

ERP 3.0

A version of this [article](#) was originally published by ERP Today in November 2019.

As manufacturing evolves at unprecedented levels, so do the software systems behind it. While enterprise resource planning (ERP) solutions have brought data management and end-to-end views to enterprises for decades, some early systems lacked flexibility. Even the second-generation ERP solutions were sometimes complex, not doing enough to help boost workforce productivity. This is changing. Once again, ERP solutions are getting a makeover. This fresh approach, ERP 3.0, is focused on empowering workforces, expediting tasks, and supporting fast decision making. Data-driven insights, powered by artificial intelligence (AI), are at the heart of this modern approach—and the potential impact on productivity is immense.

A glance to the past

It's fair to say that ERP solutions in the past often received bad press. Traditional, early versions were typically expensive, inflexible, difficult to use, and painful to implement. The next generation of ERP sought to address these shortfalls, bringing beautiful design and intuitive user experiences to desktops, flexibility enabled by cloud apps and enhanced mobile accessibility, and the introduction of added intelligence via business intelligence (BI) and AI.

But despite many industry players professing that the second generation of ERP solutions represented the pinnacle of an industry maturing, and a driver of increased profitability for manufacturers, research paints a different picture.

The productivity problem

Despite ERP investments undoubtedly delivering clear ROI, one major problem persists for manufacturers today. Productivity—that is measured by the amount of work produced per working hour—remains a huge problem across the world as many advanced economies' rates remain at near-historic lows. While the precise cause of the fall isn't clear, productivity is key to long-term economic growth and higher living standards. A highly productive workforce is essential for operational efficiency, meeting customer demands, controlling costs, and maintaining margins in a highly competitive global market. Therefore, current productivity levels represent a conundrum that can't be ignored.

The UK, for example, should in theory be reporting strong productivity, with strong engineering, high-tech, and pharmaceutical industries investing in digitalization to drive performance. The reality, however, is that productivity is falling with no signs of this trend reversing any time soon. Output per hour is set to rise just 0.2% in 2019, compared with rates averaging more than 2% in the decade preceding 2008.

Meet ERP 3.0

As leaders across the world look at ways in which to address the problem, they are faced with a limited number of options. In the absence of being able to acquire additional headcount—which is a luxury most simply cannot justify in the current climate—helping people to accomplish complex tasks quickly signifies the last hand in play in the quest for increased productivity. With this in mind, technology is evolving, and ERP platforms are being developed with people and productivity at the center of their design, a shift known as ERP 3.0.

The concept of people being at the center of ERP might seem, on the surface, to be an oxymoron. However, for anyone who has ever thrown their hands up in the air in frustration at not being able to retrieve the document needed to unlock a bottleneck, respond to a supply chain query, source a spare part, or ensure a delivery is made on time and in full, it will certainly strike a chord. These small incidents add up, causing delays, impeding decision-making, and interfering with a collaborative, innovative company culture. Such kinks in workflows, whether on the shop floor or the back office, can no longer be tolerated.

Empower people

The old adage that very best technology will fail in the hands of the wrong people proves itself time and time again. Of course, it is people, not systems, who are ultimately accountable for driving business value—whether that is through continuous improvement or company-wide digital transformation. Systems designed to maximize people's potential and empower them are therefore destined to succeed.

ERP 3.0 embodies this ethos, and it is about providing the tools to help people be the best they can be, empowering workforces, expediting tasks, and supporting fast decision-making based on the very best, latest insights. Innovative functionality, like self-service reporting capabilities, user defined workbenches, augmented analytics that suggest solutions, predictive science, and voice-responsive personal assistants, help drive this new approach.

To be clear, this shift is not just about making the user experience easier—this has already been addressed. This shift focuses on the complete picture of each employee, from a machine operator who needs to verify a recent spec change to a line of business manager who is planning crew assignments. Technology can help support informed decision-making, proactive intervention, creative-problem solving, and cross-departmental data-sharing. This might be lowering entry barriers for people to take on more complex activities, automating processes, or introducing AI to redistribute certain tasks, or indeed provide enhanced insights to empower the worker to increase performance.

Typically, when a manufacturer is asked about the biggest challenges they face, they'll refer to people and skills gaps as the major threats facing them in the coming years. In fact, a recent survey by the British Chambers of Commerce reported that British manufacturers are facing the biggest shortage of skilled workers since 1989.

Traditionally this challenge is seen as distinct from technology, but ERP 3.0 aligns them, supporting the recruitment, retention, and development of people across a number of aspects. Of course, you'd be hard pushed to find a company marking out systems as a USP in a job advertisement. However, those who foster a culture that embraces modern thinking and systems that not only make tasks easier to complete, with more visibility and engagement, and less training, will inevitably boost satisfaction, resulting in the attraction and retention of a greater proportion of talent, and a more productive organization.

Taking this a stage further, ERP 3.0 addresses the skills challenge through prioritizing the development of people, ensuring that potential is recognized, skills are maximized, and talent is deployed, or indeed redeployed, into the most suitable areas. Essentially skills are monitored and valued in a similar way as a production line, optimizing yield and reducing waste.

Power to the people

Ultimately if you can empower people to be more productive, organizations become more productive, and economies prosper as a result. Technology is the best tool we have in the quest to achieve this vision, and the latest incarnation of ERP stands to represent a genuine game changer.

Welcome to the age of ERP 3.0.

AUTHOR

Cormac Watters
General Manager,
Head of International, Infor

A version of this [article](#) was originally published by ERP Today in November 2019.



Copyright© 2020 Infor. All rights reserved. The word and design marks set forth herein are trademarks and/or registered trademarks of Infor and/or related affiliates and subsidiaries. All other trademarks listed herein are the property of their respective owners. www.infor.com.

INF-2290935-en-US-0320-1

Follow us: [in](#) [f](#) [t](#)



SL Information Solutions Sdn Bhd
23-1, Block D1, Dataran Prima
Jalan PJU 1/41
47301 Petaling Jaya
Malaysia