INTELLITEK SYSTEMS

3 Strategic Reasons for Moving to Cloud-Based Manufacturing Management

Manufacturing and product companies are facing critical challenges. To survive in the new global economy, companies need to continuously reinvent themselves. They need to rapidly add new products and acquire new businesses. They need to build new partnerships and channels. They cannot depend on the same set of suppliers tomorrow that they do today. They cannot expect to do business the same way in new and emerging markets.

For these reasons, enterprises need a new kind of ERP- one that is faster to deploy and can:

* Adapt very quickly

* Go into the hands of employees, customers and partners immediately

* Provide constant visibility into operations

It is no surprise that CIOs, manufacturing managers and operational executives are looking for new solutions. They have to find solutions to get the three strategic capabilities they need to succeed: greater operational agility, the ability to collaborate and continuous visibility.

You need to position your company to adapt continuously and quickly. This white paper explains why manufacturing and product companies are primed to move their ERP systems to the cloud. Only cloud ERP can give you the agility, collaboration and visibility you need to reinvent your business fast enough in today's global economy.

Manufacturing Companies Face Big Challenges

Companies that manufacture and deliver products to market used to compete by keeping inventories low and customer satisfaction high. The goal was to achieve an efficient operation that improved over time and could respond to changes in market demand. In the past three decades, companies achieved best practices by using on-site ERP systems to meet those goals by standardizing and integrating their business processes.

However, the goals have fundamentally changed in the face of the new global economy. The new era is vastly more complex and dynamic. Stead state operations are a thing of the past. Businesses can only survive by achieving core operational metrics in an environment of continual change. Lower total cost of ownership (TCO) has now become just one of several strategic drivers for company executives to upgrade their enterprise systems.

What Has Changed

The challenges now facing manufacturing companies have changed in three fundamental and related ways: partner relationships are more complex, supply chain velocity has exploded, and communication needs to be fast and effective.

Partner Relationships Are More Complex

Manufacturing companies now partner with many more suppliers that are smaller and more globally dispersed. Smaller suppliers have fewer resources, they have incompatible systems, and they often rely on manual processes and data entry. Since they are increasingly globally dispersed, US-based manufacturers have to work across many time zones, cultures and currencies.

As supply chains get more complex, and the need for quick responses gets more important, business partners need to collaborate in real time more than ever. Here is what companies need to do to stay competitive:

* Bring up new partners and customers on a single ERP system quickly and smoothly. Incompatible systems force companies to make changes to on0site ERP systems that, in turn, create costly disruptions.

* Distribute and enforce standard processes on all partners, even if there is little time or budget for training

* Empower users by giving them a system that is easy to use and maintain

* Leverage the skills and knowledge across the entire enterprise, so that everyone can collaborate and learn from each other in real-time

* Enforce security across all partners to protect access to enterprise systems

Supply Chain Velocity is Exploding

Shorter order runs, compressed innovation cycles, on-the-spot judgment calls: companies have no choice but to move quickly. One of the only ways they can do that, however, is if the data they have is accurate, globally accessible, complete, and meaningful. Customers demand it and supply chains require it.

Business conditions change quickly. New competitors come online with a new product. Products become commoditized. The ability for a company to respond to fast-changing business conditions is a competitive edge in this environment.

Communication Needs to Be Fast and Effective

To address the fast pace of business, communication needs to be immediate. Companies need to resolve issues with suppliers and customers as they come up. They also need to take advantage of new opportunities. Today, it is possible to handle content in a variety of formats, and turn offline conversations into more streamlined online processes.

People communicate not only with numbers and fixed fields, but with voice, video, audio, graphics, and free-form text. Users choose the media and timing according to their needs at the moment. On-site ERP systems don't handle the variety of content that people use today. They also do not bundle the content with the relevant ERP record, which is critical for getting work done efficiently, as well as for compliance.

The user-generated content gives companies the visibility into the information that keeps costs low and quality high- such as last-minute order changes, price fluctuations and best business practices. Product companies need the ability to use that content in their ERP systems.

Three Strategic Reasons Why Manufacturing Companies Are Moving to Cloud ERP

Most companies understand that cloud services can save money. Nucleus Research found that cloud applications deliver 1.7 times more ROI than on-premise applications. If cost savings do not convince managers to move to the cloud, consider three strategic reasons:

- Agility to respond to change

- Collaboration across the enterprise

- Continuous visibility

Reason 1: Agility to Respond to Change

Business conditions change- they change fast, in big ways, and often without warning.

Agility is the ability for a company to react quickly to major changes in business conditions without a lot of disruption. Cloud ERP gives companies the platform for global agility. The system can grow and adapt easily. It has to handle new business requirements, and new business partners, without disrupting what still works. It has to be easy to use to empower users to respond quickly.

So, does your current ERP system easily adapt to changes and surprises? Are you giving all of your users and partners the agility they need? If not, what is that costing you?

Reason 2: Collaboration Across the Enterprise

For manufacturing companies, business requirements change regularly. People across the entire enterprise have to collaborate easily with each other in real time, as needed, in whatever data format or channel makes the most sense. They need a "single version of truth" so that everyone who need to see data can see it, when they need it.

The ability to collaborate enables companies to realize several critical goals:

Take advantage of new opportunities as they arise: By sharing live data throughout the supply chain, all business partners can respond quickly to changes in demand, cost and availability.

Boost internal productivity: Collaborating in the cloud means sharing the right data with the right people throughout the company. It means giving people access to the information they need, and boosting their productivity while improving communication across departments.

Improve communication with customers. Collaborating in the cloud means sharing information with customers to make you a more effective partner. Customers can view invoices, payments, RMAs, credit memos, shipments, and more. They can edit their contact and customer information. They can also request credit memos and other information to support their business workflow.

The company can decide what data they want to expose based on their shared business requirements.

Most companies have vast amounts of expertise across their extended enterprise that is largely untapped in day-to-day operations. Companies need a way to leverage that knowledge so users can learn from each other when they need help. That way, they can resolve issues quickly, and they can access and create valuable information, such as best practices. By giving users across all companies access to each other in an online community, the mindshare is enormous.

So, does your current ERP system give you collaboration like this? If it doesn't, you are missing out on the value of collaboration,; and what is that costing you?

Reason 3: Continuous Visibility Across the Enterprise

Continuous visibility means that people in the enterprise can understand what is going on at all times. Whether it is the status of inbound inventory, an alert to a surprise payment problem, or a trend in decreasing quality from a particular supplier, managers want to see and understand what is going on. As cycle times speed up and supply chains get more complex, visibility into what is going on becomes even more critical.

Continuous visibility means that everyone can view and update information through on-demand reports and dashboards. That information could be from Finance, Production, Sales, or anyone else in the company. For example, a sales representative may ask a buyer if a new high priority order's delivery date can be moved up. The buyer should be able to view up-do-the-minute production schedules, pending orders and even inventory levels to see if it is possible before engaging the supplier.

Cloud ERP systems provide better visibility because they do give all partners the ability to see critical information about current systems through dashboards and reports. They give partners the ability to collaborate quickly for remaining questions. Everyone can use the system, so everyone can provide the data. Unstructured data like chat text, audio and video, can add rich insight into what is really going on and what is possible to act on.

So, how much visibility does your ERP system give you and your managers? Can they make decisions with accurate, up-to-date information through reports and dashboards? If not, what is that costing you?

Is it Time to Rethink Your ERP System?

Moving your ERP system to the cloud gives you great opportunity to rethink the way your company does business. Go back to the three strategic reasons that we talked about above, because they provide a rich set of possibilities for a manufacturing company. What could you do if you had a cloud ERP system up today? Get creative and ask yourself and your team questions like the following:

Agility:

* What benefits would we have if we could connect a new partner to our ERP system within days

* How much could we decrease our training costs if our partners could learn the system quickly, by themselves

* How much time and money would we save if we didn't have to worry about upgrading our system to the newest releases

* What legal and operating entities need to be on our ERP system? Which countries and currencies? It is much easier to deploy a single integrated, multi-company, multi-national system on the cloud

* What security needs to be in place? This includes single sign on, separation of duties, and SOX requirements for full auditability and control

* As our company grows and changes, how would we want to adapt our ERP system? Can we do that now with our on-site ERP system

Collaboration

* How much faster could we respond to changes in demand if we had an easy way to collaborate with our vendors

* Can our sales reps, buyers and suppliers collaborate in real-time to take advantage of a new sales opportunity

* Where could we save money, or improve cycle time, if our partners noticed and solved problems among themselves

* How much could we reduce inventory if all our partners could communicate with each other   easily and in seconds

* 75% of companies using cloud ERP system strategies have real-time access to inventory of raw parts, tools, and finished goods. What could we do with that ability

* How much money could we save, or even make, if we could localize production in emerging markets and have real-time collaboration with our partners

Continuous Visibility

* If we knew that the appropriate supply chain data was available to our partners in real-time, what information would we want to have? What data will let them speed up their cycle times?

* What trends can our partners monitor to notice and fix problems before we do? What data and insights can they provide for us?

* How much time and money would we save if we had one "single version of the truth" for our company, customers and suppliers

Conclusion

Cloud ERP systems give manufacturing companies important advantages over on-site ERP systems, on top of savings in TCO. This is the time to start the conversation with your staff and experts, and start planning when you should make the move. In the meantime, your global enterprise operations aren't getting any cheaper or simpler, and your customers aren't demanding any less. The cloud gives you want you need today: agility, collaboration and continuous visibility.

INTELLITEK SYSTEMS

Intellitek Systems was started July 7, 2008 in Fort Wayne, Indiana. The company was founded on the premise of delivering the power of ERP software to small and mid-market companies by maximizing customizability to meet the unique needs of SMBs while keeping costs low. Since then, Intellitek Systems has ramped up its marketing efforts and on-boarded 100s of satisfied customers.

Simplifying your business

Intellitek Systems, Inc.

127 West Berry St.
Suite 1112
Fort Wayne, IN 46802

260-207-4499
www.intelliteksys.com