CLOUD ERP'S INTEGRAL ROLE
IN BUSINESS AGILITY

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Introduction

Change is afoot in cloud Enterprise Resource Planning (ERP). Two years ago, a two-tier cloud ERP strategy was often pitched as an effective means of rapid consolidation and real-time reporting across a cloud platform. Cloud ERP's common data model was a breakthrough for companies looking for better oversight across far-flung subsidiaries. But amidst heated global competition, transformation is no longer a wish list item; it's an operational imperative. For today's CIOs, technical efficiencies and cost savings are not enough.

But as cloud ERP matures, business users are reporting a welcome shift. Beyond the reduction of costly integration, two-tier ERP is proving integral to global expansion. Tangible benefits include: agility and speed of implementation, global expansion and new market entry, business growth, and efficient mergers and acquisitions. And now, thanks to better mobile functionality and ecommerce, cloud ERP can get closer to customers than ever before.

Agility and Speed of Implementation

Agility is not just a catch phrase for cloud ERP customers. For Land O'Lakes, expanding into new markets is inconceivable without cloud ERP. A diversified manufacturer, Land O'Lakes specializes in creating products for the consumer products and agricultural industries. Moving into new markets is an "innovation risk" for Land O'Lakes, with millions of dollars at stake. When they initially evaluated cloud ERP solutions, NetSuite OneWorld stood out for its price point, functionality, and fast implementation. When it comes to seizing chances in new markets, Land O'Lakes reports:

"We've had NetSuite in quickly, efficiently and in a fraction of the time that some of these other packages would take us to implement."

Speed of implementation isn't enough. Ease of implementation also matters. Many subsidiaries don't have large IT staffs. That was the case for Shaw Industries, a leading provider of commercial carpet and hardwood in the U.S. Its NetSuite OneWorld rollouts did not require big IT teams on the ground:

"It was easy to get implemented, number one. It was easy to configure. We didn't have to have a big IT staff. One of our goals was: everywhere we go in the world, we don't want to have to hire staff and put hardware and software in all the countries we might wind up in. We wanted a solution that we could configure from the US and maintain from the US."

Global Expansion and New Market Entry

Global expansion is hampered by country-specific ERP systems. But as customers such as Land O'Lakes report, modern cloud ERP delivers core functionality in different languages and currencies—a must-have for them to enter emerging markets.

That's the predicament Shaw Industries ran into. Shaw was humming along on its North American systems—until the company announced plans to build a plant in Nantong, China. Suddenly Shaw was in scramble mode, searching for a system that could handle multiple languages and currencies. Enter NetSuite:

"The OneWorld solution from NetSuite allows us to look at the company in the individual subsidiaries, and yet roll everything up to the global view... If we want to know how the China plant is operating and how the production's doing there, we can see that... If we want to know how Australia's doing we can see that, yet we can look at it in rolled up tiers and see combined how they're all doing together, or any portion of them. We have that flexibility."

Business Growth

Cloud ERP investments must align with business growth. Over the past three years, Land O'Lakes has pursued a business transformation program, with the goal of better competing in the global marketplace.

They've invested tens of millions of dollars in innovation, including their WinField business for agricultural customers. The flexibility of a cloud ERP platform is a key factor in their business model change:

"NetSuite OneWorld absolutely gives us the ability to be flexible and innovative in certain areas where we can experiment and try new things. There is a lot of creativity in our business, and without that capability and that flexibility, we wouldn't be able to attempt some of these new business models we're trying to implement. The SaaS business model gives us flexibility and agility that we wouldn't have had. Quite frankly, we think it's the business model of the future."

Efficient Mergers and Acquisitions

Companies cannot tolerate cumbersome IT delays when they are in merger and acquisition mode. CallidusCloud faced a major obstacle to their M/A strategy, limited by the time and costs of setting up financial reporting structures for acquired businesses. Now, CallidusCloud is able to onboard new business entities into their cloud ERP system within a 30- to 45-day timeframe.

Olympus NDT, a customer of NetSuite's since 2002, has also adapted to changing requirements and merged other companies into its system along the way. Olympus NDT also moved from a single instance of NetSuite to a multi-company instance, which they describe as a "really easy migration."

Cloud ERP Brings You Closer to Your Own Customers

Keeping pace with the demands of today's customers is almost impossible with legacy ERP systems. Companies like LoveSac find cloud ERP gets them closer to their customers. For LoveSac, which is re-inventing the couch industry with a refreshing retail vibe and flexible furniture components, it's about data visibility, personalized to customer preferences. Salespeople carry iPads that bring products to life through SuiteCommerce, NetSuite's ecommerce platform. LoveSac redefines customer service with a "Customer Love" team:

"The 360-degree view of the customer information lets them do their job. We're getting more real-time with the iPads, with SuiteCommerce. Pulling this all together, their jobs get easier and easier."

Olympus NDT also finds value in mobile functionality:

"One of the features we like best about NetSuite is the iPhone application. It's a really good application to give our salesmen the ability to access their data wherever they are, very quickly and efficiently."

Whether it's ERP on mobile or integrated CRM, cloud ERP has moved from back office necessity to system of advantage. That's good news for today's "agile or bust" business environment.