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ERP AND ANALYTICS: THE PERFECT PAIRING FOR BUSINESS EXECUTION

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Enterprise Resource Planning (ERP) solutions are the foundation for organizational success and as a result contain the essential data used to run a business. But in the current business environment, where everything is changing so quickly and there is more data than ever, it has become very difficult to convert this valuable data to effective decisions. As a result, top-performing organizations have combined ERP with Business Analytics to more effectively process data and improve business performance. This report illustrates how your organization can combine ERP and Analytics to compete in the modern environment.

The Need to Do More with Data

In a recent study, surveys takers were asked to select their “top two” pressures in business management (Figure 1). In the current business environment, organizations of all types and sizes must manage growth, keep costs in check, and react to an ever-changing market. Today’s businesses are more complex, and are faced with greater competition as well as new realities that force them to reexamine both the ways they do business and the products and services they offer. Unfortunately, many organizations today are simply not able to access the information they need in time to make decisions that will help them to combat these pressures. For these reasons, it is extremely important to give business leaders the tools they require to gather and interpret the information they need, and arm them with the necessary confidence to guide the business.

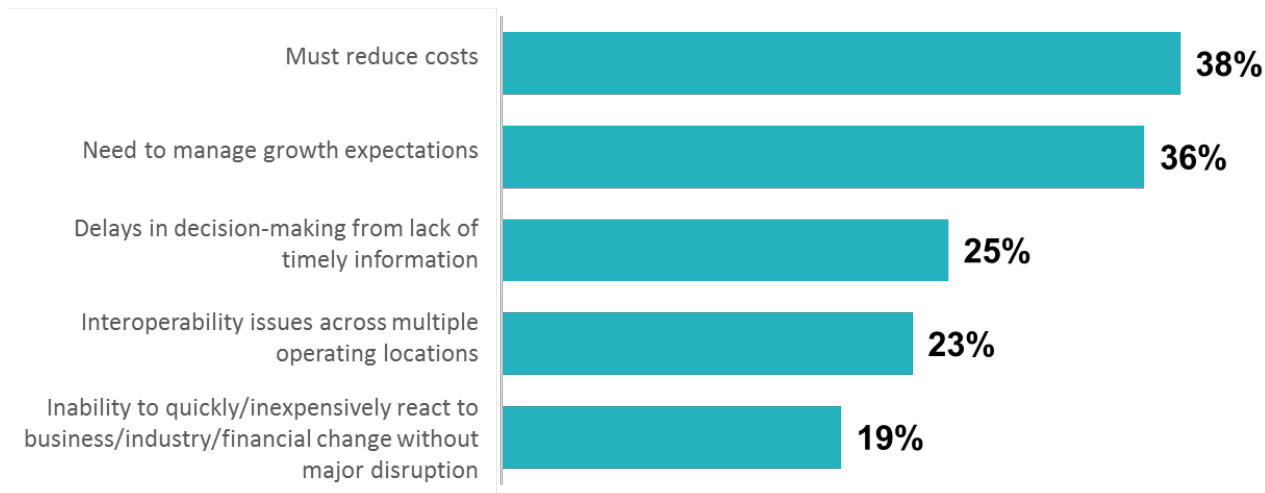
What good is data if it cannot be easily accessed or factored into decisions?

The Aberdeen maturity class framework is comprised of three groups of survey respondents. This data is used to determine overall company performance. Classified by their self-reported performance across several key metrics, each respondent falls into one of three categories:

- **Best-in-Class:** Top 20% of respondents based on performance
- **Industry Average:** Middle 50% of respondents based on performance
- **Laggard:** Bottom 30% of respondents based on performance

Sometimes we refer to a fourth category, **All Others**, which is Industry Average and Laggard combined.

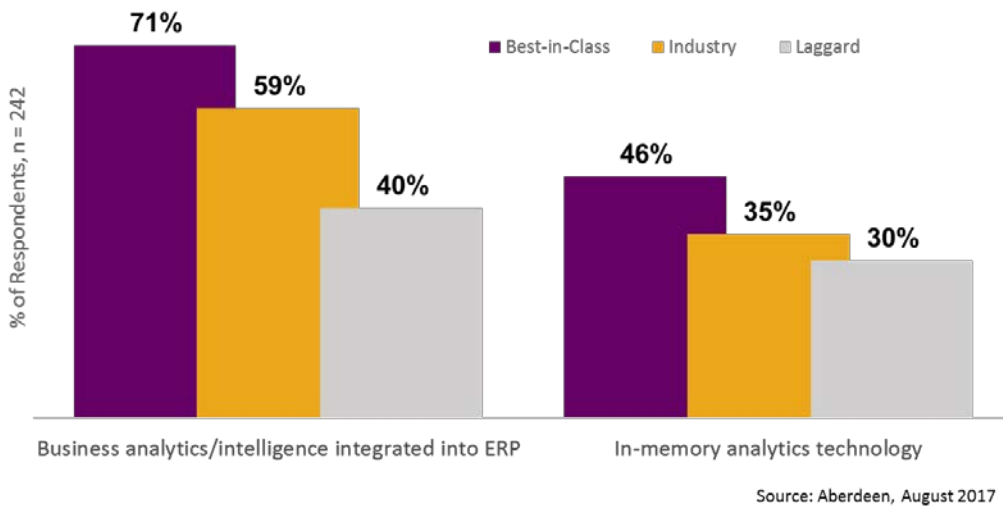
Figure 1: Today's Pressures in Business Management



% of Respondents, n = 231, Source: Aberdeen, August 2017

ERP is looked upon by organizations of all sizes as a foundation of managing operations. It can provide one single source to bring all of the data necessary for running the business in one place. But some organizations struggle to make sense out of the essential information that is already contained within ERP. To combat this challenge, 71% of the Best-in-Class have Business Analytics embedded into their ERP solutions (Figure 2). This enables these organizations to visualize information, run simulations, and generally use the data contained within ERP more effectively. Further, the Best-in-Class are 39% more likely to have in-memory analytics technology, providing the ability to consume and process greater volumes of data more quickly. This enables them to make more agile and informed decisions in an ever-changing business environment.

Figure 2: Best-in-Class Pair ERP and Analytics



In this study, survey respondents were ranked on the following criteria:

Complete and on-time delivery:

- Best-in-Class: 98%
- Industry Average: 95%
- Laggard: 85%

Improvement in profit margins over the past two years:

- Best-in-Class: 15%,
- Industry Average: 6%
- Laggard: 2% worsening

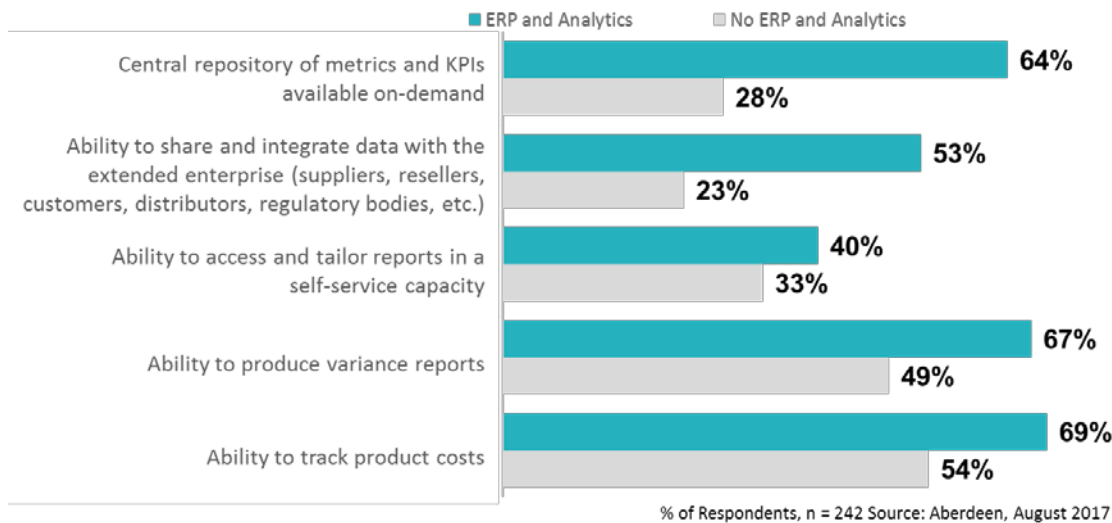
Improvement in productivity over the past two years:

- Best-in-Class: 18%
- Industry Average: 7%
- Laggard: 1% increase

Getting More from Your Data

When organizations pair ERP and analytics, the combination provides a variety of capabilities that may not be provided by ERP alone. They are able to access and manipulate data in ways that they have not been able to in the past. In fact, organizations with ERP and analytics gain a platform that gives them an enhanced ability to visualize useful information (Figure 3).

Figure 3: Enhanced Visualization

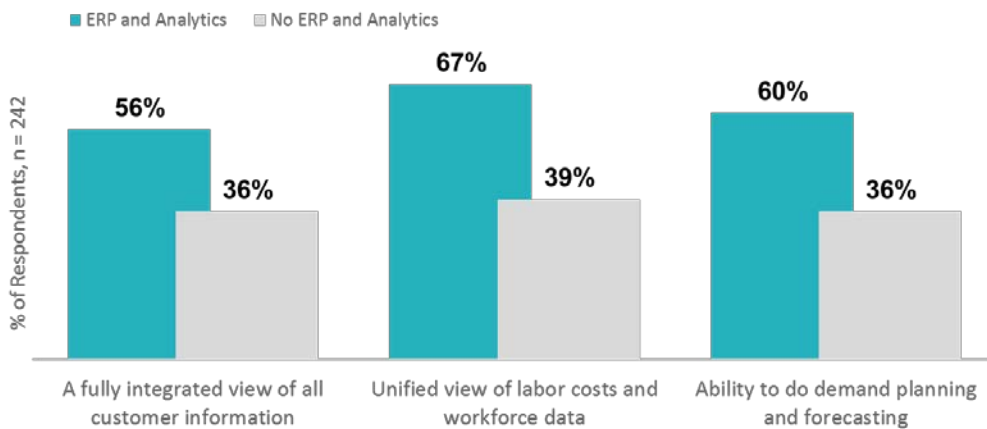


Compare organizations with both ERP and business analytics to organizations without this combination. Organizations with both are 2.3 times as likely to provide decision-makers with a centralized repository of internal and external data. Thanks to consumer-grade analytics capabilities, users can interact with this data without relying on IT. This is how analytics helps to improve the ability to play around with and utilize the data contained within ERP. Not only can organizations with ERP and analytics share this information more effectively, but they can also provide a single source for business leaders to study essential metrics such as product costs and create reports such as variances.

Such capabilities lead to improved decision-making. For example, organizations with ERP and analytics are 56% more likely to have a fully integrated view of all customer information (Figure 4). As a result, these organizations can improve customer service by having enhanced insight into customer preferences and needs and take an intelligent approach to sales.

These are only two of the many ways that ERP paired with analytics can aid decision-making. These organizations can be more agile when allocating human resources, can get a better understanding of the effectiveness of their marketing campaigns, and can create more accurate demand forecasts. Analytics applied to ERP data can enable a growing organization to make connections with data that they did not know were possible. This is all likely to be reflected on the bottom line.

Figure 4: Doing More with Data



Source: Aberdeen, August 2017

The Results

Due to their ability to utilize data more effectively, growing organizations with ERP and analytics perform better than organizations without across a variety of metrics (Table 1). For example, organizations with ERP and analytics saw a 5% improvement in profitability over the past two years. This is because they can make quicker decisions and perform more efficiently.

Moreover, organizations with ERP and analytics saw an 8% improvement in time-to-decision and a 7% improvement in productivity processes over the past two years. These findings illustrate how pairing ERP with analytics enables a growing organization to get more value out of the data contained within ERP.

Table 1: The Benefits

Performance	ERP and Analytics	No ERP and Analytics
Improvement in profitability over the past two years	5%	3%
Improvement in time-to-decision over the past two years	8%	6%
Internal schedule compliance	94%	89%
Improvement in productivity over the past two years	7%	5%

Source: Aberdeen Group, August 2017

Key Takeaways

Both ERP and Analytics provide tangible benefits for managing organizations when deployed and utilized effectively. ERP can help to promote standardization, operational efficiency, and collaboration. Likewise, Analytics can help organizations to drive performance improvements based on data, not opinions. In a demanding business environment, where every decision is crucial and time sensitive, pairing ERP and Analytics is the best way to arm your employees for battle.



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