



SHORTER TIMES TO ROI AND IMPLEMENTATION: THE COMPELLING CASE FOR CLOUD-BASED ERP

ABERDEEN

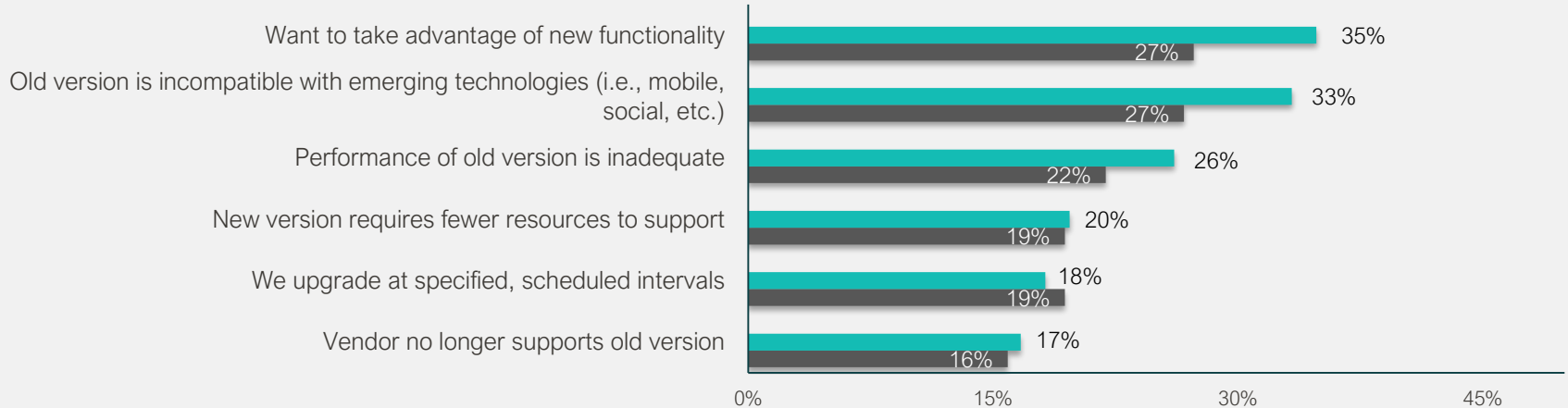
Times to ROI and Implementation Point to Cloud for ERP •

- Technology: It's not impending; it has arrived, and decisions must be made NOW
- Business speed: Integration and time-to-data are critical for decision making
- Capabilities: Companies must stay current to leverage technology!
 - Visibility, Process, Data, and Connectivity: Connected across the enterprise
- Cloud can bridge technology gaps without rip and replace, and it enables integration
- Time-to-benefits is a compelling reason for ERP in the Cloud
- Is your technology ready for the future?

Reasons for Replacing Your ERP

- The top reason organizations replace their ERP is cost of maintenance, which can be tied to vendor support.
- Three of the top four reasons are not cost-driven. They are:
 - Functionality (technology-driven)
 - IT concerns (integration incompatibility)
 - Old architecture (drives higher support cost issues)
- If there's a lack of vendor support or the vendor is moving to a new platform, there is reason for change.
- Consider all options and other providers if change is being forced by a provider.

Reasons for Replacing Your ERP



Best-in-Class

All Others

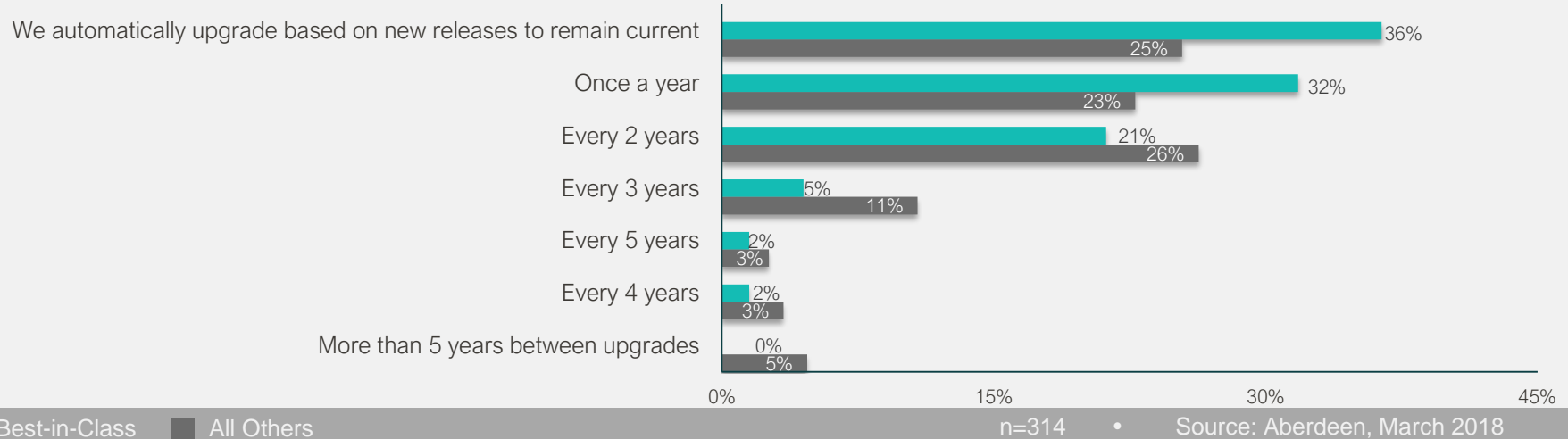
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Source: Aberdeen, March 2018

Stay Current with Technology: *Upgrade Frequency?*

- Best-in-Class are more current with Technology than All Others.
- They are 41% more likely to be *on or within current year* of new release vs. All Others.
- Best-in-Class are only 9% likely to be three years or more beyond the current release vs. 22% for All Others.
- Staying current matters, if companies hope to leverage the latest technology in:
 - mobility
 - machine learning
 - artificial intelligence
 - incorporation of social media in applications.

Frequency and Timing of Upgrades

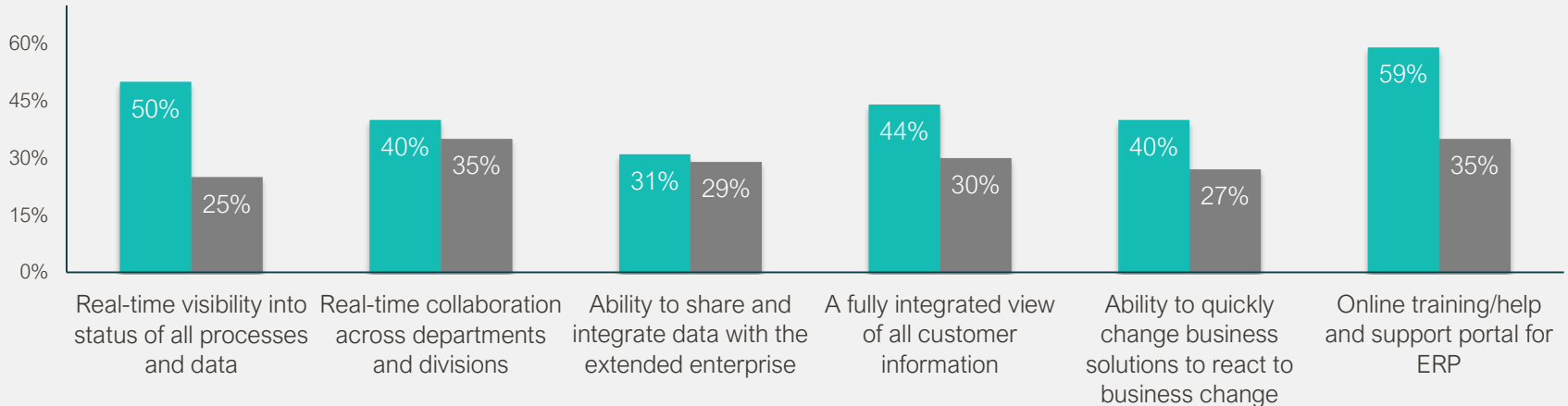


The Technology Value of Replacing / Upgrading: Benefits of Change

- Those on the latest release are 2x as likely to have real time visibility of all processes and data.
- They are also 15% more likely to have real-time collaboration across departments and divisions.

- Those on the latest release are over 45% more likely to have a fully integrated view of the customer.
- Those on the latest release are also 47% more likely to quickly change their business solutions in response to business model changes.

Benefits of the Current Release for Your ERP



■ Latest Release ■ No Decision

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• Source: Aberdeen, March 2018

Why Cloud? *Rationale for The Best-in-Class*

- Standardization onto a single system across multiple entities is the top reason Best-in-Class companies are considering the Cloud.
- The first four reasons are not cost – they are related to technology.
- Only 26% of all companies have just one ERP system.
- 48% have four or more or more ERP systems.
- A cloud solution can be the fix to the integration challenge across multiple ERP systems.
- It's critical to stay current with technology across all of the ERP systems a company might have.
- Recruiting IT staff may be a challenge across multiple ERPs with separate data warehouses supporting each instance.
- Technology and infrastructure is limiting the organization.

Why Companies Are Considering the Cloud



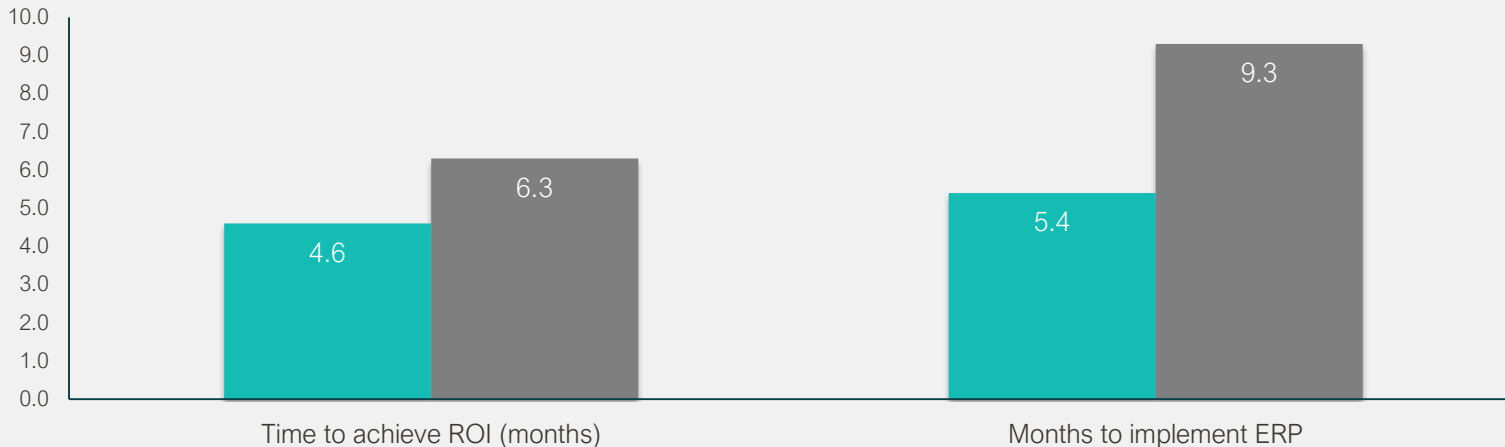
■ Best-in-Class ■ All Others

n=314 • Source: Aberdeen, March 2018

Time-to-ROI: Cloud Users Win on Time-to-Value

- Cloud Users' time to ROI is 26% sooner than Non-Cloud Users. For those who are trying to make a business case, a cloud SaaS option may solve the problem.
- Time to implementation is 42% faster for Cloud Users vs. Non-Cloud Users. Time-to-value may be the deciding factor if the urgency of technology needs are critical to the business.
- The reduction in support resources is part of the cost justification, and the speed of a cloud implementation improves time-to-value.
- The recruitment and cost of IT support and maintenance of all the integration points can be reduced with a cloud solution, which can greatly simplify a company's ERP landscape.

Time to ROI and Implementation



Cloud Users Non-Cloud Users

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Source: Aberdeen, March 2018

Performance in the Cloud: Further Justification

- Beyond the time-to-value, business performance shows Cloud has further benefits.
- Profitability for Cloud Users is 60% higher and may be due to lower TCO or access to technology for improvement.
- Getting information within the decision window is 46% higher due to better connectivity.
- For Cloud Users, process cycle time for key business processes is 45% higher.
- The total number of days to consolidate financials across multiple entities are 46% less for Cloud Users.
- Internal schedule compliance is improved by 35% for Cloud Users and on-time delivery is 85% better.

Cloud User Performance on Critical KPIs

Performance and Process Metrics	Cloud Users	Non-Cloud Users
Profitability (operating margins)	16.0%	10.1%
Improvement in time-to-information during "decision window"	18.1%	12.4%
Improvement in the cycle time of key business processes over the past two years	14.0%	9.6%
Number of days, on average, to consolidate multiple accounting/ERP systems at end of quarter	2.1 Days	3.9 Days
Percentage of complete and on-time delivery (of products, projects, services, etc.)	11.2%	6.1%
Internal schedule compliance improvement (percentage of schedule attainment)	11.8%	8.3%

Conclusions / Recommendations

Stay Current on Technology to Remain Competitive

Though only 10% of companies have replaced their ERP in the last two years, there are many reasons to replace an ERP system. The top reason is cost, due to either lack of vendor support or the rising cost of maintaining multiple environments. The other top three reasons stem from lack of functionality or technology that is limiting the company.

Why Cloud-based ERP?

The functional case for cloud-based ERP:

- Standardization across multiple entities
- Collaboration between and across entities
- *Ideally* it will be the last ERP change needed

The business case for cloud-based ERP:

- Time-to-ROI is 26% faster
- Time-to-implementation is 46% sooner

Cloud Performance on KPIs is Justification Beyond Time-to-Value Improvements

- **Profitability improvement:** 60% higher
- **Having information within the time window it is needed** is 46% higher due to better connectivity
- **Improvement in process cycle time** for key business processes is 45% better
- Total days to **consolidate financials across multiple entities** is 46% less
- **On-time delivery** is better by 85%
- In addition to the tech benefits of Cloud, the **time-to-value** and **performance improvements** make a strong case for cloud-based ERP