

ERP ADOPTION AND AGE  
STATISTICS ARE A  
PROMOTION AD FOR A  
CLOUD-BASED ERP SAAS  
SOLUTION

**ABERDEEN**

# Introduction — ERP Adoption and Age Demographics Are a Promotional Ad for a Cloud-Based ERP SaaS Solution

- Technology is changing rapidly for enterprise solutions
- Business speed — Integration and time to data for decision making are critical
- *Companies must stay current to leverage technology!*
  - Visibility, Process, Data, and Connectivity*
- Many companies are faced with changing their ERP for cost reasons, or due to their solution provider moving their platform to the Cloud, and are forcing a change

## Cloud

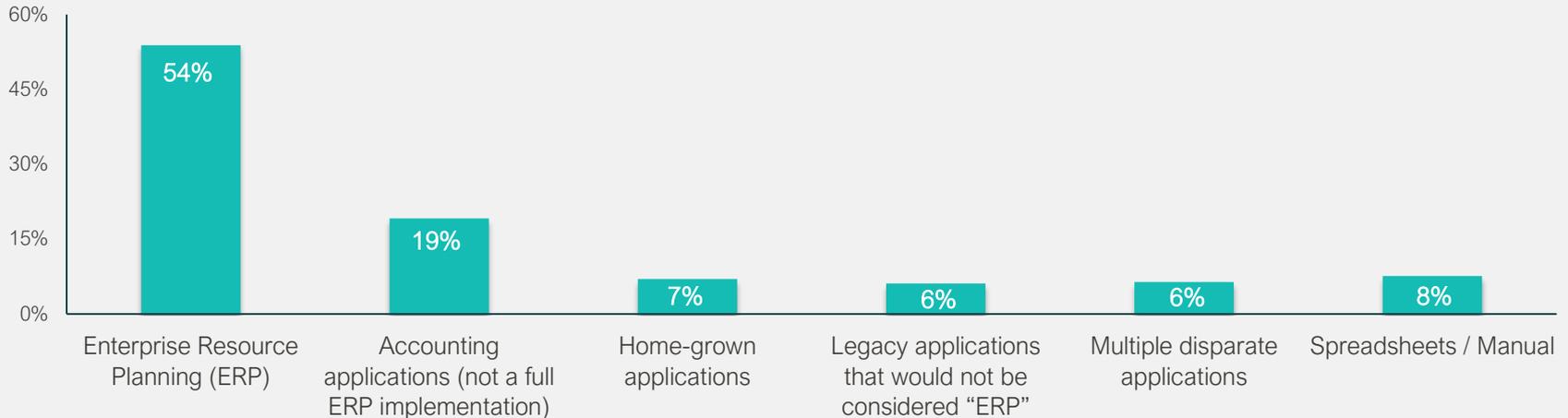
- Today — Can bridge technology gaps without rip and replace + integration improvement
- The ERP Demographics are a compelling story for ERP in the Cloud
- If forced to change — companies should consider all options — including a SaaS ERP

*Is your technology ready for the future?*

# State of ERP Adoption: *Solutions in Place Today*

- 54% have ERP
  - 73% have ERP / ERP finance
  - 80% have ERP or home-grown applications
  - 8% are still on spreadsheets
- Little difference based on maturity level
  - It's what the Best-in-Class do with their ERP that makes the difference in the results — not the demographics

## The State of ERP Adoption



All Companies

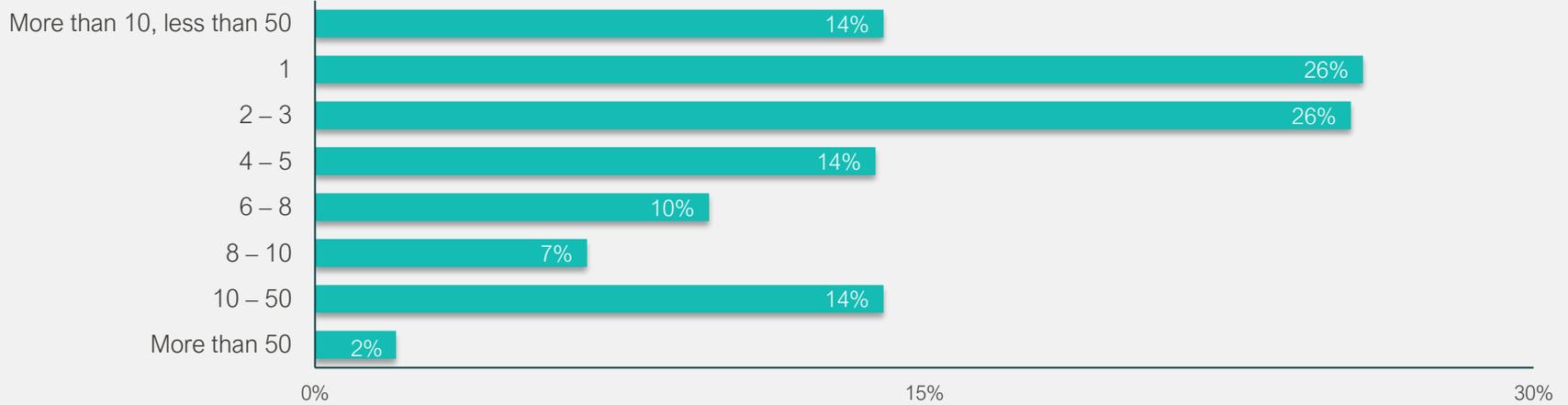
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Source: Aberdeen, March 2018

# State of ERP Adoption: *How Many ERPs Do You Manage?*

- Only 26% have one ERP
- Majority — 52% have three or less
- 33% have 10 or more
- Questions to consider:
  - Are they all integrated?
  - How many are stand-alone?
- Questions to consider:
  - Does it include finance, HR, supply chain, and customer experience — all running on the same database, data model, and platform?
- If you are being forced to change from on premise, to Cloud, consider all options for cloud maturity in addition to your current provider

## How Many ERPs Do You Manage?



All Companies

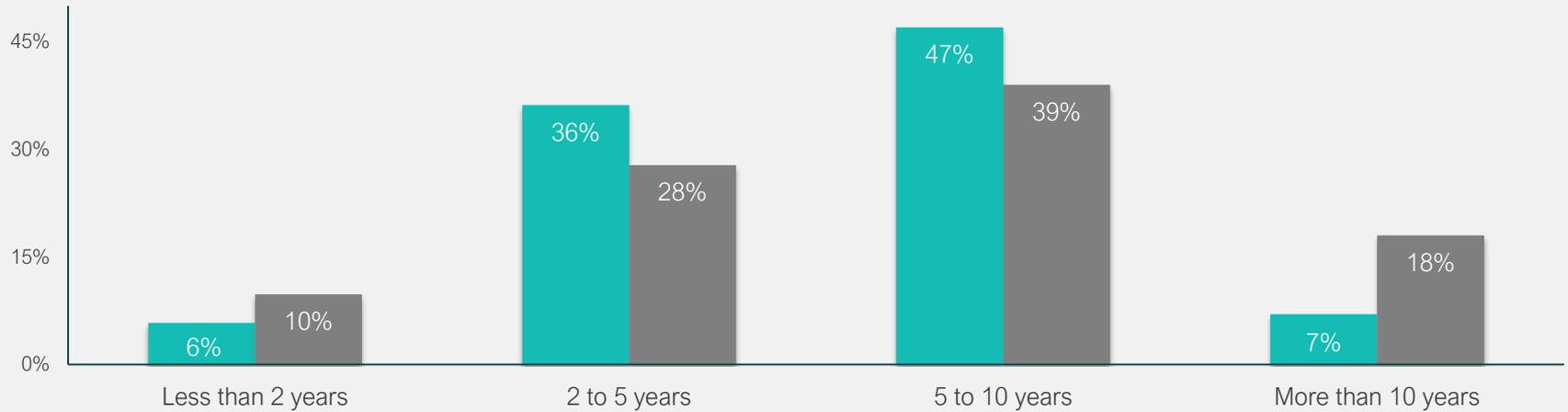
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# State of ERP Adoption: *How Old is Your ERP?*

- Differences emerge for the Best-in-Class
- On average, less than 10% have made a move in the last two years
  - 42% of Best-in-Class are five years or less vs. 38% of All Others
  - 89% are within the last 10 years vs. 77% of All Others
  - Best-in-Class more current and All Others are a little older
- However ~ 60% of all companies are older than five years
- Not all ERP Cloud solutions have been in place for more than five years — if closing technology gaps are needed, look closely at a SaaS Cloud ERP as a viable option

## How Long Have You Had Your ERP?



Best-in-Class All Others

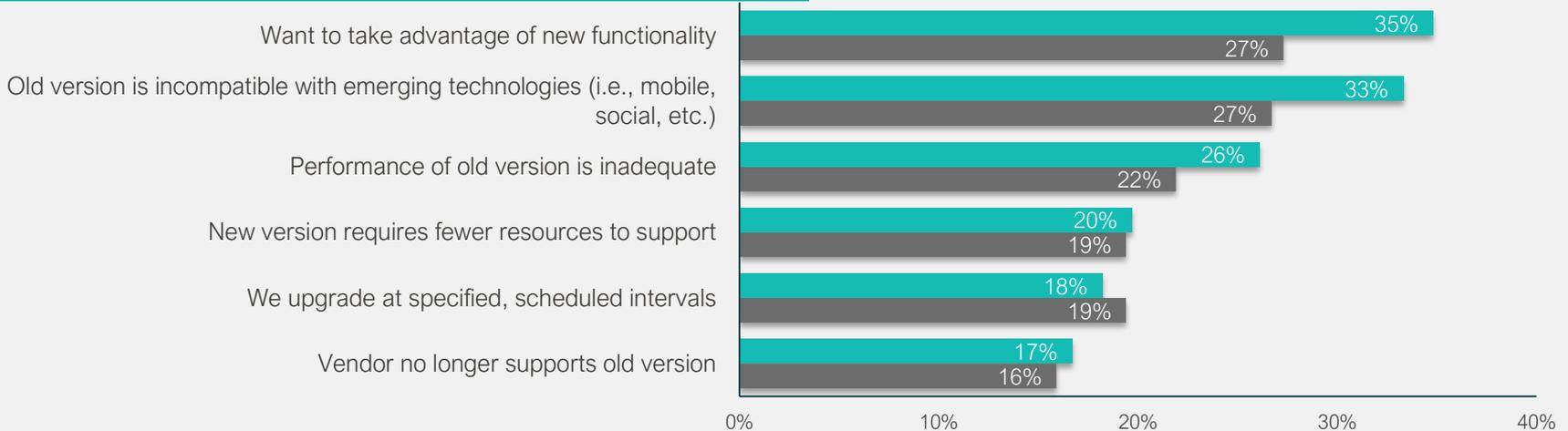
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Source: Aberdeen, March 2018

# State of ERP: *Reasons for Upgrading to New Release*

- Top three reasons are not cost-driven
- They are functionality- and technology-driven
- There is concern over the performance of older versions
- Lack of vendor support is a top reason for change
- Change in support may force an ERP decision which opens up ALL options
- Best-in-Class are more likely to remain current on technology

## Reasons for Upgrading to a New Release



■ Best-in-Class ■ All Others

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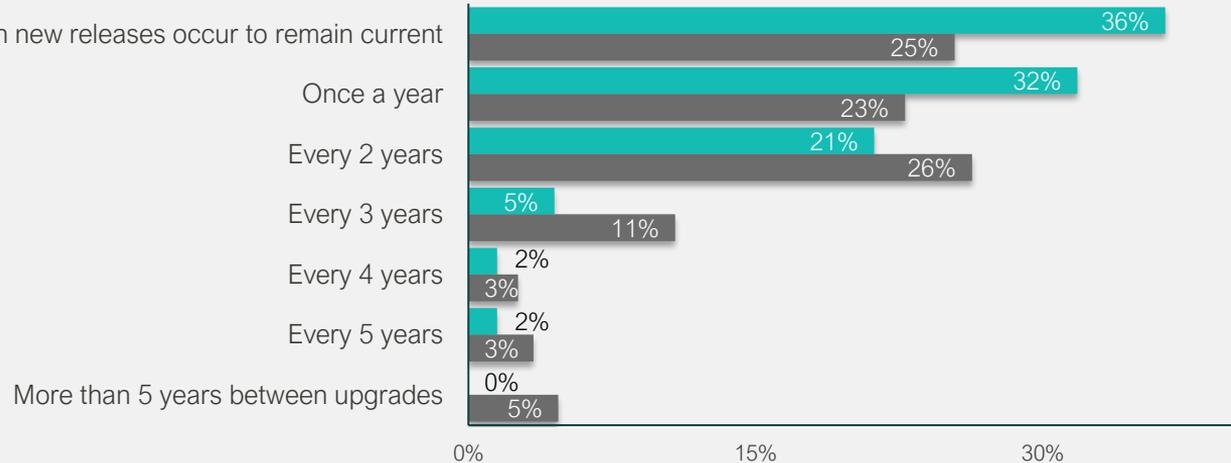
Source: Aberdeen, March 2018

# Staying Technology-Current: *How Often Do You Upgrade?*

- Best-in-Class are more current with technology
- They are 41% more likely to be on, or within current year, of a new release
- Only 45% of All Others are current, or within one year, vs. 68% of the Best-in-Class
- Only 9% of Best-in-Class are three years or later on being current vs. 22% for All Others
- Staying current matters, or companies will fall behind with little hope of catching up — a compelling reason to upgrade

## How Often Do You Upgrade?

We automatically upgrade based on when new releases occur to remain current



■ Best-in-Class ■ All Others

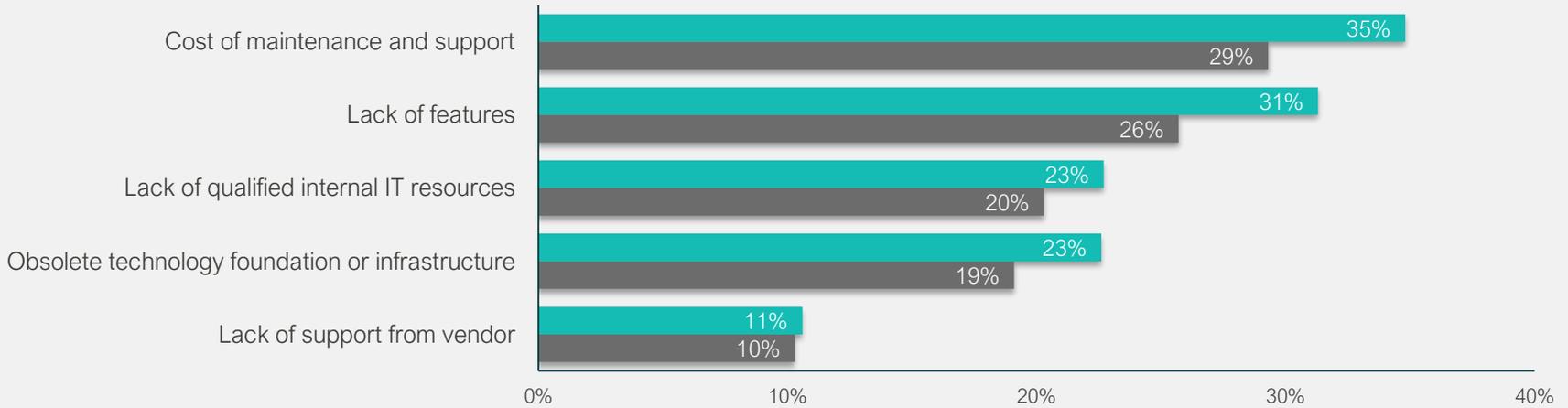
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Source: Aberdeen, March 2018

# Staying Technology Current: *Reasons for Replacing ERP*

- Top reason is cost of maintenance tied to vendor support
- Is the cost driven by the architecture, such as separate data warehouse licenses?
- Three of the top four reasons are not cost driven
  - they are functionality and technology-driven
  - Are IT concerns driven by multiple integrations?
  - Is architecture driving the cost issue?
- Concern over performance of older technology foundation / infrastructure
- Companies realize the value in remaining technology-current

## Key Drivers Behind the Need to Upgrade



■ Best-in-Class ■ All Others

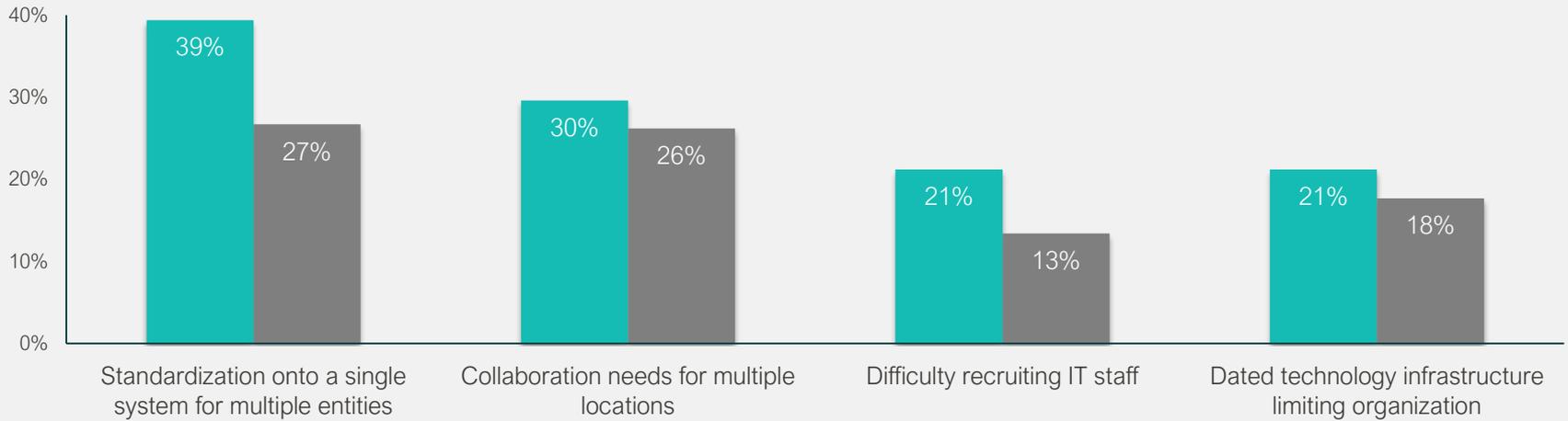
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Source: Aberdeen, March 2018

# Staying Technology-Current: *Why Cloud?*

- Best-in-Class are more current with technology
- Standardization onto a single system across multiple entities is #1
- When considering the number and the age of ERPs that companies are trying to manage, it's not a surprise to see standardization onto a single system as the number one reason. It's a step forward to solving the integration challenges with multiple disparate systems
- First four reasons are not cost; they are related to technology
- Consider the many instances and options that companies have for hosting already
- A cloud solution can be the answer to the integration challenge
- Recruiting IT staff across many solution providers is a support nightmare
- There is a point where dated technology limits an organization

## Why Cloud?



Best-in-Class All Others

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Source: Aberdeen, March 2018

# Conclusions / Recommendations

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## Key Findings

- Best-in-Class have a significant performance advantage in service, profitability, and efficiency
- Best-in-Class have a significant business capability advantage in financials, integration, and data management
- Cloud presents opportunity for addressing technology and integration gaps, connecting across disparate solutions — perhaps the most critical
- Best-in-Class are more likely to adopt a SaaS solution

## Critical Impacts

- Best-in-Class are more current on releases and technology
- They demand more functionality and use more modules / applications
- Capabilities like visibility, organization, data management, and processes should be expected in Cloud ERP
- Integration across all entities is required to minimize delay and time to information

## Recommendations

- Don't wait to change! Your competitors have already begun
- Prioritize to solve the immediate inefficiencies
- If a change is required with an existing provider, due to lack of support, consider all options — it's a major change either way
- Cloud is an option for technology gaps AND integration of multiple Clouds hosted by ERP providers
- Follow the Best-in-Class direction as an outline for improvement