

Your Complete Guide to Modern ERP

A handbook for today's innovative business leaders

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Handbooks for the Modern Enterprise | Volume 1 | Fourth Edition



Overview

The Clear Imperative for Cloud Applications

Research shows that on-premises ERP systems were not designed for usability and insight. More than three quarters of business leaders say their current ERP system doesn't meet their present requirements, let alone future plans. These systems lack modern best-practice capabilities you need to compete and grow. To enable today's data-driven organization, the very foundation from which you're operating needs to be re-built—it needs to be modernized.

Oracle's goal is to help you navigate your own journey to modernization by sharing the knowledge we've gained working with many thousands of customers who use both legacy and modern ERP systems. To that end, we've written this handbook outlining the fundamental characteristics that define modern ERP.

Did you know?

How has the global pandemic impacted on-premises ERP to cloud ERP migration plans?

68%

Hasten migration plans

21%

No change in plans

12%

Slowed migration plans

Source: "Customer Migration Plans to Oracle Cloud ERP."

IDC research of Oracle on-premises customers (E-Business Suite, PeopleSoft and JD Edwards). N=1,600 in 14 countries. September 2021.

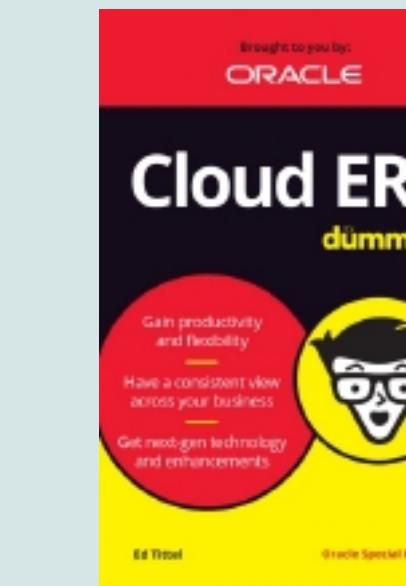
From On-Premises ERP to Cloud ERP

The rapid evolution of the cloud has dramatically altered the ERP landscape for companies of all sizes. Coupled with mobile platforms, our work anywhere and anytime culture requires modern cloud-based ERP systems not tied to yesterday's back-office, on-premises environments. This next generation of ERP—cloud ERP—builds on the formidable history of on-premises ERP, but eliminates the need for multiyear projects and heavy customization.

Modern ERP delivers solutions rapidly through the cloud so organizations can respond quickly to volatile markets and industry disruption while supporting next-generation employees with security, insight, and agility.

Business-critical collaboration and decision-making depends on both enterprise data access and analysis, and on modern ERP systems that deliver the infrastructure and tools required to get done what you need.

The world is far more complex and competitive than when on-premises ERP first arrived on in-house mainframes. Finance and technology are inexorably linked, as growing volumes of data drive not just operations and reporting, but critical business decisions. Aligning cloud ERP with a company's people and products delivers digitally enabled business agility, which translates into greater operational and sales success.

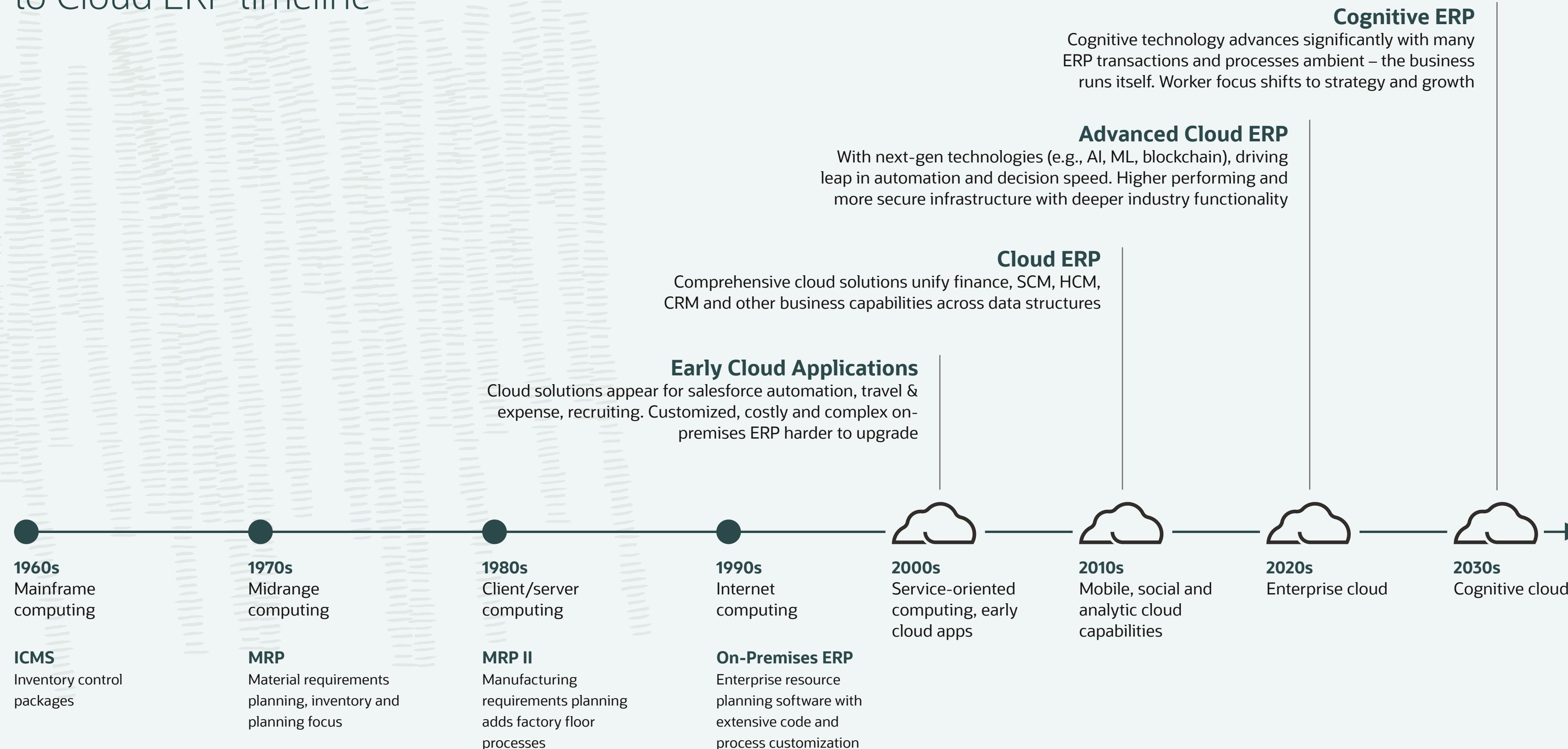


Read the Cloud ERP for Dummies guide

Read this guide to learn how to find the right cloud ERP partner, gain productivity and flexibility, have a consistent view across your business, and get next-gen technology and enhancements.

[Learn more in this free guide](#)

From On-Premises ERP to Cloud ERP timeline



Chapter 1

Now Is the Right Time to Modernize Your ERP

There's no argument that legacy on-premises ERP systems deliver significant horsepower to run your organization, enable external interactions, and directly impact how you fare against competitors. However, you need to consider the technological and generational changes taking place in your business and how your current on-premises environment could be holding you back. Regardless of business size, there are three key inflection points where the need to modernize becomes apparent. Most organizations are experiencing at least one of these today.

1 Operational efficiency, growth and efficiency—Does your current ERP system support your operational goals? Consider if you've acquired a company using a different ERP system, your legacy system is in need of an upgrade, you're launching a subsidiary, or you're moving to a shared-services model. If you're faced with any of these scenarios, achieving operational efficiency has become a priority. Therefore, ERP modernization needs to be part of the conversation.

2 Digital transformation—Today's users demand a level of collaboration and ease not previously expected from on-premises solutions. In addition, their expectations for ERP systems reflect the ubiquity of digital technology in their lives. They also require a single source of truth that cascades all operational functions, real-time analytics with configurable role-based dashboards, mobile access for applications, and social collaboration tools—all with easy and rapid regular updates.

3 Redefine best—There is no return to the way things were a few years ago. The value of time has skyrocketed. Work requires purpose. Dignity and inclusion matter. People want their grandchildren to inherit a healthy planet. The stakes have never been higher for your business with new opportunities, partners, and challenges, along with new competitors, stakeholders, and risks. Yesterday's best practices aren't enough and are probably holding you back.

Whichever inflection point describes your organization, you need a modernization strategy that fits your needs, culture, budget, and timeline. Acknowledging where your current system does not support your business objectives is the first step in your ERP modernization journey.

Top 10 signs it's time for modern cloud ERP

You need modern ERP when one or more of these conditions are present:

1 ERP upgrade required

Your on-premises system requires an expensive upgrade as it ages past support dates and your competitors deploy cloud solutions

2 Usability dissatisfaction increases

Digital native employees complain about usability and ask why their ERP system isn't like smartphone apps

3 Reporting challenges increase

Management reporting is too cumbersome because of on-premises ERP limitations

4 Requires new hardware

Physical on-premises ERP infrastructure is past due for an expensive capital replacement

5 Maintenance costs increasing

ERP system fees and services costs increase annually

6 Unintegrated systems provide disparate data

Growth in disconnected systems and enterprise data give conflicting answers to key questions

7 Rapid and global company growth

International expansion, mergers and acquisitions, and core market growth are hampered by your on-premises ERP system

8 New compliance requirements

Increasing financial and compliance requirements impact your enterprise

9 Business demands increase

Your business cannot keep up with increasing demands

10 Preparing for an IPO

You are ready for a public offering which mandates stringent financial information and controls

Chapter 2

Characteristics of Today's Modern ERP

No matter which inflection point represents your organization, there are key components of a modern ERP system that should address the top concerns most companies have when considering a move to the cloud. There are seven components that fall into two categories—modern platform parameters and modern business application design. Together, these seven components define the standards of a modern ERP system. To establish a foundation for agility and growth, these platform components should be considered.

1 Security—Your business data is your business. A multilayer approach to securing data at every layer of the stack is paramount for maximum data protection. Using a secure data isolation architecture in the cloud reduces risk and enables faster data access and processing.

2 Integration—ERP cloud solutions must seamlessly connect your business, people, and processes. Your solution must also connect to other clouds, to your on-premises systems, and to third-party solutions. To ensure compatibility and scalability you should choose a solution that uses a common framework based on industry standards.

3

Personalization (not customization)—With on-premises ERP, nonstandard or customer-specific business practices resulted in customizations that increased downstream maintenance and upgrade challenges. Cloud solutions, when delivered as **SaaS applications**, offer personalization and configuration within the application, resulting in “upgrade-safe” enhancements. If your on-premises customizations fall into areas such as workflows, integrations, and reporting, there’s a good chance your requirements can be addressed by cloud-based solutions.

In addition, modern cloud applications should scale with your business and support the latest digital technologies to meet your organization’s needs. These apps should have the following design components:

4

Completeness—Built-in **best practices** permit standardization, which lowers costs and increases productivity. Even if your cloud transition is incremental, access to a complete suite of integrated best-practice business processes delivers enterprise standardization. Consider whether a cloud ERP vendor supports a full suite of applications or if integration to other cloud solutions will be required. If you initially select a hybrid cloud/on-premises model—a common operational option—who ensures integrations between on-premises and cloud applications?

5

Globalization—Entering emerging markets and new geographies creates complexity by requiring any ERP cloud solution to support multiple subsidiaries and country localizations. Often, local data centers must comply with data residency requirements. The right cloud ERP must enable sharing of enterprise information seamlessly across operations, business units, and headquarters.

6

Insight-driven analysis—An cloud ERP solution must have secure, real-time data access at its financials core to provide a single source of truth across roles, reports, and analysis. This ensures timely delivery of accurate KPIs to front-line managers, and dramatically simplifies a process once dependent on a period close or a separate data warehouse extract.

7

One platform for innovation—Leverage cutting-edge solutions that are also proven and mature. Support faster, more accurate, decisions through insight-to-action with AI-driven recommendations that leverage touchless end-to-end processes, real-time higher quality data, continuous forecasting and scenario planning. Move fast even as your business changes, transforms, and adapts to current challenges and unexpected future realities.

On-premises ERP vs cloud ERP

These are the top five reasons for moving from on-premises ERP to cloud ERP

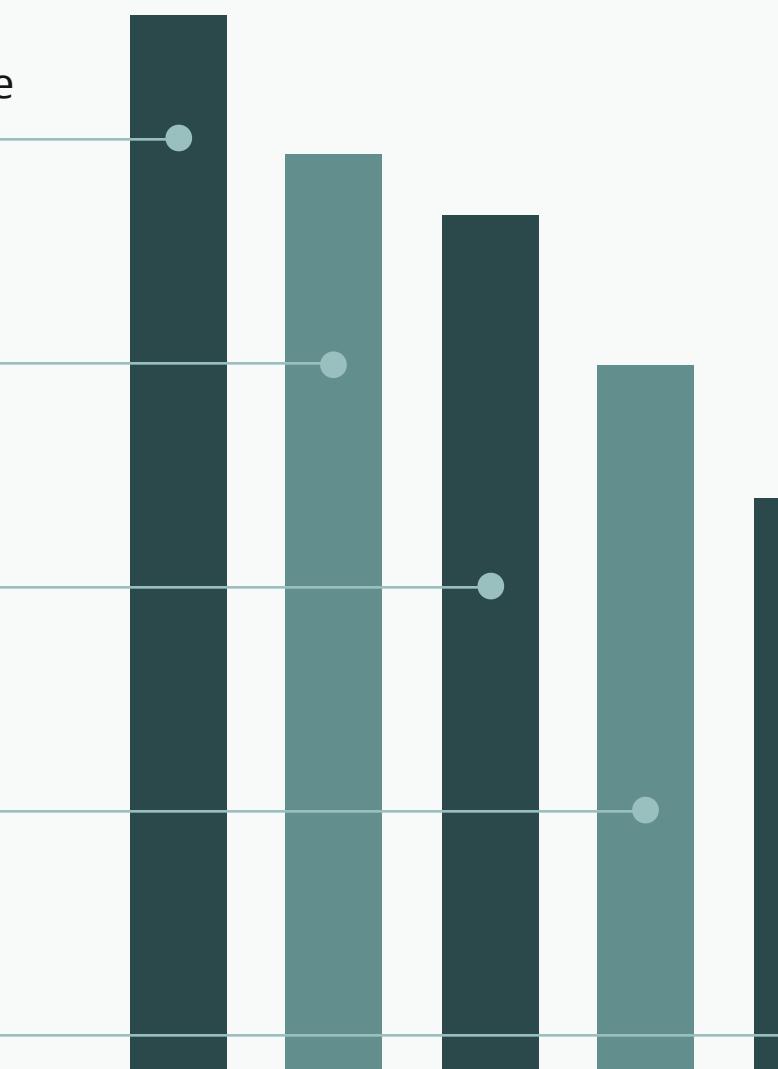
59% Improved enterprise agility

55% More business innovation from IT

53% Optimize business processes

50% Enable digital-first organization

44% Reduce operational costs



Source: "Customer Migration Plans to Oracle Cloud ERP."
IDC research of Oracle on-premises customers (E-Business Suite, PeopleSoft and JD Edwards). N=1,600 in 14 countries. September 2021.

Chapter 3

How Companies Deploy Modern ERP Systems

As you plan your modern ERP strategy, you should pull together a deployment team that includes potential implementation partners as well as cloud providers. Consider the following elements of a modernization strategy, which apply regardless of technology and market size.

1 Clearly define project goals—Establish KPIs that measure business benefits such as productivity, financial close speed, and infrastructure costs. Measurable items help you to build project consensus and approval, align to your strategy, and provide a baseline to assess success at milestones.

2 Document processes and inventory systems—Map your complete IT infrastructure, including internal and third-party solutions and their integration points, plus redundant systems. Include your organizational structure to understand roles in conjunction with data ownership, management, and use. It's also critical to define a single source of truth before starting your project.

3 Get strong executive sponsorship—Regardless of company size, **executive sponsorship is critical**. You need continuous executive support throughout your entire project. Coupled with ongoing employee communication, leadership commitment to your new cloud ERP system will help drive success.

4 Embrace standard best practices built into the application—Modern best practices are built into cloud applications, so you can replace legacy software along with outdated processes and approaches. Cloud ERP delivers more than 80% of common business processes you need with built-in standardization—the perfect place to start your project.



How to cloud—**A five-step success guide**

[Learn more](#)

5

Select an implementation approach aligned to the organization—A migration to cloud ERP will vary by customer, and does not require deploying all cloud ERP applications at once. Many companies choose to incrementally adopt high-value cloud services that will exist alongside their on-premises solutions, resulting in a hybrid environment. Other companies start a **modernization** journey with core ERP applications, building towards a complete end-to-end transformation. Bottom line, every company can choose from a plethora of phased-deployment options for adopting cloud ERP with each choice contributing to technology debt elimination and operational value that is compounded with each update.

6

Study reporting and analytics early—With cloud ERP, users understand your business in real time. Advanced multidimensional analysis and data visualization provide insights quickly without a data warehouse. Define reporting and analytics early in the project plan. Once live, you can quickly generate meaningful reports.

7

Involve users and process owners from the start—End users of ERP systems determine the success of your project. Throughout your implementation, include demonstrations and trials at regular intervals.

With your strategy and roadmap in place, solution choices made, and a partner who supports your vision, you're ready to execute. Now it is time to plan a party...really. Moving your organization to a cloud ERP platform, even using small, incremental steps, will fundamentally change the way your people work. Celebrate the launch to nurture everyone's commitment and celebrate again when milestones are reached.

Cloud ERP drives enterprise sustainability objectives



Improved logistics

efficiency in supply chain and business operations



Cloud applications

consume less energy than on-premises software



Easier to track

and monitor carbon footprint across products, services and operations



Less paper

and reduced waste

60%

56%

51%

44%

Source: "Customer Migration Plans to Oracle Cloud ERP." IDC research of Oracle on-premises customers (E-Business Suite, PeopleSoft and JD Edwards). N=1,600 in 14 countries. September 2021.

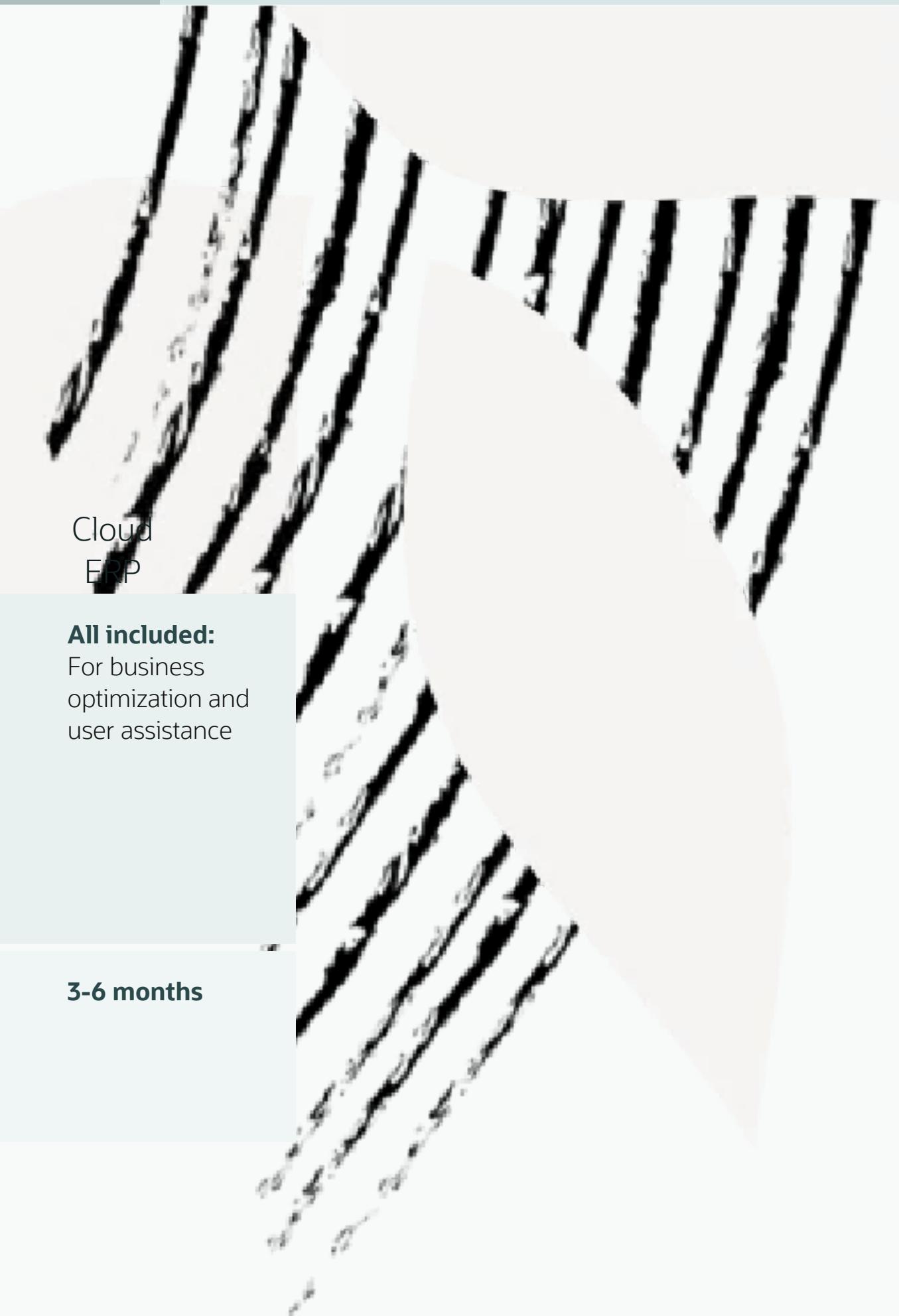
On-premises ERP vs modern cloud ERP

Comparing financial models and costs of ownership

	On-premises ERP	Cloud ERP
Business financial model	CapEx Up-front purchase	OpEx Monthly subscription
ERP software	\$	OpEx Monthly subscription
ERP software maintenance	\$	All included: No additional or hidden costs
Hardware for ERP software	\$	All included: No additional or hidden costs
Hardware maintenance	\$	All included: No additional or hidden costs
Database for ERP software	\$	All included: No additional or hidden costs
Database maintenance	\$	All included: No additional or hidden costs
System upgrades	\$	All included: No additional or hidden costs
System security	\$	All included: No additional or hidden costs
System disaster and recovery	\$	All included: No additional or hidden costs

Other important factors

On-premises ERP	Cloud ERP
IT resources for ERP deployment and maintenance Required for customizations, integrations, reporting, maintenance, upgrades, and partners/subcontractors	Many Direct, subcontractor, and partner resources All included: For business optimization and user assistance
Deployment speed Time needed for project planning and development	1-2 years or more 3-6 months



Chapter 4

Assessing Cloud ERP Results After Deployment

When you're finished crafting a strategic and comprehensive ERP modernization strategy, with carefully documented KPIs, you'll have the baseline for assessing your results—you simply need to look back in order to look ahead.

When establishing KPIs, be realistic about how you'll measure value. Document your status quo metrics before you kick off the implementation and set reasonable intervals at which to assess results. Based on those assessments, you can configure features to adjust to your business goals and needs—something that's much easier to do with cloud applications.

In addition, it's important to establish baselines for priorities using a maturity model mapped to your organization by assessing and quantifying project goals. For example, a goal to reduce accounts receivables through rapid, automated invoicing with faster close and reporting processes as well as reduced IT costs. But a comprehensive assessment is not just about technology. People, governance, process, and strategy are also key factors for success.

For meaningful results, incorporate holistic measures related to these factors into your KPIs that connect back to your original business case. Whatever your path, it's important to **craft a business case** to justify your approach. Leverage resources that help you understand cloud technologies, the positive impact they can deliver, and the financial advantages of modern cloud ERP 2.0.

Nontechnology factors drive success

Four factors aside from technology directly influence the success of every cloud ERP project.



People—Users gain a modern design that exceeds expectations and improves their experiences.



Process—Updated processes deliver desired outcomes, reports, and data.



Governance—Active project oversight and risk management lowers schedule risk and delivery cost.



Strategy—Proactive enterprise promotion and training drives rapid adoption.

Chapter 5

Why Oracle Is Your Best Choice for Modern ERP Cloud

Oracle delivers a single cloud ERP that is enterprise-grade and ready to help grow your business today. It's built on a robust union of platform, applications, and approach using financial, procurement, project portfolio, and enterprise performance management.

Our platform and applications include:

- 1** **Modern standards-based platform**—Oracle leverages this fundamental, up-front design principle to help deliver
- Security and scalability
 - Integration across applications
 - One unified business system
 - Emerging technologies including AI, blockchain, and IoT
 - Gen 2 cloud infrastructure

- 2** **Modern best practice-based applications**—ERP cloud applications combine modern technology, **best practices**, and connectivity with knowledge built from decades of experience.
- 21st-century global accounting
 - Embedded analytics and reporting
 - One suite for a complete solution
 - Future-proof enterprise applications
 - Industry-focused solutions

- 3** **Modern innovative approach**—There's **economic benefit** when you modernize your ERP system in the cloud. Oracle and its partners offer tools to determine the financial advantages of a cloud ERP project to ensure a successful implementation.
- Enterprise benefits calculator
 - Finance self-assessment
 - Oracle Consulting SOAR migration program
 - Cloud Marketplace partner catalog
 - Financing for partner migration projects

In fact, Oracle Cloud ERP can offer substantial savings in an OpEx rather than CapEx model.

Summary

Your Journey to Oracle Cloud Starts Today

Plan > Analyze > Finance

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