5 ERP Trends to Watch in 2019

From evolving regulations to globalization, how are today’s business pressures affecting ERP solutions? In this e-book, we talk through leading-edge technologies and features emerging in the world of ERP, and what small and midsize manufacturers should be looking for to stay ahead of the game.

- Niche Solutions
- Going Global
- Subsidiary Systems
- A Focus on Compliance
- AI Innovations
Niche Solutions

Generic ERP systems are being replaced with industry-specific software solutions. What’s driving the trend?

It wasn’t that long ago that when software providers said “industry-specific ERP,” manufacturers heard “inflexible software.”

But thanks to the democratization of the cloud and the proliferation of software-as-a-service (SaaS) providers, industry-specific solutions are becoming the way of the future for manufacturers. How has ERP software evolved to help manufacturers stay competitive within their distinct industries?

ERP System Design: Then & Now

Historically, best-of-breed ERP solutions were the ones marketed as “one-size-fits-all” – the idea being that you start with a generic software with a big name and customize the solution to fit your needs. However, more and more manufacturers have come to realize that there is no universal solution for manufacturers across industries. From medical devices to aerospace, each niche has its own unique business needs, and the process of adapting a heavyweight software can be daunting – and sometimes, unsuccessful.

At best, it can drag out implementations and tack on additional costs. At worst, it leaves manufacturers with a “Frankenstein” software comprised of clunky bolt-on features and inactivated parameters that hinder its ability to evolve with the business it was designed to serve.

From medical devices to aerospace, each niche has its own unique business needs, and the process of adapting a heavyweight software can be daunting – and sometimes, unsuccessful.

Conversely, today’s industry-specific ERP systems leverage the latest tech breakthroughs, including application programming interfaces (APIs), to create specialized software suites right out of the box. Because these systems are purpose-built, they are lightweight in comparison to legacy systems that provide the kitchen sink, and then some. As a result, software packages put the end user first, allowing manufacturers to hand-pick modules and functions that meet today’s business needs while preserving their ability to quickly and easily reconfigure down the road.

The Benefits of Industry-Specific ERP

It may feel like a safer bet to go with the big-name ERP system and a general software package, but more isn’t always better. For instance, if a one-size-fits-all shirt is actually too big for you, the extra material isn’t an “added bonus” – in fact, it’s a disservice to you. Working from a solution that has been designed for the challenges of your specific industry allows you to see your ROI in a much shorter timeframe.

Your implementation period will be shortened as mission-critical functionality is already baked into the software (no time-consuming add-ons needed). Likewise, modern industry-specific systems come with API connection tools to help the ERP system readily integrate with other systems such as your CRM, further reducing implementation time. Less time and less customization also means less budget dedicated to deployment. And once the software is live, you can work with your SaaS provider to tweak the software to address any hitches or bottlenecks. As tech experts who work in the trenches of your industry, they will also be a steadfast partner for retooling your system in times of growth or expansion.
Planning to expand your global footprint? First, ensure your ERP system is ready to support operations in international markets.

The term “globalization” used to be one used only by large corporations. International markets were once a sandbox exclusive to big businesses, where small and midsize businesses dare not venture. Today, progressive SMB manufacturers recognize that having an international presence is becoming synonymous with remaining competitive. Expanding your global footprint requires some investment, but like everything in business today, many of the logistics involved can be handled virtually. Adopting the right ERP system can help. Here’s how.

**Global Business & ERP**

Globalizing can mean different things to different manufacturers. For some, it may mean opening new overseas sales offices but continuing to conduct business in a single domestic facility. For others, it’s opening production facilities in new international locations. In either case, certain decisions will need to be made. For example, will the different locations be set up as separate entities or will they function under a single corporate umbrella? The answer to this question will help determine what level of integration must occur between the facilities. The integration of your business processes and operations can be facilitated through a properly configured ERP system. However, you’ll first need to ensure your ERP solution has the capabilities needed to meet the requirements of each country in which you do business.

**Must-Have ERP Features for Globalization**

When operating a business in multiple locations, your ERP system may need to be customized to meet the requirements of each location – including language, function and regulatory needs. Below are three features to look for in globalization-friendly ERP solutions:

- **Country Pack.** When setting up shop in a new country, companies must comply with local laws and regulations to complete their daily transactions and operations. ERP country packs are specialized solutions that contain country-specific code to help with localizations. They typically include features that are legally required in that specific country as well as those that help you localize your general features for use in a particular location. Such features can aid in rapid implementation when breaking into international markets as well as help manufacturers keep up with changing laws and regulations in each business location. In addition, use of country packs can lower your total cost of ownership because you’re using the same base technology and interface across locations, enabling a lightweight solution for a heavyweight application.

*In addition, use of country packs can lower your total cost of ownership because you’re using the same base technology and interface across locations, enabling a lightweight solution for a heavyweight application.*

- **Shared Services Model.** Despite your business being conducted across multiple locations, there may be certain centralized responsibilities that will remain shared among your business entities. From accounting to human resources, a modern ERP system should help you achieve this by allowing individual site transactions to be recorded in a single system without users having to log in and out of multiple databases.

- **Financial Consolidation.** An ERP system can help simplify your finances across multiple locations with flexible configuration options. For example, Infor CloudSuite™ Industrial allows each location to be set up as an “entity,” which can help you customize your approach to financials when dealing with multiple currencies. You can also ensure a consolidated approach to financial reporting, while conforming with GAAP and IFRS standards.

Taking the leap into a new geographic market undoubtedly comes with risks. However, if your ERP system is set up to meet the statutory and regulatory requirements of your new location, then you can increase your odds of operating in a compliant manner from day one. Choose an ERP software partner with international expertise so you are set up for success, no matter where your business takes you in the years ahead.
The rise of globalization and e-commerce, among other sources of financial pressures, has led to an uptick in mergers and acquisition (M&A) activity in a number of industries. For example, one Deloitte report found that 70% of large life sciences companies expected to be involved in some kind of M&A activity over the next three years.

As today’s companies grow and diversify, it may seem like the most efficient solution is to move all subsidiaries under the same ERP system. But is a singular parent ERP system always the best option?

Here are three important questions to ask when deciding whether to keep all subsidiaries under your parent ERP system.

1. **Does the parent ERP system fulfill the subsidiary’s unique business needs?**

   It may seem like the most sensible move is to have subsidiaries roll up into the corporate ERP solution, particularly if you’ve already invested in the infrastructure and overhead of a blockbuster system. However, in some cases, especially if your subsidiary has a drastically different business model or a distinct product mix, a large enterprise system might actually lack the critical functionality smaller businesses rely on. This could prompt subsidiaries to adopt the use of Excel spreadsheets and bolt-on third-party solutions, leading to expense, inefficiency and a potential risk of error. Take stock of the subsidiary’s business needs and how the parent system may be able to be reconfigured to meet these requirements. In some cases, the adoption of an ERP system specific to subsidiary operations is simpler than retooling a rigid piece of legacy ERP software to carry out a function it was never built to execute.

   In some cases, the adoption of an ERP system specific to subsidiary operations is simpler than retooling a rigid piece of legacy ERP software to carry out a function it was never built to execute.

2. **Does the parent ERP system meet the distinct compliance requirements of each subsidiary?**

   As larger corporations grow, adding businesses to their purview, ERP compliance requirements can become a concern. This is not only an issue when venturing into new geographic territory but also when diversifying your business portfolio. A US-based biotech manufacturer who opens a plant in Europe will face a new set of regulatory expectations, not only for its operations and products but also its ERP system. Likewise, if you’re a large manufacturer who’s made your money producing jet engines and you acquire a small x-ray manufacturer, your shared ERP system will be subject to the requirements of more than one regulatory body. Is your parent ERP system able to shoulder these compliance needs, or are multiple systems a safer setup?

3. **Does having a single ERP system actually save time and money?**

   Having multiple systems can be a roadblock to integration. Depending on the circumstances, your ability to implement repeatable processes and consolidate operations will be highly dependent upon moving to a singular ERP system. Conversely, in other cases, it could mean child companies conforming to a system that fails to meet their operational needs. In the short-term this could contribute to employee frustration and poor production performance. But in the long run, if the parent ERP system’s functionality is not setup to support a child company’s evolving needs, it could significantly affect the subsidiary’s ability to meet its potential – and make its expected contributions to your bottom line. Think beyond the integration phase to ensure you’ve chosen an ERP system that will enable subsidiary growth.

**Conclusion**

It’s the goal of any large company to cultivate a unified culture as it assimilates new businesses and teams. Your ERP system may seem like an obvious integration tool; however, don’t proceed blindly with your parent company’s solution. A round hole isn’t built to fit a square peg, no matter its size. Counter to conventional wisdom, for many, investing in an independent subsidiary-specific ERP system may be a necessary step in ensuring your long-term success.
In the early months of 2019, New Year’s resolutions may be on your mind – not only for yourself, but also for your business. Depending on your company’s goals, be it expanding your footprint or maybe venturing into a new industry, your ERP system may be facing a new set of regulations. Or, perhaps it’s your regulatory body who has resolved to revise their data standards in the years ahead. In either case, your organization will need a nimble ERP system and experienced software partner to remain in compliance. Below are three areas in which to remain vigilant in the year ahead.

Privacy & Security
The privacy and security of your ERP data is an important responsibility, especially if you are planning to migrate data to a hosted environment anytime soon. Taking proper precautions to safeguard your data is not only a matter of good business practice but may also be a matter of compliance. Publicly traded organizations should consider the requirements of the Sarbanes-Oxley Act (SOX) when configuring their system. Likewise, if all or part of your business operates in the EU and your organization collects personal data of individuals who reside there (e.g., customer or employee data), then your ERP system and related business processes must remain in alignment with the recently implemented General Data Protection Regulation (GDPR). GDPR requires cybersecurity of a certain caliber as well as regular system testing to verify such protections. It is important to validate that your system continues to be in lockstep with these standards.

Industry-Based Regulations
There are many benefits to selecting an industry-specific ERP system – among them being in compliance. Many industries are governed by regulatory bodies to create an environment of consistency, parity and quality. However, the regulations in place when you implement your ERP solution are likely to evolve over the life of your system. For example, compound drug manufacturers may be aware of the recently revised draft guidance released by the Food & Drug Administration, which may have implications for how data is stored and tracked in your ERP system. Or, as a defense contractor, under the U.S. Defense Federal Acquisition Regulation Supplement (DFARS), you must meet the strict requirements for Controlled Unclassified Information (CUI) protection to comply with the National Institute of Standards and Technology Special Publication (NIST SP) 800-171. An ERP solution built specifically for your industry and a software partner committed to remaining up-to-date on changing regulations will ensure that updates and upgrades help keep you in compliance.

Location-Specific Legislation
Globalizing your business can be a complex affair. For each locale, you must conform to local standards. Language and currency may be the first thing that comes to mind, but your ERP system and related data may be held to different regulatory standards depending on where your facility resides. For instance, if your ERP system houses American patient data, then you are familiar with privacy standards related to the Health Insurance Portability and Accountability Act (HIPPA), which safeguards individuals’ medical information. But if you were to expand your operations to Canada and Germany, you would be dealing with other countries’ medical data provisions. These laws can have a big impact on how your ERP system is configured and how data is stored (e.g., should your German facility be allowed to access American patient data?). To set up your ERP system in a manner that is compliant with each locale’s regulations, choose an implementation partner who not only is experienced in your industry but who also has a strong track record of international deployments.
In a time when digital assistants Alexa and Siri have become household names, it should come as no surprise that artificial intelligence (AI)-enabled ERP systems are also becoming mainstream. Originally leveraged to automate mundane tasks, today’s AI is equipped for heavier lifting. Manufacturers can now use such technology to carry out complex tasks, sift through masses of business data and make snap predictions based on the information at hand.

Let’s take a closer look at some of the latest features of today’s AI-enabled ERP systems and how they’re helping forward-thinking manufacturers work smarter.

Manufacturers can now use AI technology to carry out complex tasks, sift through masses of business data and make snap predictions based on the information at hand.

**Machine Learning**

Machine learning is a progressive function that is becoming more common in modern ERP applications. Through data mining and cognitive processing, machine learning can assist manufacturers in managing mission-critical operations like inventory management and predictive maintenance by helping avoid problems and uncover opportunities they may not have seen themselves.

For example, a machine learning platform like Infor Coleman AI, in conjunction with your ERP system, could create a model from your proprietary data to predict when product will go out of stock. Taking it a step further, the platform could also leverage external data (e.g., weather forecasts) to help you get ahead of an issue by alerting buyers to order early or notifying your team to adjust the manufacturing forecasts. Machine learning has also been proven to be a sophisticated decision-making tool. With the ability to run data models for what-if scenarios, it is particularly useful in big-picture business planning. Use cases include running the numbers for a merger or acquisition or when contemplating facility closure or addition.

**Digital Assistants**

You’re always going to have employees who take a little extra time to learn the ropes of your ERP system. While it is the goal for all users to feel comfortable, the ability to “talk” to the system is a valuable user-friendly feature for less tech-savvy and infrequent users – not to mention it simply saves time.

Today’s digital assistant-powered ERP systems allow users to ask a question through the voice interface in order to obtain the information they need – be it the price of a given service or the lot number of a recent shipment. No more navigating the system to search for the exact piece of data you need. Simply ask the question, and the AI platform’s digital assistant can parse your language, generate a query and quickly deliver a response.

**Audio/Visual Tools**

AI audio/visual tools are expected to an area of AI advancement in the coming years. When used in conjunction with your ERP system, this technology can match a given barcode and product image to information and ordering instructions for the corresponding product. Future iterations of this technology are expected to offer even more utility. For example, video is sometimes incorporated into production lines to assess and accept/reject each object as it passes at rapid speed. Future audio/visual AI tools will have the capability to make multiple decisions based on the given input. One use case would involve a drone capturing the visual of an object in an inaccessible location to assess it for maintenance needs; it would then deliver information on the required work as well as any replacement parts needed. The system could even be set up to automatically draw up a work order for the problem at hand – no human involvement required.

**Conclusion**

ERP technologies are evolving at a pace never before seen in the manufacturing world. And these new features, the ones that enable globalization, mobilized workforces and AI, aren’t going anywhere. You could pay for a big-name system that’s also been adopted by the local hospital, school district and bank down the street. Or, you could apply these cutting-edge tools in a way that make sense for your business by selecting an industry-specific ERP system that in the years ahead may be used by your biggest competitors. The decision lies with you.
About The Copley Consulting Group

For nearly 30 years The Copley Consulting Group has delivered Infor CloudSuite™ Industrial implementation success to more than 400 enterprises. From Fortune 1000 companies to start-up operations, Copley has provided education, training and technical services melded with a focus on Best Practices. As one of Infor’s premier Gold Level Channel Partners, Copley has assembled a team of dedicated professionals committed to increasing the productivity and profitability of our customers.

For more information about our Infor CloudSuite Industrial (SyteLine) system implementations in FDA regulated environments, contact a Copley Consultant at 855.884.5305 or sales@copleycg.com

Follow us on social media, click on the icon below

facebook.com/copleycg/
twitter.com/CopleyCG
linkedin.com/company/copley-consulting-group/