

# ERP in 2020: A Guide to ERP Trends Happening in 2020



Learn what tools and approaches many small and medium-sized businesses (SMBs) are taking to keep on top of the ERP trends for 2020.



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## ERP in 2020: A Guide to ERP Trends Happening in 2020

In this eBook, we discuss the cautious outlook many manufacturing companies are taking and why so many manufacturers are focusing energies on how to optimize operations to remain nimble in the year ahead. Learn what tools and approaches many small and medium-sized businesses (SMBs) are taking to keep on top of the ERP trends for 2020.



# 1

## An Outlook for SMB Manufacturers

Ask a room of manufacturers about their organizations' goals for 2020, and you'll find that target numbers may be more modest than in years past. This cautious outlook is largely driven by the global purchasing manager's index.

*In 2019 the Global Purchasing Manager's Index (PMI) saw several consecutive months below 50.0, the level that distinguishes between expansion and contraction.*

### 1. Slowed Job Growth

The manufacturing sector has seen a slowdown in job growth, adding just 6,000 jobs per month on average in 2019 compared with 22,000 per month in 2018, according to Deloitte. The outlook for 2020 is not far off, as manufacturers closed out 2019 shedding 12,000 jobs in the month of December.

With fewer hands-on deck, SMBs are looking to digital tools like ERP to do more with less and maintain their footing in a rapidly evolving market. For example, many organizations are turning their focus to streamlining, validating and hardwiring optimized workflows, so employees can shift their focus from manual tasks to roles that better utilize their time and skills. A concentration on process and operational resilience is expected for the year ahead.

*At year's end, U.S. manufacturing activity fell to 47.2—the lowest level seen since June 2009, when the U.S. economy was nearing the end of the Great Recession.*

### 2. Tariff Uncertainties

Manufacturers' momentum has also taken a hit due to uncertainties over tariffs, which has resulted in daily cost fluctuations in the manufacturing value chain. This has prompted manufacturers to pivot sourcing and production to new regions of the world. In the first three quarters of 2019, US imports from China dropped 13 percent, while imports from Mexico increased by 6 percent and imports from Vietnam jumped 37 percent, according to Deloitte.

SMBs are realizing that, in many cases, they must reimagine their supply chains and flex production and delivery plans. Business insights, including up-to-the-minute inventory data and predictive analytics, can help manufacturers achieve the flexibility required to succeed under unpredictable conditions.

*There are plenty of lightweight ERP solutions on the market today. However, just because a software meets your company's needs today doesn't mean it will continue to do so in the years ahead.*

### 3. Weak Demand

International demand has weakened, and manufacturers feel less than optimistic that this trend will right itself in 2020. Instead, many are turning their focus to managing risk and finding ways to break into emerging markets.

To do so, manufacturers are investing in digital tools to help strengthen their agility in global supply chains. These cutting-edge technologies, including artificial intelligence, cloud computing and advance analytics, can deliver the insights needed to respond to fluctuating market conditions and meet the needs of new customers and niches.

The Manufacturers' Outlook Survey report found just 67.9 percent of manufacturers are optimistic about their business, compared with 93.9 in 2018.

## 2

# Empowering Employees to Work Smarter with Analytics

**Manufacturing has seen a slowdown over the last year, both in terms of demand and job growth. It's hard to know exactly when a recession will occur, but when faced with signs of a slowdown, manufacturers are wise to be proactive in evaluating their operations before action must be taken.**

*ERP systems and analytics platforms such as CloudSuite Industrial and Qlik can help decision-makers keep a pulse on key performance indicators while discovering new business opportunities.*

Today's analytics platforms can empower a manufacturing workforce to work more resourcefully—which can be particularly valuable when pivoting into a new line of business or trying to maximize productivity while short staffed.

### Democratize Your Data

Traditionally, business intelligence (BI) has come in the form of a customized print report pulled by your IT team and delivered to your department head. In today's uncertain climate, delving into your organizational data shouldn't be a once-in-a-week activity—and it shouldn't be reserved for those at the top.

While there will always be need-to-know data reserved for authorized users, today's analytics platforms are built to help everyone at your organization gain insights and discover opportunities about the way they do business. By granting workers access to a user-friendly and interactive interface that promotes exploration, they can answer questions as they arise. And by using a platform equipped with data visualization tools, even the least tech-savvy of users can find relationships, discover outliers and gain insights without waiting for a report from IT. By empowering employees with BI, manufacturers open the doors of innovation to their entire workforce during a time when it's needed most.

### Make Informed Business Decisions, Quickly

As your leadership evaluates your operations, you may find that the best way to thrive during the present slowdown is to shift your geographical focus, take on a new partner or break into a new product area. This could come down to your ability to make big decisions in a small amount of time.

Having a start-of-the-art analytics platform gives your organization the power of to delve into critical business intelligence directly from your ERP system. Need to determine the current bandwidth of your production team? Wondering if you have the inventory to fulfill a prospect's rush order? Grasping new opportunities often hinges on timing, and with the ability to pull reports and create dashboards from up-to-the-minute ERP data, your team can deliver real-time answers and make informed decisions in a snap.

### Foster Collaboration

*Whether you are hosting yourself or using a hosting partner, private clouds offer more transparency into system upgrades, which can be critical for compliance.*

Analytics platforms like Qlik can encourage interdepartmental partnership by bringing together disparate data sources across your organization. With simple data integration tools, you can easily connect file-based sources like Excel, databases, HTML and XML web content, and big data sources like Hadoop, Teradata and Cloudera. Once data has been linked, Qlik applies associative data indexing technology to dynamically compute results and reveal data relationships. No more bouncing from CRM to ERP to your data warehouse. Through simple actions like search and select, employees can dig into the data to uncover opportunities for cross-functional collaboration at every point along the supply chain.

## Cloud-Based ERP – A Gateway Technology for Digital Transformation

**Manufacturers are adopting sophisticated new tools to revolutionize their supply chains and optimize their processes. While some small and midsize manufacturers may not have a desire to dedicate significant capital to a completely digitized supply chain, many are taking steps to modernize their operations through investments in new technologies.**

Industry-specific cloud-based ERP system like Infor CloudSuite Industrial (Syteline) may be the solution for these SMBs. Many manufacturers have added cloud-based ERP to their 2020 budget and are looking to enjoy the benefits that stand to be gained through implementation.

### Traditional On-Premise ERP vs. Cloud-Based ERP

Traditional on-premise ERP used to carry a hefty upfront capital cost, making it difficult for smaller companies to get the green light for implementation. There's the price of the software and hardware, but also servers, licenses and an intricate web of networking technologies.

*As manufacturers look for ways to remain agile in an increasingly complex and competitive market, cloud-based ERP is emerging as a flexible foundation for businesses looking to transform—digitally and otherwise.*

Cloud-based ERP solutions provide an alternative to the costly, labor-intensive job of managing a traditional on-premise ERP system. They require notably less upfront capital, as subscribing to cloud-based services is covered by operational costs. In comparison, to on-premise options, cloud-based systems offer distinct advantages. Employees can easily access the system while away from the office, and version-less software upgrades happen seamlessly in the background, eliminating the outages and operational disruptions that can accompany on-premise system updates.

### Cloud Deployment Options

Despite the benefits, there continues to be some doubt around the security and reliability of cloud hosting. It is true that depending on your business. You'll need to do your homework to ensure your

hosting arrangement meets industry standards and/or regulations. The demand for cloud-based ERP has spurred a spectrum of solutions—from public, multi-tenant options to private, single-tenant clouds to hybrid models.

### Public Multi-Tenant Cloud

Many manufacturers opt to engage with a hosting partner and work from a public cloud. This sort of arrangement often comes with expert IT support as well as backup systems. The Infor Cloud wraps another layer of added security around Amazon Web Services (AWS), further protecting from ransomware and other security threats. Utilizing a third-party cloud can also give manufacturers more flexibility to quickly augment server bandwidth in times of peak demand or company growth—especially if working from a subscription model. Should you choose to operate from a public cloud, it's important to understand how data is siloed and access is managed by your cloud provider.

### Private Single-Tenant Cloud

Alternatively, some manufacturers, particularly in FDA-regulated industries, prefer to operate on a single-tenant cloud. This can be achieved by hosting a private cloud yourself or using a third-party option. In either case, a private cloud arrangement will afford you more control over your infrastructure and allow you to design an environment tailored to your unique security and data management needs.

Your budget and timeline can help determine whether a private, company-owned cloud or third-party, single-tenant cloud is right for you. If you are not constricted by security and regulatory constraints and are looking to empower your workforce, a multi-tenant ERP can be a wise first step.

# 4

## Finding New Opportunities with The Internet of Things (IoT)

**The Internet of Things (IoT) may sound like a far-off concept, but many manufacturers today, including small and midsize businesses (SMBs), are beginning to integrate automation and IoT technologies to work smarter for their customers.**

From usage stats to error logs to inventory, equipment outfitted with data-capture technologies collect and transmit insights that can be immensely valuable to manufacturers looking to gain an edge.

### Enhancing Operations

*Manufacturers are laying the groundwork for their IoT infrastructure directly on the manufacturing floor, using end-to-end automation solutions like Infor Factory Track, that integrate with their ERP system.*

By leveraging automation tools for barcode handling, inbound logistics, job material transactions and labor tracking along with IoT technologies, manufacturers can record and send usage and performance data to their ERP system, or even act automatically as data is received. This interaction between data receipt and response is an area of great potential. With predictive real-time insights, manufacturers have new capabilities to prevent production delays, predict maintenance needs and how they will affect performance, execute critical repairs quickly and conserve energy usage.

### Improving Customer Service & Value

Once a product leaves the warehouse, manufacturers can also track data related to not only a product's movement through the supply chain but also its performance aftermarket using IoT.

Many manufacturers are designing products to emit a sort of "digital exhaust"—or a data stream containing usage metrics such as speed and energy consumption. Using these insights, manufacturers can deliver additional data-driven benefits throughout the customer lifecycle, including the ability to better forecast spare parts needs and

create a digital platform where customers can manage warranty claims and schedule services in one place. The insights could also be delivered to the customer as part of the overall product package—adding even more value to the customer far beyond the point of purchase.

### The As-a-Service Model

2020 is shaping up to be a year that manufacturers get creative about their business models and venture into new markets. One popular manufacturing trend has been the rise of the as-a-service model. By allowing a given product to be rented "as a service," customers can use the resource only as much as is needed for as long is needed. The upside for the customer is that they can quickly scale-up and scale-down resources as needed without forking over a ton of capital. The upside for manufacturers is that they can offer their product to a new base of customers who cannot commit to the standard product's upfront costs.

In introducing the as-a-service model, manufacturers are adopting IoT technologies to gain feedback on product use. Whether it's a medical device being used for testing, disposable reagents or a machine that must be calibrated prior to each new use, manufacturers are using their products' IoT data streams to support new billing structures, ensure inventory/supply levels and keep machines in working order.

If you are ready to invest in a game-changing technology that could help take your manufacturing business in many directions in the years ahead, 2020 may just be the year to take the plunge.



## About The Copley Consulting Group

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For more information about our Infor Cloudsuite Industrial (SyteLine) or our Qlik Analytics Solution, contact a Copley Consultant at 855.884.5305 or [sales@copleycg.com](mailto:sales@copleycg.com).

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