

ERP VENDORS CAN IMPROVE COMPETITIVE ADVANTAGE AND END USER VALUE

Using Business Intelligence (BI)
Integration to Improve ERP Solutions

Whitepaper



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INTRODUCTION

As the amount of business data and its importance increases, ERP solutions are sought out by businesses all around the globe. Over the years, ERP vendors have been facing the challenge of increasing competition, requiring them to come up with more value-added ERP solutions for their clients. No longer are traditional ERP tools enough to keep clients satisfied since clients are looking for cost-effective and efficient business solutions that can help them provide better output to their customers in turn. While an ERP system is important for businesses, it lacks some essential tools resulting in a time lag for end users, subsequently affecting their own competitiveness.

One of the best ways ERP vendors can add value to their solutions is by integrating a Business Intelligence solution with it. BI solution is one of the most essential data management tools that is used by businesses today in order to analyze crucial data for the purpose of automated decision-making. A BI solution usually includes ad-hoc reporting features, data warehousing capabilities and other functions that can help businesses make decisions regarding cost-cutting and profit enhancing. By integrating this system with their ERP solutions, vendors can provide their clients with highly competitive and cost-efficient solutions, creating a competitive edge for themselves.

THE MARKET SCENARIO OF ERP

In the competitive business market today, company IT investments are taken up after much thought. The high costs associated with business operations, and the need to stay competitive, prompt business managers to look for solutions that can offer them the highest return on investment, and results that are timely, accurate and precise. ERP vendors understand this business need and are looking for ways to respond to it by coming up with a competitive advantage in their ERP solutions.

What adds to the pressure is the fact that existing clients of ERP vendors are also re-evaluating their solutions to determine whether the cost of licensing, upgrading and maintenance for these solutions offer them any cost advantage or not. In case the existing system fails to meet the reporting requirements of businesses or doesn't offer information integration opportunities, the businesses may choose to abandon their current system or might give up any expansion of solutions they might be looking for.

Addressing Key Issues

In order to stay afloat in the current market scenario, ERP vendors focus on their value-adding activities. By providing higher value to their customers through enhanced products, services and solutions, these vendors can sustain their client relationships. There are several key issues that ERP vendors need to address including:

- ▶ Enhancing ROI for customers by providing better ERP solutions
- ▶ Reducing the total cost of ownership for the customers for their upfront investment
- ▶ Providing payment terms and licensing options that offer customers flexibility
- ▶ Offer phased and scheduled solutions that can be implemented and integrated in a timely manner
- ▶ Offering ERP solutions that are scalable so that they can be adjusted according to the growing business requirements
- ▶ Provide cloud-based storage so that customers can access their data from multiple, offsite and remote locations
- ▶ Provide more sophisticated and advanced modules of ERP solutions to the customers
- ▶ Improving the information management and reporting system of an ERP solution
- ▶ Coming up with features that can add competitive advantage to their ERP solutions

Today, a BI solution with an ERP product is considered a solution that can provide that competitive edge to BI vendors. Integrating a BI solution with ERP can enable vendors to provide their clients with enhanced value, allowing them to build sustainable relationship with all their clients.

Business Intelligence (BI) – A Primary Focus

The question is; why does BI integration count for so much? The answer, again, is the competitive nature of the business market. Just like ERP vendors, their clients are also looking to gain advantage in their own respective market, hence, they need more streamlined and enhanced solutions. An ERP solution help businesses with the management of information regarding all business functions including manufacturing, administration, finances, human resource management, logistics and performance management. All this information is structured in an integrated format and is then used by business management for decision-making. However, creating custom reports, causes a time lag, causing a delay in decisions.

This is where a BI solution can help ERP vendors provide customers with more purposeful, integrated and sophisticated solutions. BI solution can provide customers with automated reports and decision-making capabilities, while providing them with Key Performance Indicators to categorize the business insights. However, adding a BI solution to their ERP product is not as simple as vendors might think, despite their capabilities in developing business solutions. Trying to build a new BI solution from scratch can cost vendors a lot of time and money, taking away any cost advantage they might have to offer to their customers. The key lies in finding a pre-existing BI solution provided by another solutions provider and creating a system partnership to provide users with the best ERP and BI integration possible.

HOW BI INTEGRATION ACTS AS ERP CATALYST

For ERP vendors, BI integration in their ERP products acts as a catalyst when acquiring new clients, and at the same time keeping their current clients happy. This integration can be extremely beneficial for ERP vendors, providing them with a clear competitive edge over other ERP vendors in the market.

Providing a Highly Customized ERP Reporting System

In an ERP system, a few template reports are available for users to view but there are few customization options available. This is one critical area that ERP solutions lack in, and where BI solutions can fill the gap. A BI solution provides users with a lot of flexible customization options when it comes to report generation while also providing them with automated reports regarding their structured business decisions.

This enhanced reporting function allows business managers to create their own reports, selecting data sources from different applications, and scheduling these to be generated on an automated basis, all within a timely manner. Due to the dynamic nature of the business environment today, it gets difficult to predict the structure of reports that a business might need, making this reporting flexibility a highly beneficial advantage for the ERP users.

Moreover, a BI system that is selected and designed carefully takes off the processing load from the ERP system, allowing it to function at its maximum potential. By providing the ERP system optimal speed, a BI solution can reduce the response time while increasing the processing speed of system, resulting in a product that is user-friendly. It also helps business personnel create reports keeping in mind the ever-changing structure of organization as changes occur due to growth.

/// The Advantages of BI Integration for ERP Vendors

There are several advantages that ERP vendors gain from integrating a BI solution with their ERP product. The list includes:

- ▶ Acquisition of new clients
- ▶ Quick and easy implementation of BI solution
- ▶ Revenue generation
- ▶ Increased customer satisfaction
- ▶ Low cost of ownership for more solutions
- ▶ A higher return on investment for their customers
- ▶ The provision of value added system to existing ERP clients
- ▶ An enhanced ERP performance
- ▶ Better reporting and decision making tools added to their products

ROLE OF BUSINESS INTELLIGENCE IN ERP SYSTEMS

Both ERP and BI solutions are used for data management and analysis in an organization. While ERP solutions help businesses with data acquisition from multiple sources and data integration, a BI system helps analyze the integrated data and turns it into useful information. The different tools present in a BI solution, when integrated with an ERP product, can provide vital information and insight. Here are some tools that a BI system can add to an ERP product:

Legacy Data

The data of a company left over from previous applications, software or processes, also known as Legacy Data, is a vital element for any organization. While companies realize the importance of this data, they don't truly understand how this data can be used to gain particular insights. A BI system helps business managers analyze and use this legacy data in the best possible manner by providing automated reports that take this information and turn it into useful data.

Data Warehousing

For every ERP solution, large amount of data need to be generated, organized and integrated. If this data is left in an unorganized manner, it is of little practical use to businesses. There is a need to properly structure, categorize and process this data so that it can be used for ERP functions. This requires businesses to invest in data warehousing systems, which are usually an integrated part of BI solutions.

Accuracy and Precision

A BI solution uses business data from all over the organization, interpreting it to provide decision makers with relevant patterns and trends in the market. This takes out the guesswork from business decision making, enabling managers to take strategic decisions that are based on solid facts and forecasts.

There are several other functions that a BI system can add to an existing ERP product, turning it into a smart and effective business solution. This makes for a product that is high in demand in the current market scenario, providing businesses with more effective solutions at lower cost.

ALTERNATIVES TO THE BI SYSTEM

Businesses and ERP vendors often try using different alternatives to BI system that mostly includes standardized reports or spreadsheets. Both of these systems, when asked for custom reports, cause delay and other limitations that result in customer frustration. Let's see how both these solutions can be used with an ERP system and what limitations they present to business users:

Report Generating Systems

Standardized reports written by programs are a low cost option that is often included by ERP vendors in their products. However, these solutions are designed for the use of programmers instead of the end users. Therefore, they will require the end users of an ERP system to acquire the services of technical consultants to use this tool to report generation and customization. Moreover, this tool is inflexible and does not allow businesses to create custom reports in a short time. Creation of reports in these systems can take days, and even longer, if a new report format is being used by the users.

Spreadsheets

Another common tool for reporting and other statistical functions are spreadsheets. Usually these spreadsheets are used by small sized businesses for the purpose of data analysis since large organizations have too much of data to be managed on spreadsheets. However, the major issue with spreadsheets is lack of integrity since the accuracy of data depends on the user solely. If a user adds an incorrect formula, the result in are not accurate. Moreover, these sheets also result in lack of consistency, traceability and security of data. All of this combined together make the value of data available through spreadsheets highly invalid at times, requiring businesses to manage data repeatedly, wasting time and resources.

In comparison to these two solutions, a BI system is highly flexible, secure, sophisticated and a cost effective data management system that provides timely information in form of customized and automated reports. By adding this solution to an ERP product, vendors can provide their customers with the ability to manage their data more effectively and enable them to make decisions promptly. By helping their customers improve their profits and bottom line, an ERP vendor can build sustained relationships with their clients for a longer time period.

ENABLING ERP CLIENTS MANAGE PERFORMANCE

Another reason a BI system makes for a perfect integration option to an ERP product is the resulting improved performance management system that comes into existence. This integration allows ERP vendors to create an advanced framework that provides improved data quality and availability, increasing the client's confidence in the decisions made through these automated systems. Better decisions can help clients manage their performance in a better way, having estimations that are as realistic as possible.

For your clients to stay competitive in their own respective markets, it is important for them to have information available at their hand that they can instantly use for decision making. Moreover, they need to have all this information without having to hire additional staff or expensive consultants since keeping operational costs in limit is also of vital importance. Therefore, what your clients are essentially looking for is a value added system that can help them speed up the decision making process by providing them something much more valuable than standard reports.

Since a performance management system is of extreme value to clients, adding it to ERP solutions can help ERP vendors gain a competitive advantage and enhance customer satisfaction with the solutions. To turn their BI integrated ERP solutions into effective Performance Management systems, ERP vendors can provide their clients with several tools including BI Dashboards, Graphical OLAP, Custom Reports, Exception Report, Cross Tab OLAP, Balanced Scorecards, Analysis and Alerts, Data Extraction and Transformation, Cube Management, Publishing, Forecasting and Predictive Analysis, and Delivery Agents.

By using such an integrated system, your ERP clients will be in a much better position to gather, filter and present information. This will allow them to 1) communicate their mission and strategy to their employees and stakeholders in a precise and effective manner, 2) Bring an alignment between different operational units so that they can get in line with the corporate strategy and 3) Monitor and manage the performance related to the tactical activities and tasks that are undertaken in an organization every day.

A BI system allows ERP clients to establish Key Performance Indicators (KPIs), using which, they can provide measurable end-goals against which the performance of staff and organization can be evaluated. A BI system eliminates uncertainty from the market environment so that ERP clients can make clear, concise and timely decisions. With a BI and ERP integration, your clients can answer critical business questions like:

- ▶ How can we achieve the top ten ranking within our competitive market?
- ▶ How can we control business overheads?
- ▶ How can we improve our customer retention rate?
- ▶ How can we manage and accelerate our planning and decision making cycles?
- ▶ How can we identify risky conditions before time and take mitigation measures to control these situations?
- ▶ How can we evaluate our strategy and take corrective measures on time when necessary?
- ▶ How can we make our supply chain more responsive and bring down delays within the chain?
- ▶ How much turnover is generated this year due to new clients compared to the past five years?

The BI tools combined with an ERP system can help ERP clients manage all the functions of a Performance Management system including Planning, Monitoring, Analysis, Directing and Improving. Dashboards, KPIs, exception reports and performance scorecards, all these tools when combined create an effective and valuable performance management system that is of high value to ERP clients. By allowing ERP clients to focus their resources on more productive tasks, ERP vendors can increase customer satisfaction and enhance their revenues substantially.

HOW CAN ERP VENDORS SELECT THE RIGHT BI SOLUTION

For ERP vendors to achieve the benefits of BI integration with their ERP product, the most important aspect is selecting a BI product that is suitable for them and their customers. ERP vendors need to select BI products and vendors available in the market carefully, assessing the value of their system in an objective manner.

Before a BI solution can be selected for integration, ERP vendors need to evaluate not only the product but also the supporting services provided by the vendors as well as their reputation. Mentioned here are some aspects ERP vendors should evaluate before selecting a BI system:

Product

When it comes to evaluating the main BI product, ERP providers need to assess key features offered by the solution. Secondary assessment includes ease of use, accessibility, ease of integration, upgrades, architecture and technical documentation available with the product.

Services

The second most important factor that should be evaluated after the product itself, are the services provided by the BI vendors. These services include sales and maintenance support, user documentation, project management and account management.

Experience

The experience and reputation of a BI vendor in the industry and in providing BI solutions is another important aspect that needs to be evaluated. Their technical experience needs to be assessed as well as, years in business, management experience, training, and their quality procedures.

Partnership Structure

In order to create a successful ongoing partnership with a BI vendor, ERP vendors need to come up with and assess partnership terms that are suitable for both parties. Before getting a BI solution from a vendor, contract terms, flexibility options, partnership history, financial stability and legal service agreements need to be assessed carefully.

Pricing

Lastly, pricing should be compared between different BI vendors before a selection is made. Since ERP vendors are looking to provide their customers with cost-effective solutions, the cost of a BI system they integrate with their product is crucial. Apart from the upfront costs, licensing and upgrade costs and flexibility of payment should also be analyzed.

While these are some standard evaluation aspects, a number of other considerations also need to be accounted for, some depending on the unique features that ERP vendors might be looking for.

CONCLUSION

For ERP vendors to stay on top of the highly competitive market and sustain their customers, coming up with more value-providing solutions is essential. Vendors need to add more sophisticated features to their ERP solutions while keeping the costs at a minimum. Their clients are looking for solutions that can provide them with timely information and increased ROI so that they can also stay competitive in their market of choice.

One of the best tool that ERP vendors can add to their ERP products is a Business Intelligence (BI) system. While the ERP system manages and structures data, preparing it for analysis, the BI system uses this prepared data for enhanced analysis and report generation. The reporting features that an ERP system lacks in are present in the BI system, making them a well-integrated system. Careful and successful integration of an ERP and BI system can benefit not just the end-user but also vendors.

ABOUT COGENT DATA SOLUTIONS

At Cogent Data Solutions, we provide Business Intelligence solutions that are highly affordable and accessible to all types of clients across industries. Our BI solutions are comprehensive in nature that combine all business intelligence capabilities in a simple and complete portfolio to provide to our clients so that they can filter and consolidate quality information that can aid them in strategy development and performance management.

Our BI solutions are designed for diverse environments, allowing organizations to analyze information collected through multiple data sources, applications and systems. Built on a leading BI platform, the BI solution by Cogent Data Solutions unifies business intelligence, reporting and web-based analytics so that organizations can achieve better Data and Performance Management capabilities. We have clients based in different industries and markets that are spread all over the world who have successfully implemented our BI solutions to gain a competitive advantage in their respective industries and achieve their business goals.

We strive to provide our BI solutions clients with a premium partnership experience, providing them affordable prices and complete support services before and after we make a sale. Before we design a solution for you, we listen to your requirements in order to understand your unique data needs, and design a customized solution for your business. After you have implemented our BI solution, our team of knowledgeable and experienced professionals is always available to answer the questions of our clients so that we can create a sustainable partnership. Please visit us at <http://www.cogentdatasolutions.com> for more information.



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