

A woman with dark hair, wearing a blue top, is shown in profile, looking at a laptop screen. She is holding a purple pen over some papers. The background is dark with warm, out-of-focus bokeh lights. A large red diagonal shape overlays the right side of the image.

# **The End of Technology Obsolescence**

## **ERP Trends in 2018**

## Introduction

Finance professionals: Welcome to the “always up to date” economy.

The ability to keep up with the unprecedented pace of business change—implementing the latest best practices and innovations on a regular basis—is something fairly new to the back office. And it emerged as an overwhelming benefit of moving ERP to the cloud—cited by an astonishing 81 percent of respondents to our first ERP Trends survey (a companion to our annual EPM Trends report).

This is an entirely new operating model, in which innovation is rolled out to the finance function several times a year by the cloud provider. In the old

world of on-premises systems, it was unthinkable to update ERP at such a breakneck pace. Years would pass between upgrades—and with every passing year, the risk of the business falling behind competitors would grow.

With cloud, the risk of technology obsolescence drops to zero—putting the business on a more solidly competitive footing. Perhaps that’s why 76 percent of survey respondents intend to run ERP in the cloud. It’s no longer, “Cloud when?” It’s “Cloud now.”





## 01

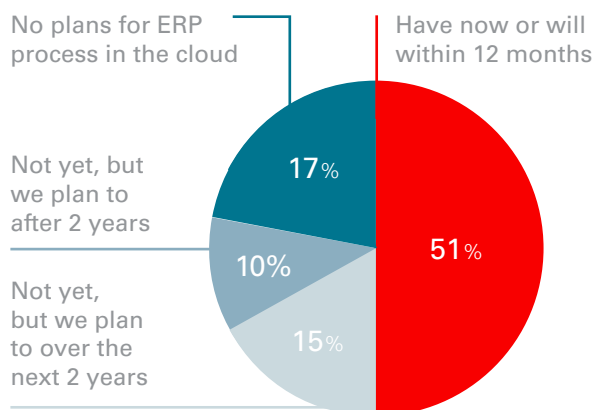
## ERP in the Cloud is the New Standard

Cloud ERP has become the new standard for the office of finance. More than three quarters of respondents (76%) said they have plans to run ERP in the cloud. The discussion is no longer about when to make the move to cloud. It's now.

Historically, the perceived effort of migrating a core financial system has left ERP as one of the last technology systems running on premises. Yet the vast majority find that the benefits of such a move outweigh the potential pitfalls; less than one-quarter of respondents (24%) have no plans for cloud ERP.

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### Do you have ERP in the Cloud Now?



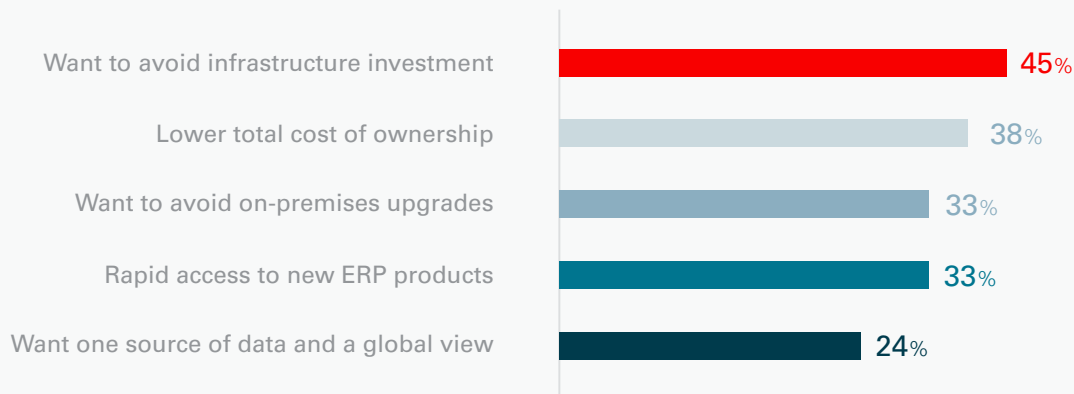
## 02

## Economics and Innovation the Primary Drivers

What's behind the push toward ERP in the cloud? Economic considerations are the key motivators, including avoiding infrastructure investments (45%) and lowering the total cost of ownership (38%). And with the average age of an on-premises ERP system approaching 20 years, organizations are looking to avoid the cost and complexity of an upgrade; one-third of respondents cited this as a motivating factor.

Yet precisely the same number (33%) said their decision to move ERP to the cloud was driven by a desire to stay current on the latest ERP technology. While economic motivations are a primary driver, the continuous innovation that comes with the cloud—via regular software updates from the provider—also plays a significant role. And the benefits of innovation, in the end, tend to outweigh the economic benefits (see Section 3).

### Top five reasons for moving ERP to the cloud



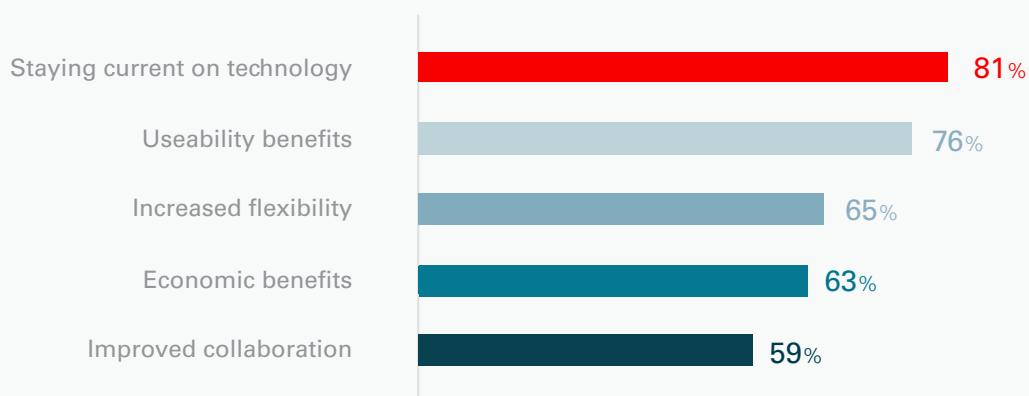


## 03

## The Biggest Benefit of ERP Cloud: Being Always Up to Date

Finance leaders cited the ability to “stay current on technology” as the top benefit of ERP cloud, at 81%. This was the most startling surprise from the survey results: organizations thought they were moving to cloud for the economic benefits. But once they got there, they found that the competitive advantage offered by always-new technology outweighed everything else.

### Experiencing ERP Cloud Benefits (Agree or Strongly Agree)



In our [recent research on Intelligent Finance](#), Frank Sorrentino, CEO of ConnectOne Bank, says, “Bankers ask me all the time, ‘How are you running that business, at that size, with that growth rate, with that reputation and with that level of service with as few people as you have?’ We are living in a cloud-based world. And as far as I am concerned, there is no better place to be.”

The economic benefits of cloud are by no means negligible; they were cited by 63% of survey respondents. This aligns with a new studies from Nucleus Research, which put the ROI of cloud at 3.2x that of on-premises ERP, with a 52 percent lower total cost of ownership (TCO).

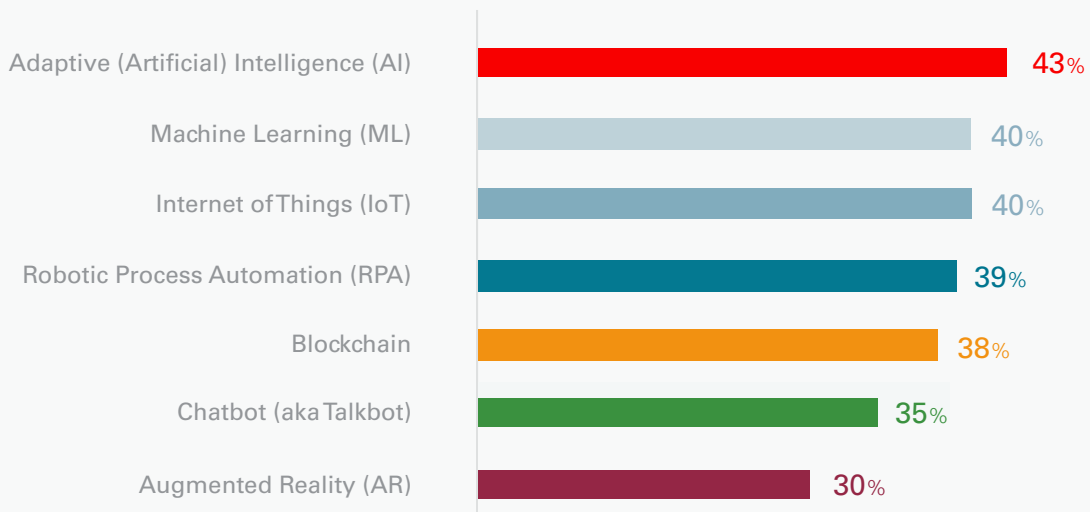
Increased flexibility and improved collaboration were also big benefits, cited by 65 and 59 percent, respectively.



## Emerging Technologies Are Set to Transform Finance

The cloud is the primary delivery mechanism for new and emerging technologies: blockchain, artificial intelligence, machine learning, cognitive computing, intelligent process automation, and the Internet of Things (IoT). Finance professionals are exhibiting a keen interest in these technologies. Roughly 4 out of 10 are already exploring these areas—in keeping with their desire for innovation and new capabilities.

### Leading-Edge Tech: Interested/Exploring



Many of these emerging technologies fall squarely into the charter of the finance function. For example, blockchain is seen as a new way to manage financial assets, while technologies like artificial intelligence and machine learning can detect hidden patterns in huge data sets that a human being could never uncover. These insights can impact a range of decisions—from tactical decisions like which vendor to pay first, to strategic decisions like mergers and acquisitions.

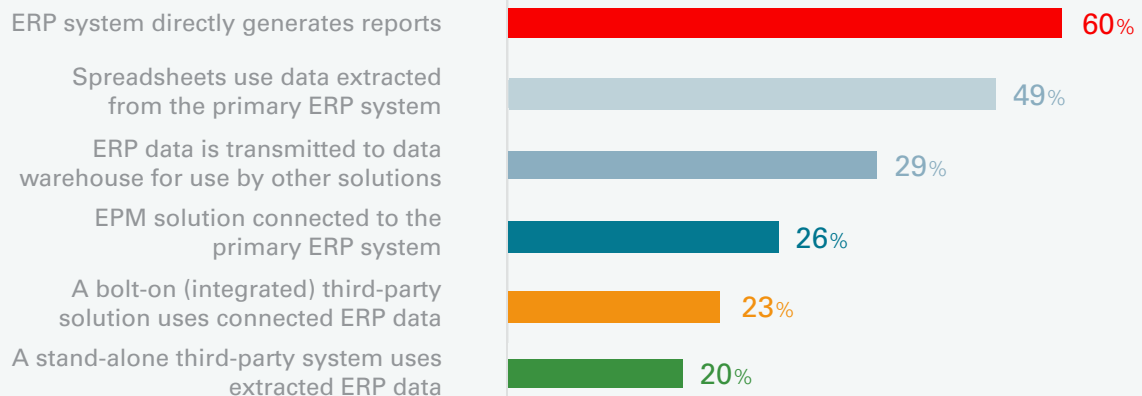
Beyond decision making, these technologies can automate routine transaction processing, eliminate manual tasks, and reduce the likelihood of errors. Such automation will free up finance professionals to spend more time providing the forward-looking guidance that management needs to capitalize on the next opportunity.

## Finance Wants to Deliver More Meaningful Insights

The hunger for better decision-making is reflected in the challenges that finance professionals still face when it comes to getting the right answers.

While the majority of respondents (60%) are generating reports directly from ERP systems today, nearly half (49%) are also making use of spreadsheets, with data pulled directly from the system of record. This indicates that the reports delivered by current ERP systems are not delivering meaningful insights, and that additional, ad hoc analysis becomes necessary to find the answers they're looking for.

### How are most reports generated?



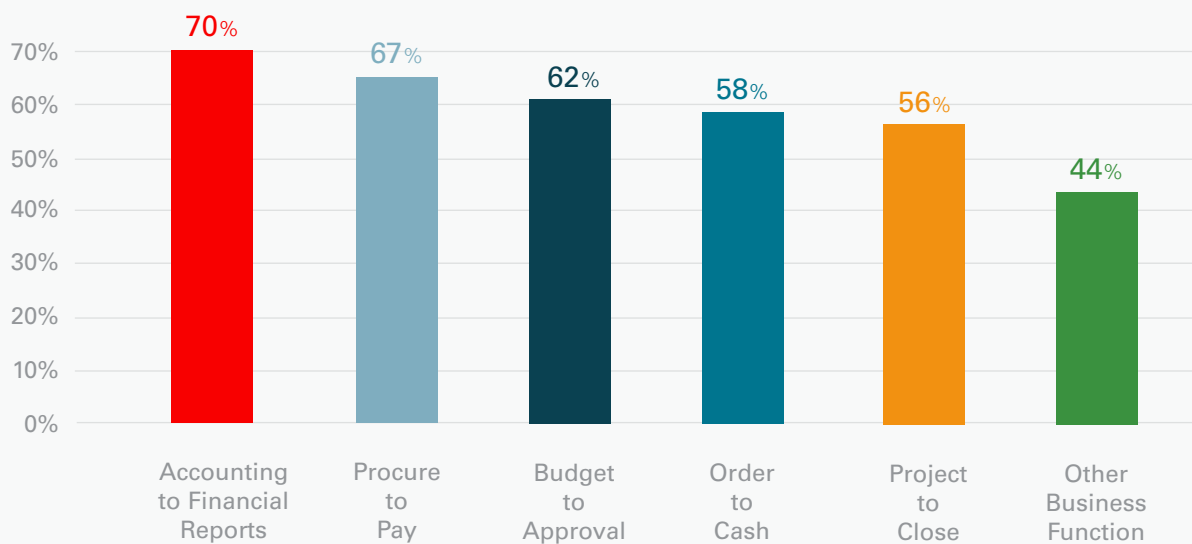
The ability to offer meaningful insight to the business is what sets the strategic CFO apart from peers. “CFOs need to be able to use data from across the organization to take decision-making to the next level,” said Oracle GVP Steve Cox in [a recent Forbes interview](#). Analyzing that data and performing what-if scenarios (a key benefit of EPM cloud applications) can help CFOs not only cut costs, but also uncover new possibilities and even create new business models.





## 06 Reporting, Procure-to-Pay, Budget-to-Approval Moving to Cloud First

The problems and challenges of managing via spreadsheet are well documented, thus fueling a drive to move reporting to the cloud first. Among companies that have begun or are planning to move ERP to the cloud, accounting-to-reporting was cited as the first business process they plan to tackle (70%). Following close behind were procure-to-pay (67%) and budget-to-approval (62%).





## Conclusion

With the pace of business change accelerating, finance leaders recognize that they can no longer rely on the tools of the past to keep up with competitors. The right ERP cloud not only provides new capabilities, it is a vehicle to deliver a regular cadence of new and innovative technologies. This next generation of ERP will equip finance leaders to be more strategic, providing meaningful insight and guidance to the business.

Moving to ERP cloud is an opportunity for companies to re-invent and transform their business processes. CFOs and finance leaders will be well positioned to lead this transformation, if they embrace new capabilities that help them innovate today, predict tomorrow, and shape the future of the business.

Discover more finance trends in our EPM Trends Report →