Building a Better Tomorrow With ERP

How Digital Transformation Can Help Your Manufacturing Business Grow

EPICOR ®

Contents

Executive Summary

As the world around us becomes increasingly digital, it is imperative that manufacturers follow suit. Digital transformation presents significant opportunities to achieve growth by addressing key operational issues and aligning products and services to the demands of today's market.

Growth looks different for every company, and with the vast array of digital technologies available, it can be hard to know where to start. Which technologies offer the biggest opportunity for your company to grow? How can you successfully embrace the digital revolution?

This eBook will help you:

▶ Understand what growth looks like for your business

▶ Assess the capabilities needed to support your digital transformation journey

▶ Highlight some best practices to implement your digital transformation strategy, and

▶ Capitalise on growth opportunities with speed and conviction.

How Digital Transformation Gets Manufacturers Set for Growth

Digital transformation is sweeping through the manufacturing sector as businesses move to capitalise on the Internet of Things (IoT), advanced analytics, cloud technologies, artificial intelligence (AI), and more. Leading manufacturers see these new technologies as game-changers—enabling them to redefine business models, revolutionise internal operations, and improve customer experience.

For decades, manufacturers have opted to cut costs in order to achieve growth, but today's leaders realise that digital technologies can play a vital role in their success. When effectively integrated throughout every part of a business' operations, digital transformation positions companies for sustained growth by connecting their extended ecosystem of partners, suppliers, and customers. In other words, technology helps your business "get set for growth."

Understanding digital transformation

Digital transformation does not exist in its own discrete context. It is a response to burgeoning issues within a global economy that is faster, more connected, and aggressively competitive. It is not an end destination or state of being, but a combination of applied digital technologies and processes that accelerate your business toward its strategic objectives and push it further along the Industry 4.0 track.

Start with strategy

The velocity and scale of technological change can feel as overwhelming and risky as leaping onto a high-speed train. Leaders may wonder how it's even possible to harness the power of digital transformation when technology seems to become obsolete almost as soon as it arrives.

Instead of focusing on all the risks, possibilities, and benefits of new technologies all at once, first define your overall business goals. What do you hope to achieve in the next five years? What factors will you use to measure business success and growth?

Once your business goals are defined, the digital tools that offer the greatest opportunity to achieve them will emerge. Those technologies can then become part of your growth strategy— steps you'll take on your journey.

Successful digital transformation doesn't happen overnight, and it looks different for each company. Deploying new technology for technology's sake will short-circuit your digital aspirations. Instead, your company's overall growth strategy must guide and lead your digital transformation. Your strategy gets you set for growth.

In today's world of exponential change, organisations that get too comfortable with the status quo are at major risk of disruption.

—Andrew Vaz, Global Chief Innovation Officer | Deloitte

Understanding the Role of Digital Transformation in Business Growth

High-growth companies invest time in strategic planning.[1] Many competing technologies profess to drive digital transformation—however, the utility of any given digital solution depends almost exclusively on context. You need to understand where you are in your digital transformation journey and how specific technologies will add value to your business. Against a backdrop of fierce competition and rapid evolution, this means identifying the areas in which you can make the smallest change for the maximum ROI. The starting point in the journey toward growth is to understand your market and business inside out. We refer to this as a company's ability to "get growth."

Define your growth objectives

Recent research from MORAR found that high-growth businesses are two times more likely to invest time in strategic planning.[1] To get started, you need to establish what works, what requires immediate attention, and where digital transformation can add real value. With your clearly defined growth vision, you are ready to set investment priorities for digital transformation.

For manufacturers, defining these priorities might mean a trade-off between operational efficiency and improving the customer experience. The risks of holding excess inventory or missing order delivery deadlines are costly to the business. You must take an honest look at which areas are your biggest hindrance to growth—and which areas offer the greatest opportunity for lasting success.

[1] Research conducted by MORAR Consulting, surveying 1,824 managing directors, and heads of finance, operations, and IT in businesses with 100+ staff spanning the manufacturing, distribution, and service industries (and in businesses of all sizes in retail) in Australia, Canada, China, France, Germany, Hong Kong, India, Mexico, Singapore, Sweden, the UK, and the U.S. (MORAR, Growth Survey, 2016).

The Aberdeen Group identifies three digitisation technologies with the potential to impact operations:[2]

▶ The Internet of Things (IoT)—to enable a new level of operational intelligence

▶ The cloud—for real-time visibility and scalability

▶ Big data analytics—to transform data into predictive, actionable operational insights

Derive new operational efficiencies

For some, digital transformation will mean investing in Industry 4.0 technologies that connect, integrate, and automate production—introducing AI, sensors, actuators, and drivers that facilitate the autonomous exchange of information. IoT technologies such as smart sensors can predict equipment failure and send alerts that trigger automated responses, while automation can optimise supply-chain shipment logistics and inventory management.[3]

Differentiate the customer experience

For some manufacturers, digital transformation will come as a response to increased pressure from customers to produce shorter, customised runs on products, and a more personalised experience—at the same cost. Manufacturers must track and understand customer data and invest in systems that give them the insight they need to provide the tailored, transparent, and positive experience that buyers now demand.

Visibility and insight are key

The key to successful digital transformation is having the visibility and insight to understand where technology can add the most value for your business. Manufacturers have more data than ever before, but few possess the technology to derive real value from that data. IDC estimates that less than 10% of data held by manufacturers is used effectively.[4]

To effectively use this data, companies must invest in technologies that add value by providing business-critical insights. Manufacturers need an industry-specific enterprise resource planning (ERP) system that delivers real-time, in-depth data to transform their operations and enable them to seize growth opportunities.

Better visibility into all areas of your business enables smarter and faster decisions, brings new operational efficiencies, and enhances the customer experience. Whatever digital transformation looks like for your business, applying the right tools can mean the difference between merely competing and thriving.

[2] "What Does Digitalization in Manufacturing Mean Now?" Greg Cline, Aberdeen Group, 2017

[3] "The Digital Transformation Means Understanding the Data at Your Fingertips," Kym Gilhooly, Forbes, 2017

[4] "IDC FutureScape: Worldwide IT Industry 2017 Predictions," IDC, 2016

Where to Invest for Growth

Prepare to deploy your digital transformation strategy

In today's fiercely competitive marketplace, holding onto old processes, siloed systems, and yesterday's way of thinking will make it increasingly difficult for you to compete. Change is necessary to ensure your products, services, and processes are relevant in the modern digital world.

Whether growth for your business means expanding into new geographies, developing new products, or differentiating the customer experience, you need to develop the organisational capabilities to make that vision a reality. More importantly, you must collaborate across the company to effectively prepare your business to act upon your growth strategies. We call this being "fit for growth."

Invest in the right technologies

Investing in new and innovative technologies is important, but the key is investing in technology that adds strategic value for your business. As many as 88% of manufacturers plan to invest significantly in technology in the next year, but high-growth companies invest where it counts.[1]

Top investment priorities for manufacturers in the next 12 months include inventory management, cloud, big data, CRM, and mobile.[1] This highlights a clear move toward digital technologies that will provide the level of visibility and insight required to define a data-driven strategic vision, as well as those that enable the collaboration necessary to realise that strategy.

Manufacturers plan to invest in:

1

19%
Inventory Management

2

18%
Cloud

3

18%
Big Data

4

18%
Customer Relationship Management (CRM)

5

17%
Mobile
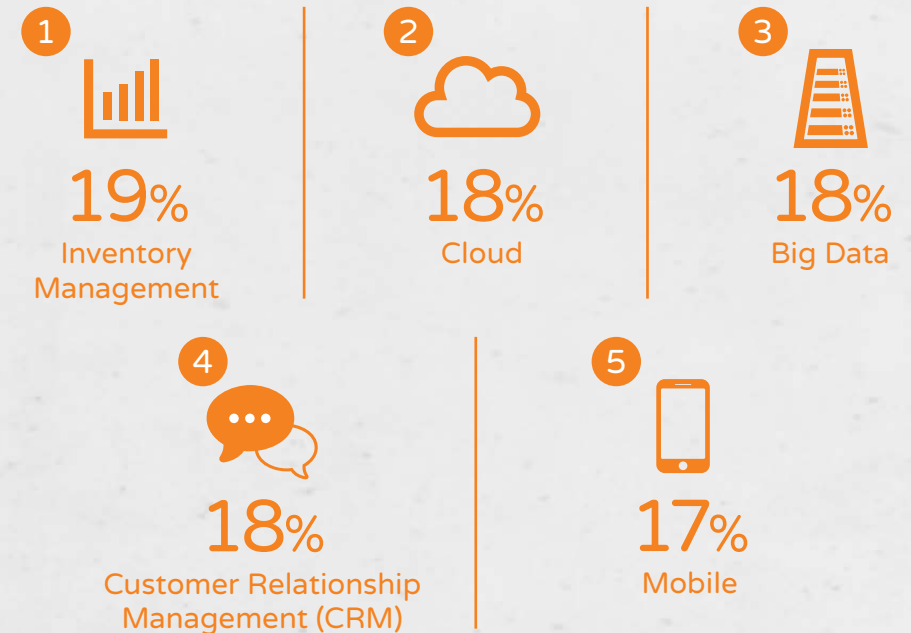
[1] MORAR, Growth Survey, 2016

Invest in the cloud

In particular, interest in cloud-based ERP has soared in recent years, growing from 23 percent to 59 percent between 2009 and 2016[2]—perhaps explained by the citing of cloud-based technologies as the number one enabler of companywide collaboration.[2]

While traditional ERP systems offer the capability to manage complex orders and inventory, cloud-based systems can enhance real-time visibility into customer orders, supplier performance, and global manufacturing operations. Moving on-premises systems to the cloud helps simplify and expedite collaboration—capabilities that may be extended upstream to suppliers or downstream to customers, enhancing the manufacturer's view of the entire value chain. In real terms, this means giving your employees access to the information they need to do their jobs, any time, any place, from any device.

High-growth businesses cited better technology (57%) and more efficient working practices (33%) as the two most important considerations in achieving business growth.[1]

74% of best-in-class companies have implemented an ERP solution to enable digital transformation.[3]

[2] "What Does Digitalization in Manufacturing Mean Now?" Greg Cline, Aberdeen Group, 2017
[3] "Don't Be Left Behind: The Time for Digital Transformation Is Now," Nick Castellina, Aberdeen Group, 2015
[4] MORAR, Growth Survey, 2016

Turn Insight Into Action

Investing in technology alone isn't enough to drive your digital transformation. You need the people, processes, and culture to empower your business and foster change. You need the ability to identify opportunities both within and outside your organisation, and you need an unwavering focus on the customer. We call this having the ability to "act for growth."

Right people, right culture

To realise your digital transformation strategy, you need individuals who embrace change and are committed to realising that vision. Leaders and employees must create a culture conducive to change. Align new technologies with a clear transformation strategy and take steps from the start to communicate your vision and gain employee buy-in. How you manage change is critical—and you should ensure you have leaders with the right mindset and capabilities to lead this transformational change.

What's more, you need to consider the strengths and weaknesses of your current staff. Do they possess the skills to follow through on your digital strategy? Do you need staff with different skills, and will you need to recruit or train them?

Manufacturers are looking more and more towards the next-generation workforce—those who recognise where the industry is headed and possess the skills to manage innovative, cloud-based mobile solutions. Alternatively, you need to consider the cost of training existing employees and develop a digitally enabled workforce.

[1] MORAR, Growth Survey, 2016

95% of high-growth companies are optimistic about achieving growth in the coming year.[1]

76% of high-growth businesses favor constant innovation over business stability and are inherently optimistic.[1]

High-growth businesses are two times more likely than their low-growth counterparts to look for external opportunities.[1]

Focus outside the business

Gaining operational efficiencies and expanding core competencies are great starting points for digital transformation. However, true growth is only realised when competency meets market opportunity. While low-growth companies will take comfort in inward-looking cost savings, high-growth manufacturers focus outside the business. Integrated ERP solutions, data, and predictive analytics provide the platform for identifying new external growth opportunities—whether that means developing new product lines to fulfill an emerging demand, expanding into new markets, or providing new services.

Focus with insight

Data alone is redundant. You need actionable business insight and complete visibility of your business operations in order to achieve growth. The ability to act for growth and take advantage of market opportunities will depend on your accurate application of business insight. The Aberdeen Group reports that 74% of best-in-class companies have implemented an ERP solution to enable digital transformation.[2] ERP can give you the visibility and insight you need across the value chain to ask the right questions and make fast, informed decisions to drive business growth. Companies that successfully achieve their vision for digital transformation will be those making faster, smarter business decisions and applying digital technologies with strategic intent.

Focus on the customer

Customer expectations are higher than ever before, and the onus is on the manufacturer to start behaving like a consumer business. Manufacturers need to become customer-focused in the design of systems and processes, and leverage data and digital technologies to remain competitive and deliver a seamless, connected customer experience.

With next-generation digital technologies like modern ERP solutions, production planners have the resources to more accurately predict when and where a product is needed to meet customer demand. Integrated ERP systems, inventory management, analytics, and IoT technologies hold the key to complete value-chain visibility. GPS and RFID technologies will provide real-time tracking, while IoT sensors and bots preempt and resolve shipment issues to assure customer satisfaction.

In the race to find new means of differentiation and competitive advantage, data-driven personalisation and the ability to provide a seamless, transparent, and tailored customer experience will separate the market leaders from the rest of the pack.

> 80% of high-growth businesses cite changes in customer demands as having a critical impact on their ability to achieve growth in the next 12 months.[1]

---

[2] "Don't Be Left Behind: The Time for Digital Transformation Is Now," Nick Castellina, Aberdeen Group, 2015

Get Set for Growth With Epicor ERP

Once you have a clear strategy, understand your path for achieving growth, and have the people and technologies in place to support digital transformation, what's next?

Epicor has the industry-specific experience, expertise, and systems to make your vision a reality. Whatever the shape of your business—wherever you are on your digital transformation journey—Epicor ERP can help you move forward with confidence.

We help you define your digital strategy

At Epicor, we have partnered with manufacturers for more than 40 years, and our consultants leverage that experience and knowledge to help you foster growth. After you have established your company's needs and priorities, we can help you define a clear strategy and a practical roadmap for digital transformation—with ongoing education, training, and support to implement that strategy and realise growth for your business.

We give you real-time visibility

Epicor offers a unified ERP suite that provides real-time, integrated data, analytics, reporting, and personalised dashboards—enabling you to make faster, smarter business decisions. With centralised visibility, global connectivity, and an open API, Epicor ERP enables you to combine actionable data insight with Industry 4.0 technologies to realise the true power of your data.

## We're leaders in cloud collaboration

Market-leading cloud capabilities set Epicor apart from other ERP providers—you get the same rich functionality with our cloud deployments as you do when you deploy on premises. If you're already migrating to cloud, we'll join you on the journey.

Alternatively, choose an on-premises model now, and be confident that you'll lose nothing by moving to cloud later. Either way, with a single, unified solution and a range of function-specific add-ons, you can integrate new technologies such as mobile, social, IoT, and 3D printing as you transform your business.

We're ready for the future

Finally, Epicor ERP is designed to scale with your business. We understand that digital transformation looks different for every business, so we give you the platform you need to accelerate growth and allow you to add extra services or features later—as your needs evolve, so can your ERP solution.

Whether growth for your business means gaining new operational efficiencies or transforming the customer experience, Epicor helps you turn digital transformation into a set of achievable, growth-focused goals—improving productivity, creating more profitable customer relationships, and eliminating unnecessary operational complexity.
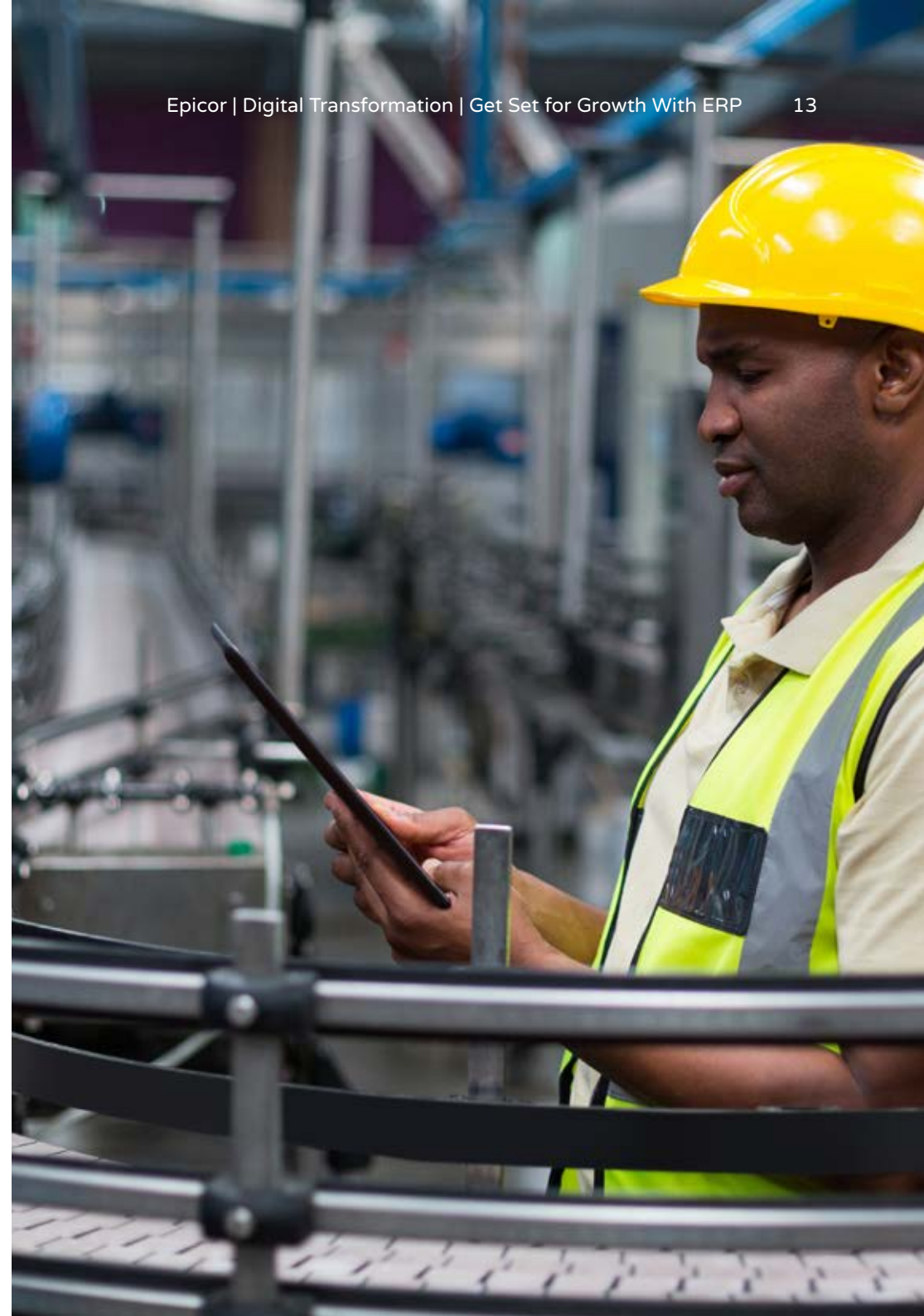
How These Grow Getters Made Digital Transformation Work

The companies forging ahead are those with a strong vision of where digital transformation needs to take them. They invest in the right systems and technologies, rethink ways of working, and build a culture conducive to growth—all with the customer in mind.

These manufacturers are the Grow Getters™—individuals who understand why transformation is essential for their business to grow and have the vision and drive to see it through.

Grow Getters share a set of core characteristics and values. They believe in strategic planning, embrace change, and have an unswerving focus on the customer. They have the complete picture of the internal, external, and technological factors that affect their business. They have a clear growth strategy, and they're taking action.

Grow Getters focus on the customer[1]

By investing in the development of a clear customer-focused transformation strategy and choosing an ERP partner that understands their industry, these manufacturers are forging ahead with business growth.

"The customer's experience is the reason we're here. Each and every time, we must provide them with products and services that meet or beat their expectations. Epicor has helped us evolve on how we keep up with our customers and put us in a great position to help us grow as we embrace the future of manufacturing."

—Gary Fruth, Chief Executive Officer | Dalsin Industries

Grow Getters invest where it counts[1]

Epicor ERP allows manufacturers to introduce incremental change, giving priority to those areas of the business that afford the quickest ROI.

"Epicor Social allows our plant people on all three shifts to communicate seamlessly throughout the entire business, 24 hours a day. Epicor has inspired our business by bringing all our employees together and getting them all on the same page—which is extremely difficult to do—from the front office all the way back to the shipping dock."

—Douglas Horner, Owner | Enpress LLC

Grow Getters demand a quick return from IT spend—72% of high-growth companies expect returns within a year[1]

"Epicor radically improved our profitability. We weren't growing prior to the implementation because we weren't accurately charging for our work. Without a proper quoting system in place, we were glancing over materials and underestimating hours spent on projects. Now with Epicor, we track every asset that goes into a job, which has made us more profitable and much more competitive".

—Gordon Erickson, Owner | Kwalyti Tool

Grow Getters turn information into insight, and insight into action[1]

Our Epicor ERP customers were able to react quickly to changes in the business landscape, with the agility and visibility to implement effective solutions.

"The system enabled us to tie together the triangle featuring the relationships among our company, contractors, and end users in one extremely accessible, easy-to-use reporting format. This has allowed us to identify sales patterns that opened the door to new deals and sales opportunities".

—Roger Leung, Purchasing Manager | American Time

[1] MORAR, Growth Survey, 2016

Get Your Business Set for Growth

Our ERP technology is already driving digital transformation and growth for thousands of companies across the globe.

We're here to support you each step of the way—helping to define your transformation roadmap, ensuring a successful ERP implementation, and partnering with you to make sure you derive value and growth from our technology. It starts with a conversation.

About Epicor

Epicor Software Corporation drives business growth. We provide flexible, industry-specific software that is designed around the needs of our manufacturing, distribution, retail, and service industry customers. More than 40 years of experience with our customers' unique business processes and operational requirements is built into every solution—in the cloud or on premises. With a deep understanding of your industry, Epicor solutions spur growth while managing complexity. The result is powerful solutions that free your resources so you can grow your business. For more information, connect with Epicor or visit www.epicor.com.

EPICOR.

Talk to our team and take the first step in getting your manufacturing business set for growth:

📞 +971 4 391 3730   ✉ info.mena@epicor.com   🌐 www.epicor.com/mena/getsetforgrowth