

RESEARCH PAPER

**Cure your ERP headaches
through consolidation and
third-party support**

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Sponsored by

Rimini Street®

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Introduction

Enterprise Resource Planning (ERP) solutions are regarded as the backbone of many organisations' everyday operations. As a result, they are often hesitant to change up their ERP setup, particularly when it comes to cloud migration, as any disruption could have serious consequences for their day-to-day operations.

When organisations do migrate ERP to the cloud, they may opt for a “lift and shift” approach or move things bit by bit in a bid to minimise the risk of downtime. However, these strategies can result in a complex, sprawling ERP environment with numerous systems and vendors, making managing ERP complex and resource intensive. Heavily customised solutions, often with considerable technology debt, can also undermine the business case for a shift to SaaS solutions.

ERP consolidation, the practice of combining multiple ERP systems and databases onto a single ERP platform, can help organisations reduce complexity, optimise support and maintenance, and lower costs, enabling them to extract more value from their ERP setup. It also provides an opportunity for organisations to assess whether their ERP platform is still efficiently serving its purpose.

With all of the benefits of consolidating ERP, CIOs may still face a technology talent shortage. Organisations may not have the resources or personnel to carry out what can be an ambitious consolidation project, or they may be challenged to support the consolidated platform as they redirect staff to cloud projects; so they may need to seek assistance from third parties.

This white paper, supported by bespoke research from *Computing*, will explore organisations' current ERP setup and whether it is meeting their needs. It will look at organisations' plans for ERP cloud migration, skills and resourcing challenges, and the driving factors behind ERP consolidation. Finally, it will examine what organisations are looking for in a third-party when it comes to managing and overhauling their ERP. Should you be looking to outsource your ERP headaches?

Key findings

- Microsoft is the most popular ERP vendor
- The majority of organisations have 1 to 2 ERP applications.
- 54 per cent have not yet combined multiple ERP systems and databases onto a single ERP platform.
- The greatest benefits of ERP consolidation are seen as increasing operational efficiency, supporting business transformation and reducing support costs.
- Difficulties meeting everyone's needs, high costs, and a lack of relevant skills presented the biggest barriers to ERP consolidation.
- 56 per cent of organisations have received support from a third party in their ERP consolidation projects, usually for technical maintenance and support.

ERP state of play

As businesses grow, their portfolio of ERP applications may become increasingly complex, with multiple disparate systems purchased to serve different needs within an organisation. Data may lack standardisation, ERP infrastructure may be costly to maintain, and systems as a whole may be difficult to audit. In this context, a single, business-wide ERP solution may be a better alternative.

Consolidating ERP applications onto one system is an attractive option for organisations looking to save money, reduce complexity and improve user experience. However, consolidation without insight can be challenging to execute and is not without risk.

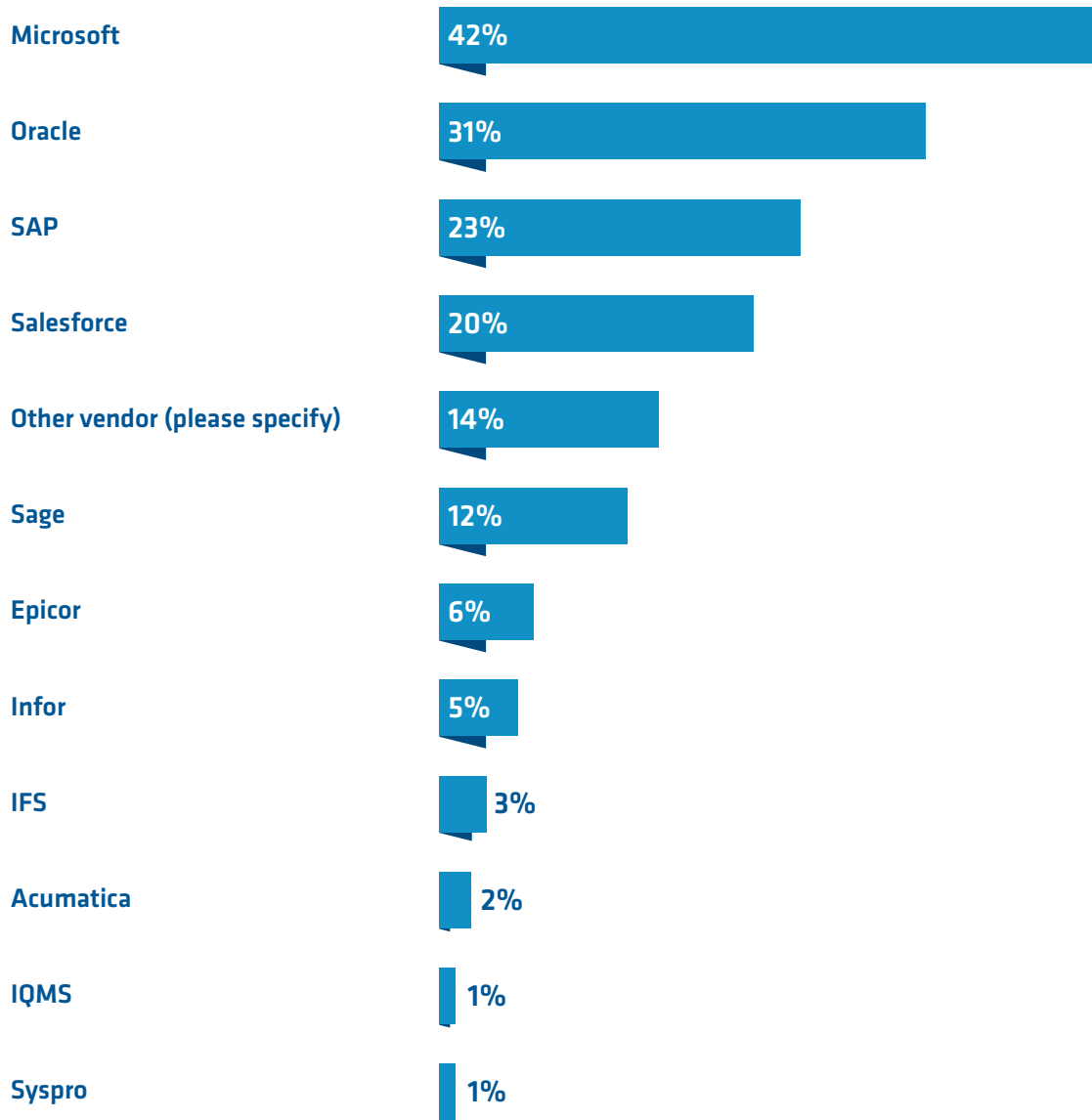
Therefore, organisations often need a helping hand from a third party in order to maximise efficiency and minimise disruption.

To delve deeper into the pros and cons of ERP consolidation, *Computing* surveyed 143 IT decision-makers involved with ERP strategy at their respective organisations. The majority of respondents were from the UK, with a proportion from EU countries and a small number from the Americas, Turkey and India.

The most common ERP vendor chosen by survey participants was Microsoft, followed by Oracle and SAP. For respondents that selected "other", vendors included Unit4, Workday, or ERP was taken care of inhouse. 33 per cent are running SAP Business Suite Applications, with 30 per cent running SAP R/3 or older and 27 per cent running SAP ECC5.0 or S/4HANA on-premises.

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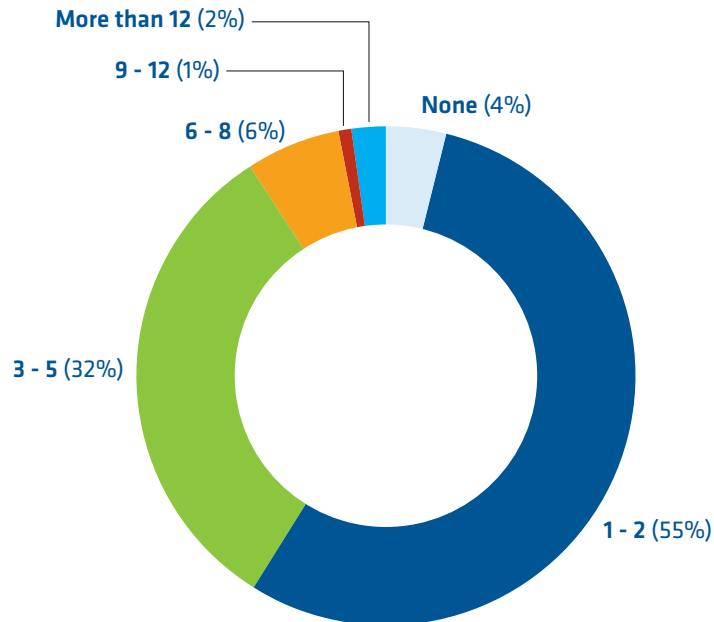
Fig. 1 : ERP vendors



55 per cent of organisations are currently running 1 to 2 ERP applications, with 32 per cent running 3 to 5. Just 2 per cent are running more than 12. While most organisations are only running a small number of ERP applications, these applications are often highly complex and essential to business operations, so must be handled with care.

However, among organisations with more than 500 employees, a larger proportion (36 per cent) were running 3 to 5 applications, with 7.2 per cent running 6 to 8. Organisations with less than 500 employees were all running 1 to 2 applications. This indicates that the number of ERP applications varies with company size.

Fig. 2 : Number of ERP applications currently operating

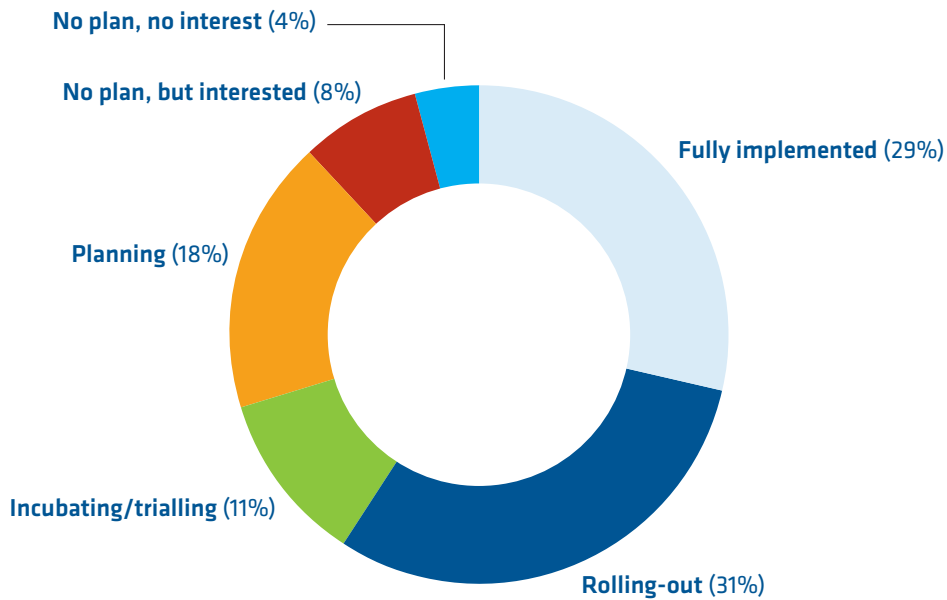


29 per cent have fully implemented their ERP cloud migration plans, with 31 per cent currently rolling them out and 29 per cent at the implementing, trialling or planning stage. Most organisations are currently in the midst of their ERP migration projects, with less than a third at the end of this journey. For those that have not yet begun migrating ERP to the cloud, 29 per cent expect to begin migration in under a year, 16 per cent in under 18 months and 26 per cent in under 2 years.

According to previous research by *Computing*, 26 per cent of organisations surveyed have completed their ERP migration plans, indicating that many organisations are still storing at least some of their ERP infrastructure on-premises. As ERP is central to the management of day-to-day business activities, the thought of migrating to the cloud has typically been met with hesitancy due to perceived risk.

However, *Computing's* research shows that organisations are increasingly opting for migration. The cloud makes it easier for businesses to keep up-to-date with new ERP technologies, simplifies collaboration between employees across multiple locations, and can free up workers previously responsible for managing on-premise solutions for other tasks.

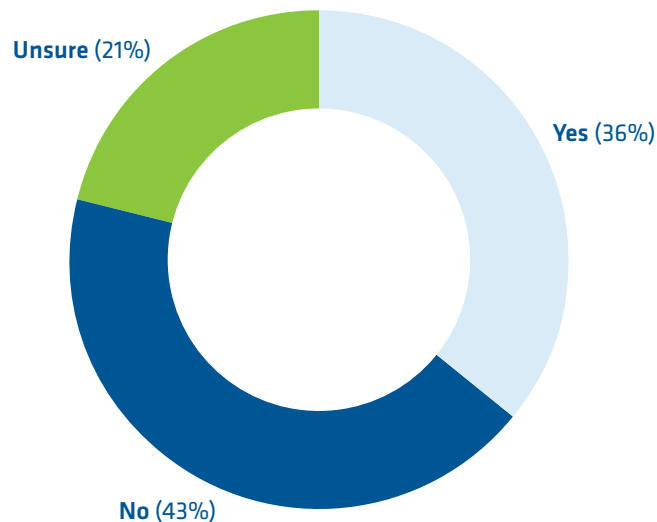
Fig. 3 : ERP cloud migration stage



When asked whether they would describe their ERP migration approach as “lift and shift”, the process of migrating an exact copy of an application or workload from one environment to another, 43 per cent answered “no”. Encouragingly, this indicates that a high number of organisations are optimising before they migrate to the cloud rather than simply replicating what they have on-premises.

However, 36 per cent of respondents admitted they have “lifted and shifted”, and 21 per cent were unsure of their migration approach. While “lift and shift” may not be a suitable approach for all organisations, for some it may be the best way to reap the benefits of the cloud without having to fit bespoke ERP into a SaaS model, and the risks this may entail.

Fig. 4 : Would you describe your organisation's ERP migration approach as "lift and shift"?



The case for consolidation

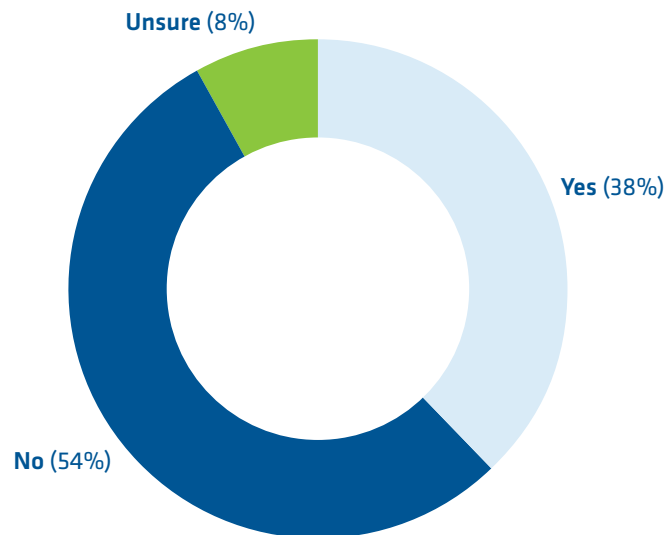
ERP management can be complex and sometimes challenging, largely because it affects people and business processes across the entire organisation. Disruptions to productivity and workflows can be costly, and IT teams are under pressure to deliver.

When asked to describe the main ERP issues their organisation is currently experiencing, cost concerns came up frequently, along with integration and complexity. However, 14 per cent reported no ERP issues. While consolidation is not a cure-all, it can help organisations achieve cost savings. Instead of paying for two or more systems, you only have to pay for one. As there are fewer systems to maintain, upgrade and support, resources can also be saved.

Once ERP consolidation is complete, employees can access different types of data through logging into a single system, addressing the issue of complexity, improving user experience and making it easier to extract insights from multiple data sets.

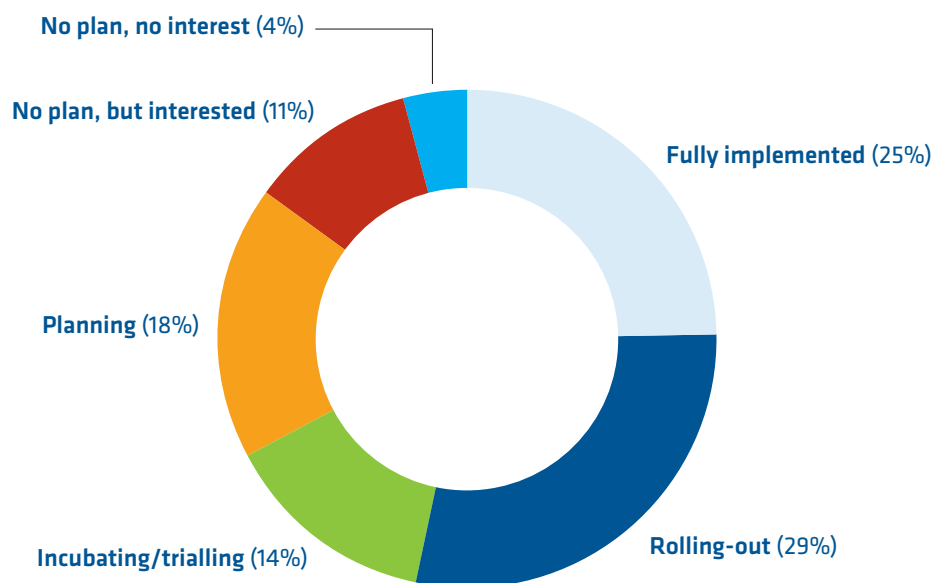
However, the majority of organisations, 54 per cent, have not yet combined multiple ERP systems and databases onto a single ERP platform, suggesting ERP applications are not being optimised by all. For organisations with highly complex ERP systems, the prospect of combining multiple processes may be daunting and appear to incur too much risk, stopping consolidations plans in their tracks.

Fig. 5 : Has your organisation combined multiple ERP systems and databases onto a single ERP platform?



While this statistic indicates that the majority of organisations have not yet consolidated their ERP systems, the tide may be turning. 29 per cent of survey respondents said they are currently rolling out consolidation plans, with 32 per cent incubating, trialling or planning. Just 4 per cent have no plan or interest in ERP consolidation, demonstrating extensive interest across a range of industries.

Fig. 6 : ERP consolidation stage



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Increasing operational efficiency, supporting business transformation and reducing support costs were the main benefits of ERP consolidation that organisations are seeking. At the other end of the scale was simplifying auditing and competitive advantages.

Fig. 7 : Most important benefits of ERP consolidation for meeting business objectives



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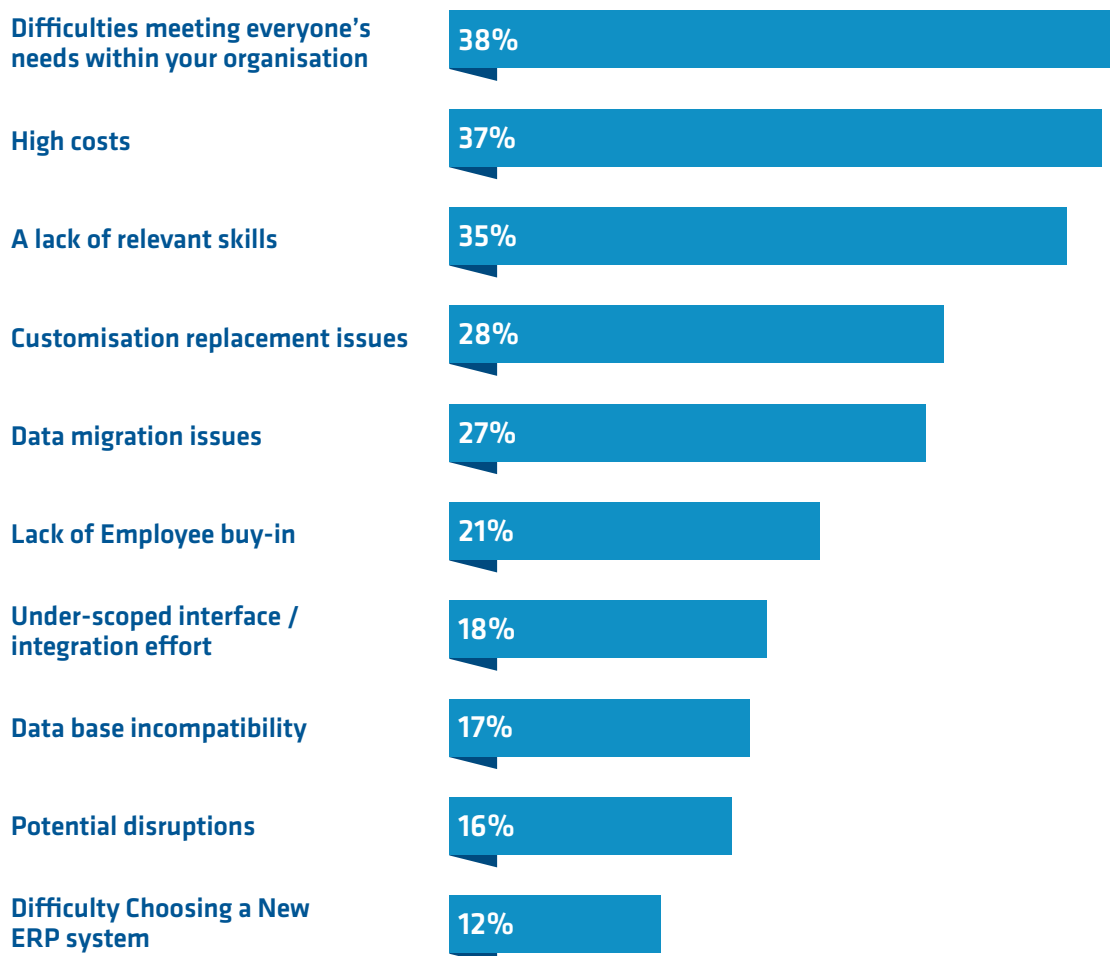
While organisations may be keen to harness these benefits, there are many considerations that must be weighed up before consolidation can take place. They must choose whether to stick with an existing ERP system or choose a new one, resolve data migration challenges, rework business processes, address interfaces and manage costs, all while ensuring minimal disruption for employees and the business as a whole.

The main barriers organisations have encountered when undertaking ERP consolidation were difficulties meeting everyone's needs, high costs and a lack of relevant skills. ERP systems often have multiple touchpoints within an organisation, so it is not surprising that IT leaders are concerned about finding a solution that suits multiple teams.

Integrating servers, managing application data, ensuring systems are compatible, and many other stages in the ERP consolidation process are specialised activities, so concerns around a lack of relevant skills are valid. Teams want to ensure consolidation is efficient and without the right expertise, risks escalate.

ERP consolidation requires considerable resources, both in terms of time and money. It is therefore important that organisations set out a detailed plan of action and clear goals before beginning a consolidation project.

Fig. 8 : Barriers and issues when undertaking ERP consolidation

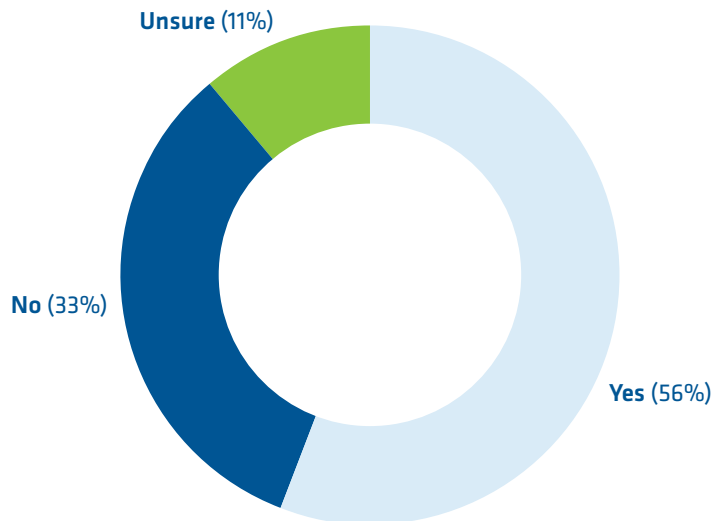


The skills challenge

In order to address some of the challenges outlined above, organisations may need to look outside of their own four walls and seek out the support of a third party. Comprehensive support can help organisations extract more value from their systems, ensure resources are fully utilised and help close skills gaps.

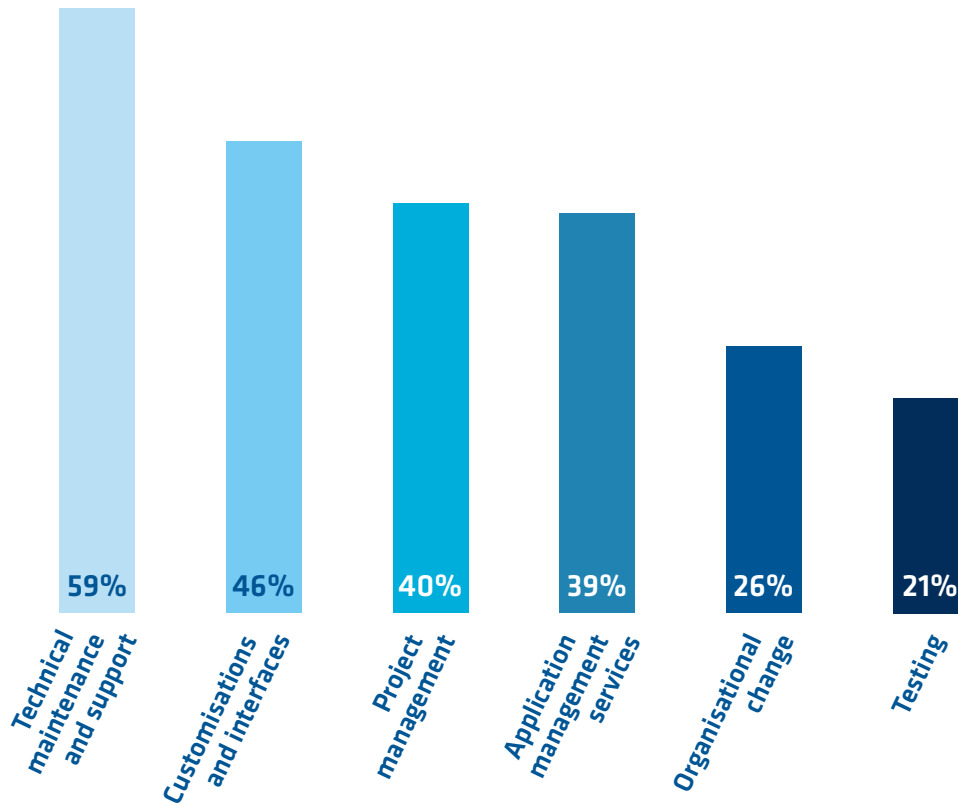
56 per cent have received support from a third party in ERP consolidation projects. Of those, 70 per cent said they were satisfied with the support they received.

Fig. 9 : Has your organisation received support from a third party in its ERP consolidation projects?



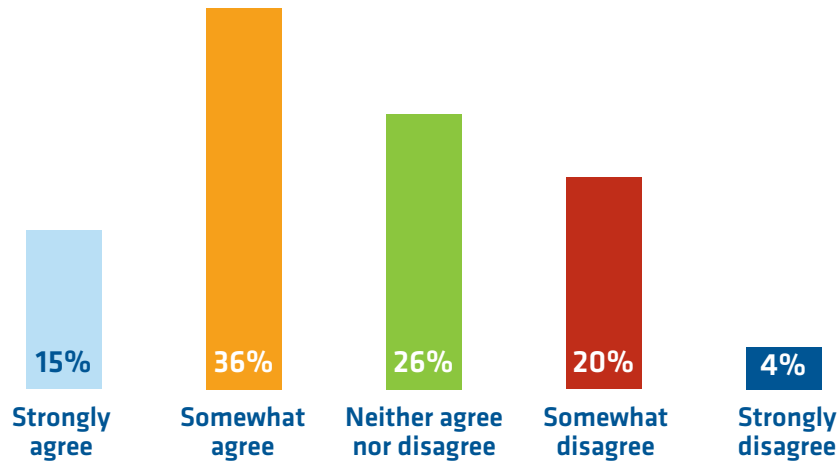
Third parties most commonly assisted with technical maintenance and support, followed by customisations and interfaces, and project management. These can be highly specialised areas, so having the input from experts when moving business-critical data lowers risk.

Fig. 10 : The role of third-party support in ERP consolidation



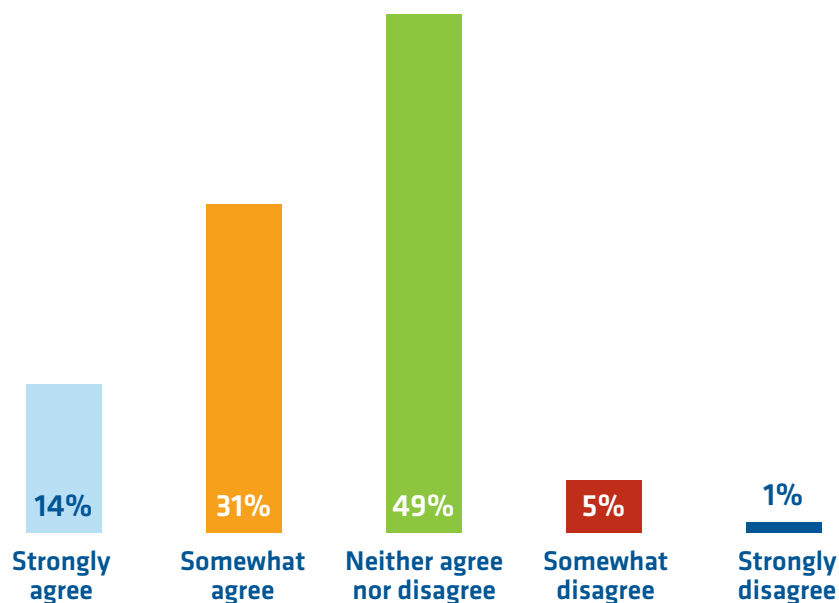
When asked whether their organisation has the resources to carry out its ERP consolidation plans, just 15 per cent strongly agreed with the statement. 36 per cent somewhat agreed, with 24 per cent at least somewhat disagreeing. This indicates that a significant number of IT leaders have concerns when it comes to resourcing ERP consolidation plans. ERP consolidation can incur a substantial upfront cost, but over time may lead to cost savings as organisations no longer need to pay for multiple systems. Setting clear objectives and actions is therefore essential.

Fig. 11 : “My organisation has the resources to effectively carry out its ERP consolidation plans”



45 per cent at least somewhat agreed that having third party support has helped simplify their organisation’s ERP environment. However, 49 per cent neither agree nor disagree. While opinion is split in this area, previous findings, and the concerns expressed around having the resources and know-how to carry out a successful consolidation, indicate that many may in fact benefit from third-party support. Having a trusted, strategic partner for ERP consolidation minimises the pressure placed on IT teams and ensures the move is as smooth as possible.

Fig. 12 : “Having third party support has helped simplify my organisation’s ERP environment”



Conclusion

ERP applications are essential to the day-to-day running of many organisations' core business processes, and the right technology can unlock greater insights from data.

However, many ERP environments have become sprawling and complex, and may not be fully serving organisations' needs. While organisations may have previously been hesitant when it comes to moving or changing their ERP applications, a growing number are now embracing the benefits of migration and consolidation.

While it is not without its risks, consolidation has the potential to generate greater efficiency, cost-saving and business transformation. Furthermore, consolidation provides the opportunity for organisations to review their current ERP setup to determine whether it is fit for purpose or whether changes are needed.

Organisations should take the time to evaluate the impact of consolidation and whether it is right for them, taking into account the needs of different departments, understanding the potential benefits and whether they have the resources to execute a successful consolidation project.

The latter may require support from a third party, as consolidation requires specialist expertise. Therefore, choosing the right partner is a key part of the process.

About the sponsor, Rimini Street

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