systems and required manual interventions. This remains a challenge for manufacturers and businesses are therefore looking at systems underpinned by meaningful data to secure their digital future.

4. Ways that manufacturers can leverage data:



Optimized shop floor data collection: by connecting people, machines and other devices to digitize the factory (Industry 4.0), promoting real-time analytics and automation.



Productivity analysis: Manufacturers can measure production performance to drive towards world-class standards of operation for overall equipment and labour effectiveness.



Advanced planning and scheduling: allowing businesses to plan resources and constraints, allowing them to react quickly to changes in plans and schedules as well as make best use of available resources.



5. The hybrid workforce is here to stay

Nearly half of businesses will allow employees to work remotely

Nearly half (47%) of businesses said they intend to allow employees to work remotely full time going forward. For some organizations, flex time will be the new norm as 43% of survey respondents reported they will grant employees flex days.

[2020 Gartner Survey into the Hybrid Workforce](#)

As social distancing became the new normal, entire workforces needed to connect as well as collaborate remotely. According to the [SYSPRO survey](#), 45% of businesses have realized that they could lose talent in the future if they do not embrace remote working moving forward. As a solution, businesses are looking at the option of a hybrid workforce.

While this model has potential for the manufacturing industry, the key is to ensure that employees have full visibility into business operations and will need to be supported by systems that allow for easy communication, collaboration, and performance management.

Another challenge is the skills mismatch due to the implementation of new collaboration technologies. Businesses, therefore, have an obligation to include ongoing and online training initiatives in emerging technologies as a part of their business strategy. The skills necessity also extends to the ability to engage with e-learning platforms to ensure continuous development.

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Cloud ERP to secure an agile digital future

Defining Cloud ERP

Cloud ERP is Enterprise Resource Planning (ERP) software that runs on a cloud computing platform, rather than on-premise. It offers businesses the benefits of an ERP solution, along with the adaptability, scalability and security of a cloud solution, without the need to purchase and maintain hardware or manage an in-house IT department.

[IDC FutureScape: Worldwide Digital Transformation 2021 Predictions](#)

With the need to reconfigure supply chains, redefine the workforce and remain competitive in the market, many businesses have shown urgency in embracing Industry 4.0 and digital transformation to overcome the disruption caused by the pandemic and as a means to reduce further risk around future disruptions.

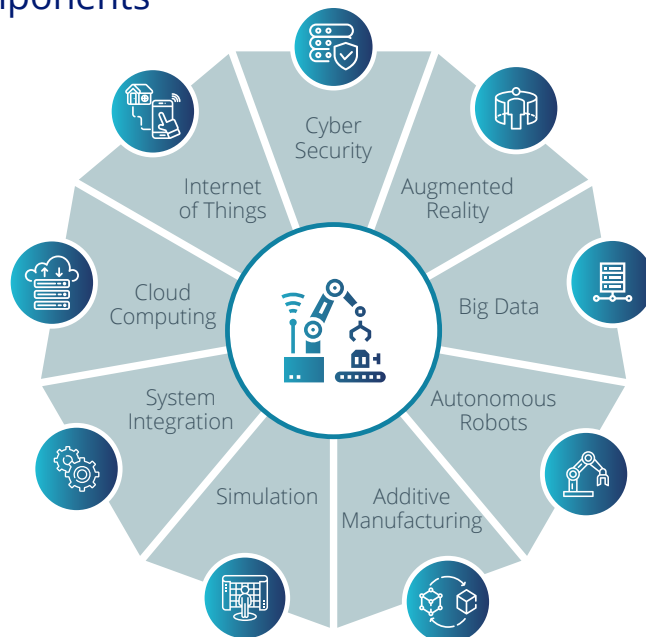
DX investment is still growing

Even though we are experiencing a global pandemic, direct digital transformation (DX) investment is still growing at a compound annual growth rate (CAGR) of 15.5% until 2023 and is expected to approach \$6.8 trillion as companies build on existing strategies and investments, becoming digital-at-scale future enterprises

[IDC FutureScape: Worldwide Digital Transformation 2021 Predictions](#)

Industry 4.0 can be defined as the information-intensive transformation of manufacturing (and related industries) in a connected environment of big data, people, processes, services, systems and IoT-enabled industrial assets with the generation, leverage and utilization of actionable data and information as a way and means to realize smart industry and ecosystems of industrial innovation and collaboration.

Industry 4.0 Components



29%

of manufacturing businesses indicated that they would be pursuing a cloud-based system

As part of their journey towards Industry 4.0, the manufacturing sector has a renewed interest in cloud-based systems. According to the SYSPRO-led study into the [Inflection Point for the Factory of the Future](#), 29% of manufacturing businesses indicated that they would be pursuing a cloud-based system moving forward to allow for collaboration, communication and business continuity. These systems would not only be used to fulfill functional requirements, but act as a catalyst for business transformation. In essence, where the industry was slow to adopt the cloud—they are certainly considering it now to make the factory floor more efficient, and to create greater agility by connecting with suppliers, customers and the entire manufacturing and distribution value chain.

The role of Cloud ERP in addressing industry challenges

Cloud ERP will help manufacturers to address immediate and long-term challenges in a number of ways.





Leverage data to improve customer engagement

Manufacturers are learning that cloud applications make it easier to leverage the deluge of data that's coming in from connected sensors in their factories, inventories, and raw materials, and from signals along the supply chain.

With Cloud ERP, manufacturers can access data anytime, from any place, using any device with internet connectivity. Real-time data analysis and connectedness are vital for greater visibility across the supply chain to ensure that the right levels of inventory and raw materials are ordered and delivered, in the right quantities, and at the right price. Data has therefore become crucial in ensuring customer and supplier success. Cloud ERP also allows businesses to adopt new governance standards automatically and implement best practice solutions around security, governance, compliance, and privacy.



Cloud ERP to collaborate both internally and externally

For enterprises with geographically distributed, remote team manufacturing operations, cloud-based systems can enable a world in which the performance of manufacturing processes, programs and product lines is available in real-time from anywhere, at any time. At the same time, cross-collaboration is enabled both internally and externally.



Say yes to next with SYSPRO

Built from experience. Made for manufacturers and distributors.

SYSPRO ERP is built to deliver industry-specific functionality for manufacturers and distributors in key industries. With SYSPRO Cloud ERP you can choose the solutions that best apply to your operational needs; remain compliant with a built-for-industry framework that continually evolves; optimize, control and streamline operations and processes in your specialized environment with a fully integrated solution; configure the software to suit your unique requirements; and adapt and scale up your solution as your business grows and your needs change.





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