E-Guide

Cloud ERP: Growth, Trends and Outlook
As Software as a Service (SaaS) applications become increasingly pervasive, many businesses—even those in traditionally conservative industries such as manufacturing—are taking a second look the benefits of this software deployment model. In this E-Guide, readers will learn about the growing adoption of cloud applications in the HR and manufacturing space, and how technology trends are shaping business processes.

SaaS Manufacturing Shows Impressive Growth, Survey Says

By: Cindy Jutras

In spite of the proliferation of cloud computing discussions—or perhaps because of it—there is still an enormous amount of confusion and misperceptions about Software as a Service (SaaS) manufacturing deployment options for enterprise applications. Nowhere are the misperceptions more rampant than in the manufacturing sector.

This confusion prompted research company Mint Jutras to conduct an online survey to assess the level of understanding of SaaS and determine preferences for deployment models for a variety of enterprise applications. The survey collected responses from more than 300 companies, half of which were manufacturers. This allowed us to run a comparison between levels of understanding in manufacturing and those in all other industries.

SaaS manufacturing gets a bad rap. Some in the IT industry may assume manufacturers are slow to understand and use this technology to support the business. While it is true many would prefer to spend more of their technology budget automating their shop floors rather than supporting either front- or back-office processes, we found that they are more—not less—sawy about SaaS than those in other industries.
Defining SaaS technology

First, we should clear up the confusion over terminology. Many IT professionals equate the terms cloud and SaaS, but they really are not the same. The distinction needn't be so complicated if you describe it this way:

- Cloud technology refers to accessing computing, software and storage of data over a network -- generally the Internet. A company may have purchased a license for the software and installed it on its own computers or those owned and managed by another company, but access is through the Internet and therefore through the cloud, whether private or public.
- SaaS technology is exactly what the acronym stands for: Software as a Service. Software is delivered only as a service. It is not delivered on a CD or other media to be loaded on a company's own computer. Companies access software over the Internet and generally pay for the service on a subscription basis.

Using these definitions, we can confidently say that all SaaS is cloud computing, but not all cloud computing is SaaS.

Multi-tenant vs. single-tenant SaaS manufacturing

Much of the discussions over SaaS enterprise applications focus on whether the SaaS applications are single- or multi-tenant products. In spite of the high level of chatter about this, 57% of our survey respondents admit they did not understand the difference between the two. But manufacturers are better informed. Only 49% of manufacturers did not understand, compared to 66% in all other industries.
Percentage of business software that is SaaS today

Because subsequent questions asked about preferences when it comes to single- and multi-tenant SaaS technology, it was important to present definitions of both. Mint Jutras kept it simple and did not lead the survey respondents to believe that one is better than the other. Some industry observers passionately insist SaaS solutions must be multi-tenant in order to be “true SaaS,” and some offer a laundry list of conditions that must be met before they call a solution truly multi-tenant.

Here are much simpler definitions presented to the survey takers:

- **Multi-tenant SaaS**: Multiple companies use the same instance of hosted software. Configuration settings vary per company and data is protected from access by other companies, or tenants.
- **Single-tenant (or multi-instance) SaaS**: Each company is given its own instance of the hosted software.

![Percentage of business SW that is SaaS Today](image)
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Five HR Technology Trends for 2013 – and Three Critical Action Items

Percentage of future business software that is SaaS

Even among respondents who professed to already understand the difference, the majority of manufacturers -- 64% -- agreed completely with our definitions and another 32% generally agreed, but might slightly modify or add some further restrictions.

It appears that the brouhaha over multi-tenancy is just that. It might be a major focus for industry pundits, but it’s not for those making the decisions in manufacturing companies. Instead, the focus is on saving money, relieving the burden of the cost and effort of upgrades and the perceived benefits of SaaS manufacturing. The ability to support distributed environments and remote locations was also a key element in SaaS enterprise application decision making, along with eliminating the need to purchase and maintain hardware and reducing the number of IT staff members. If these benefits can
be delivered, then manufacturers, for the most part, don’t care about all the elegant technical definitions. They don’t really care what you call it.

There is also the perception that manufacturers will be slow to launch themselves into the cloud. But our data dispels that myth. What percentage of their business software is SaaS-based today? Only 30% of manufacturers have no SaaS solutions today, compared to 42% for all other industries. On average, about 22% of business software installed in a manufacturing company today is SaaS, compared to 17% for other industries.

What about the future? Will all business software be SaaS any time soon? Probably not. There is simply too much on-premises software currently installed for that to happen in the foreseeable future. But if we look out five to ten years, while other industries project 35% of their business software will be SaaS, manufacturers project that percentage to be 45%. While the percentage of business software deployed as SaaS will grow steadily, SaaS will still not dominate for many years to come. However, it appears that SaaS manufacturing will lead the way.

About the Author:
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Five HR Technology Trends for 2013 – and Three Critical Action Items
By: Emma Snider

While the cloud, social, mobile and big data have all affected HR software in the past year, perhaps the most significant among 2012's HR technology trends was simply the rise in interest. Considering that the 2012 HR Technology Conference was the most heavily attended in the event’s 15-year history, it's evident that HR managers want to take a more active role in driving business objectives, and they’re looking to technology to help.
With more eyes on HR technology than ever before, we asked experts what trends users could expect to see in the coming year. We also compiled a list of three action items to help HR managers start 2013 off right.

**Prediction #1: More investment in Software as a Service (SaaS)**

HR is one of the business functions where adoption of SaaS software is highest, and experts foresee the trend accelerating even more in 2013.

Paul Hamerman, vice president and principal analyst at Forrester Research Inc., based in Cambridge Mass., said HR managers are now choosing cloud-based products almost exclusively. "SaaS adoption is already at very high levels, and really now companies will choose SaaS first," he said. "Basically it becomes a prerequisite for any kind of solution they look at in HR."

A poll question during a recent webcast by human capital management (HCM) consultancy Knowledge Infusion/Appirio, located in San Francisco, revealed that approximately 80% of attendees expected to have the majority of their companies’ HR platforms in the cloud over the next three years.

Bill Kutik, technology columnist for *Human Resource Executive* magazine, agreed with the two-year transition timeline the webinar’s presenters put forth. "The newer systems are designed for a pace of change that the old systems could never imagine would happen, so in addition to superiority of technology, there's a superiority of functionality that in the end is going to win the day," he said. "SaaS is getting more flexible -- configurations are getting to look more and more like customizations, in my mind."

**Prediction #2: The rise of HR master data management**

HR managers struggle to maintain data quality in their systems, according to Hamerman, which is why he thinks master data management will be one of the predominant HR technology trends in 2013.

"Companies need to get a better handle on their employee master data," he said. "It's difficult to keep [data] in sync across multiple systems, so you need to create repositories of master data that can be governed more effectively.
from a quality standpoint. We’re going to see better solutions for managing employee data quality."

**Prediction #3: HR will assume a strategic stance**

Another of 2013’s HR technology trends mentioned in the Knowledge Infusion/Appirio webinar was the notion that HR departments will begin to concentrate on results-driven campaigns that impact the entire organization. Kutik readily lent his support to this prediction.

"The idea that HR departments will become more focused on the outcomes of their actions -- the effect of what they do on the corporation versus the effect of what they do on HR -- is a prediction that I would get behind," he said.

Analytics embedded in HR software, which Hamerman thinks will become more robust in coming years, will help HR managers measure progress along this path. "HR people have had a thirst for data about their workforce, and one of things they are looking for is comparative data from the outside world, such as benchmarks," Hamerman said. "I think solutions exist in the market [now] and will expand and get better as they are able to scale and assimilate more external data."

**Prediction #4: Social performance management to edge out the annual review**

Rebecca Wetterman, research vice president at Boston-based consultancy Nucleus Research, said she expects one of 2013’s HR technology trends will be ramped-up interest in social performance management software, due in part to Millennials entering the job market.

"Certainly the early adopters are going to be in technology, just as we’ve seen with social collaboration, but particularly organizations hiring a lot of younger workers are going to see this as a way to manage their investment in labor on an ongoing basis," she said. "Millennials are used to an ongoing stream of feedback, and they’re going to be looking for consistent short-term feedback and encouragement."
Hamerman also envisions a more fluid model for performance management taking hold in upcoming years. “Companies are realizing that the annual performance review is becoming a dreaded task,” he said. “We’re going to see performance [evaluation] move to a continuous stream where employees are held accountable for certain goals that drive the business.”

Prediction #5: More focus on engagement
HR managers are beginning to understand the importance of boosting engagement among employees and job candidates, and Hamerman predicted that this trend will blossom in the upcoming year.

“There’s a huge amount of upside in terms of creating engaging career websites and also making the job application process less painful,” Hamerman said. “It’s also about employee engagement and taking the dated notion of employee self-service to another level by creating a much more interactive environment where companies can engage employees through internal social networks.”

Action item #1: Put strategy first, technology second
Business objectives aren’t the only outcomes that should receive more attention in 2013. Kutik said HR leaders need to consider the strategic applications of HR software before making a purchase.

“The biggest action item is to have a strategy around technology -- not just to say ‘I want a talent management system’ and start inviting vendors in for demos, but instead to understand what you’re really going do with talent management and have that inform your selection of a vendor,” he explained. “Too many companies put the technology first and the strategy second.”

Action item #2: Rein in the data
“I can’t think of anything worse than embedded analytics that are dead wrong,” said Naomi Bloom, managing partner of Bloom & Wallace, based in Fort Myers, Fla. “We cannot have managers making business decisions and employees making personal life decisions on the basis of bad data, so my wish is that everybody would have clean core data to support analytics.”
In addition to having accurate data, Bloom also said it's important to make sure all data is accounted for. "I think there is a real need to do strategic planning, and part of that is getting your hands around what you have today - the spreadsheets, the side systems, the little databases. That's an important action item."

**Action item #3: Stop spending on legacy HR systems**

Bloom also recommended organizations cut back as much as possible on the amount of money spent on on-premises systems. "I wish hard that every organization would be reducing to the absolute minimum their investment in legacy systems and putting their money in [getting to] the next generation," she said.

When overhauling legacy systems, companies should start with the technology that's most critical to their business, Bloom said. "I'm a practical woman, and I realize you don't just rip and replace for no reason -- you pick your battles. For some companies the most important battle might be procurement or CRM or something other than HR," she said. "But that doesn't mean we should be spending money on old [systems]."

**About the Author:**

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