



White Paper

# Achieve Operational Excellence by Making Better Decisions

## Executive summary.

Complexity—particularly market complexity—will most likely increase over the next three years. To better manage processes and deliver operational improvements, you need to simplify the impact of this complexity. Manufacturers ranked as best-in-class in a recent Aberdeen Group enterprise resource planning (ERP) benchmarking report listed “streamline and accelerate processes to improve efficiency and productivity” as their number one strategy.<sup>1</sup>

To achieve operational excellence, you need to fundamentally and fully exploit all information sources. That way, you’ll be able to reach the highest possible level of visibility and intelligence along the value chain. According to Aberdeen Group, best-in-class companies are 91% more likely than all others to have real-time visibility into the status of all processes, from quote to cash.<sup>2</sup>

Access to data is the first step, but the diagnosis and interpretation of this information—and its application to the decision-making process—is also critical. Plus, this data must be current. Although you need historic data to identify trends and make comparisons, “old” data may compromise your operational decisions, ultimately costing your business.

By analyzing real-time data throughout your organization, you can confidently identify areas of underperformance, production or supply-chain bottlenecks, and low-selling product lines. You’ll be able to find out about changes in customer orders, delays in raw material delivery, and revisions to your production completion schedule. That means you can react to situations that affect the services you provide.

But to be operationally efficient, you need to ensure this information flows to relevant users. By automating and streamlining processes from department to department or person to person, you create a holistic, integrated decision-making environment, where you can make proactive operational decisions at every level of your business.

The result? Your company becomes more agile, and you increase the rate at which you can serve your customers and get products to market—giving you a stronger competitive position.



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<sup>1</sup> Aberdeen Group, ERP in Manufacturing 2011: Defining the ERP Strategy, July 2011, p 7.

<sup>2</sup> Aberdeen Group, ERP in Manufacturing 2011: Defining the ERP Strategy, July 2011, p. 14.

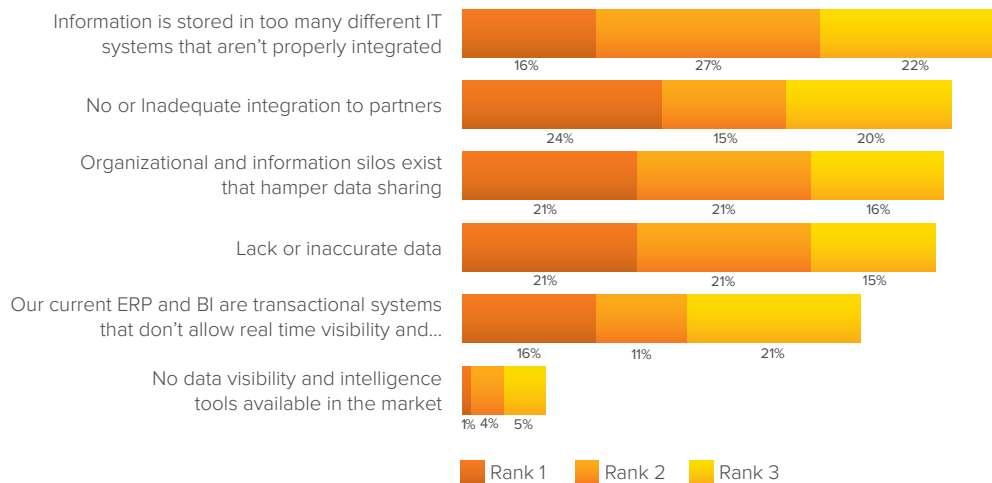
If you become more agile and faster than your opponents, then growth should follow, and you'll continue along a circle of improvement that is fundamentally supported by visible, intelligent, and comprehensive business information.

In the end, creating a decision-making environment is the catalyst to achieving operational excellence, increasing your rate of business, strengthening your competitive status, and positioning your organization for growth.

## Barriers to better decision-making.

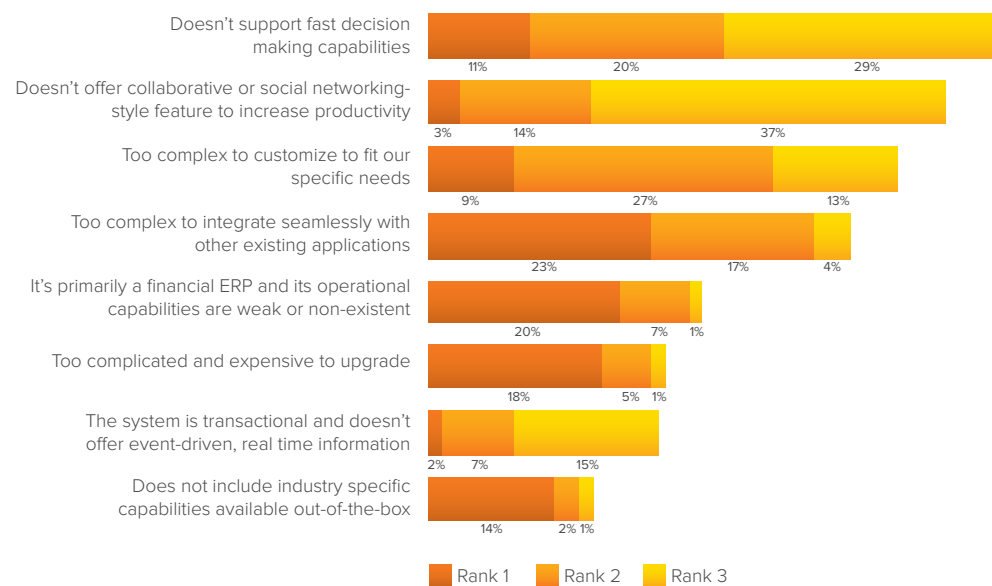
The case for improved decision-making capabilities is clear. However, having the right tools is imperative, and technology is the fundamental tool to create the environments discussed above. Many companies say this technology is lacking in their existing systems.

What are the main barriers to create an effective real-time decision-making environment?



Source: IDC Manufacturing Insights 2011 – No. 378

What do you think are the major limitations or weaknesses of your current ERP system?



Source: IDC Manufacturing Insights 2011 – No. 348

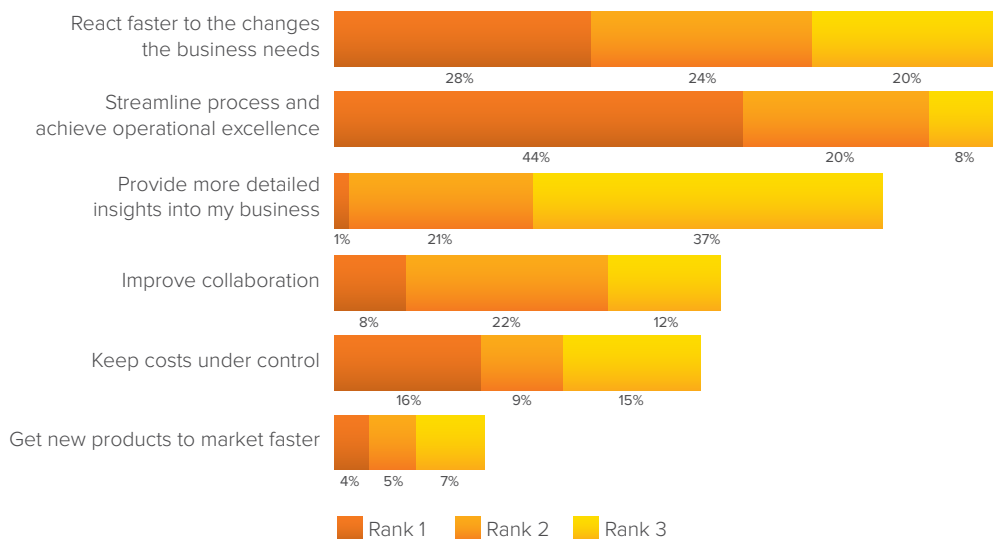
These manufacturers see their existing IT—and, in particular, their ERP system—as one of the main barriers to effective decision-making. Traditionally a system of record stemming from the transactional financial system, many ERP systems that were purchased to support a '90s business model now seem rigid and inflexible, and often stand alone with little or no connectivity to other systems. This fragmentation means there's little or no data exchange or information flow due to an IT infrastructure that reflects the organizational structure. Manufacturers with these types of systems often handle reconciliation through complex point-to-point integration, and manually create reports via spreadsheets or cumbersome add-on tools. Because of these information silos, companies often make decisions in isolation, with only a fraction of the data and intelligence they need to make accurate decisions that will ultimately affect the direction, growth, and success of their business.

In addition, manufacturers often don't understand what their data actually represents. That's because most manufacturers don't have an effective way to analyze and interpret collected data in terms of the potential impact and risks to their business.

As speed is now the basis for competition—meaning manufacturers are required to react faster to changing business needs, customer demands, and shifts in the external market—this analysis and interpretation is more important than ever.

That's why manufacturers are looking to their ERP systems—the IT centerpiece of today's manufacturing organization—to form the foundation of a decision-making environment. But in order for that to work, they need radical changes in the capabilities these systems provide. Improvements in business visibility and collaboration will help drive companies through the challenges of today's complex manufacturing environments to achieve operational excellence.

### Over the next three years, what do you need your ERP system to enable you to achieve?



Source: IDC Manufacturing Insights 2011 – No. 348

## What does a real-time decision-making environment look like?

According to IDC Manufacturing Insights, “The ability to identify a problem, to isolate the root causes, to understand the state of process execution, and to enable corrective actions as quickly as possible are what will distinguish a successful decision-making environment.”<sup>3</sup>

To provide consistent processes and open lines of communication, and to keep people informed, real-time decision-making environments should connect data gathered from multiple business applications on the plant floor and along the supply chain, incorporating multiple organizations, plants, and sites. By providing real-time operational data in the context of business processes, this environment allows employees—from the highest level of management to operational-level workers—to make better decisions.

Think of decision-making environments in terms of the “three Is”:

- **Instrumented**—lets you capture information at any point of activity and make it available in real time
- **Interconnected**—allows information to seamlessly flow across departments, plants, partners, and customers
- **Intelligent**—provides real-time analysis against the most operational and strategic KPIs

You can only realize these environments as IT infrastructures evolve toward new technologies such as mobile, cloud computing, and social applications. At their core, ERP systems need to be more user-centric than process-centric, offering modern collaborative tools to enhance and speed up situational responses.

## New technologies support better decision-making.

ERP development has now risen to the challenge; new ERP systems are being termed “next generation.” Better integration, improved workspaces and dashboards, and better reporting capabilities make them more personal, and they facilitate more flexible and efficient processes. New ERP systems are developed with technology that embraces what IDC Manufacturing Insights calls the four new IT forces: mobility, social technologies, big data analytics, and cloud computing.<sup>4</sup> By embracing these new IT forces, ERP systems can deliver functionality while liberating and presenting the information needed to drive operational excellence.

ERP systems have evolved based on new requirements of modern IT users, who make purchases, collaborate, and communicate via online applications every day. The line between the style of systems you use in your personal life and in your business is now becoming blurred as your demand for familiar “consumerized” technologies increases. Because of this ERP evolution, you can consume information quicker and from many sources, on the go or at your desk. You’ll be able to make decisions much more confidently based on more qualitative information.

<sup>3</sup> Pierfrancesco Manenti, “Creating Real-Time Collaborative Decision-Making Environments,” IDC Manufacturing Insights ([www.idc-mi.com](http://www.idc-mi.com)), January 2012.

<sup>4</sup> Pierfrancesco Manenti, “In Pursuit of Operational Excellence: Accelerating Business Change through Next Generation ERP,” IDC Manufacturing Insights ([www.idc-mi.com](http://www.idc-mi.com)), January 2012.

## What are the real benefits of these technologies in the role of decision-making?

In short, these technologies change the way you work. You receive information rather than having to seek it, and that's a big difference. No longer will you have to spend unnecessary time and effort finding, reconciling, and analyzing information from many different sources. As any CIO will agree, far too much budget is spent on supporting connectivity in a fragmented infrastructure. The four IT forces simplify IT architecture, releasing budget for other technologies aligned to overall company strategy.

When you automatically receive relevant, real-time information in a meaningful format, you can make decisions quickly. When you're notified that certain defined conditions have occurred, you can react, change direction, and even stop a particular course of action, choosing to invest time and money in initiatives that will help you achieve your business goals.

By improving data visibility, you improve decision-making and operational efficiency. Best-in-class companies are operationally better than their counterparts because their ERP systems help them maximize the visibility of their data and use it to achieve operational excellence. According to Aberdeen Group, best-in-class companies are:

- 127% more likely to receive triggers and alerts based on events that have an impact on the organization
- 3.63 times as likely to be alerted through mobile devices of process exceptions and deviations in performance metrics
- 81% more likely to have pre-configured dashboards to provide users with relevant, easy-to-find data<sup>5</sup>

Let's look at these best-in-class technologies in more detail:

**Mobile.** By using devices such as smart phones and tablets, you can access data on the fly. Mobilize previously stationary business systems and get relevant in-context information for continuous business execution.

**Social.** Speed up the rate at which you consume, process, and react to the information sent to you via your business ERP system. Just as with your personal social networking environment, you'll be able to transfer information quickly via social networking devices such as instant messages, alerts, and communities.

**Big data analytics.** Collect, track, and analyze complex data in a consumable format that is easy to understand, customize, and share. Drill into report data to discover influencing factors and real-time status, and further track historical trends. Customize reports through ad hoc report-writing tools to create role-based metrics and provide proactive customer service. Anticipate the needs of customers by projecting trends and spotting issues before they become obstacles to fulfilling orders on time. Use analytics to forecast demand, plan resources, and optimize workforce scheduling. Thoroughly analyze performance data for confident strategic planning to optimize growth opportunities. With mobile devices such as smart phones and tablets, managers can review reports from any location, any time.

<sup>5</sup> Aberdeen Group, ERP in Manufacturing 2011: Defining the ERP Strategy, July 2011, p. 15-16.

**Cloud.** Better support a fast-changing business environment with cloud computing, which provides you with common real-time data, workflow, and alerts. With that information, you can rapidly get third-party manufacturers, new suppliers, and channel partners on board, as well as quickly integrate new and legacy applications. Your network becomes an open functional space; you can easily add, refine, and change capabilities on demand with no impact to other applications. With cloud computing, you'll ultimately get the infrastructure you need to implement a global plant floor, overcoming the lack of connectivity with international sites posed by regional systems. Your data can then flow more freely, and your reporting and analysis for decision-making can be more comprehensive.

## Make better decisions with Infor.

By getting greater access to enterprise solution data from desktop computers, tablet devices, and smart phones, you'll always have the information you need to do your job. And that means you'll be more productive and fulfilled. With Infor™, you have the opportunity to work the way you live.

The most exciting and powerful part of Infor is beneath the surface—you get an entirely new approach to connecting and integrating multiple applications through the lightweight, unbreakable middleware layer called Infor ION. ION helps information flow smoothly between systems whether you run them on-premises or in the cloud. If you opt for Infor Business Cloud, you'll be able to deploy new Infor systems even faster, providing you with quicker access to data and a rapid time to value.

Infor collects and stores this free-flowing information in a powerful business vault, and then deploys it through common reporting-and-analysis and event-driven workflows that proactively push data, work activities, and exception notifications or alerts to users in the same way they receive notifications from many of their familiar social networking sites.

But in order to use the information, you need to receive it in a user-friendly format. Usability was a low priority in traditional enterprise software systems, but Infor provides you with a new user interface. With Infor Workspace, you'll get unified information from your entire enterprise in one intuitive screen. Infor Workspace provides you with a common look and feel and navigation across multiple systems, and combines deep industry processes, analytics, and collaboration to create a more satisfying, easier-to-use software experience that helps you make better and faster decisions. Sign on just one time, and get the information you need in one place, making you more productive and proactive.

But as you're not always at your desk, Infor embraces the power of mobility, extending your applications and decision-making capabilities to your tablet or smart phone so you can be productive anywhere, anytime.

No matter what your industry, you'll be able to increase your company's speed and agility with Infor ERP solutions, which capture, store, analyze, and present critical information with new technologies.



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