How ERP Will Become the New System of Engagement

An Emerging Generation of Engagement Technology is
Dramatically Improving the Traditional ERP System

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> ## "It's now clear that ERP systems are not fully complete and capable as they are currently conceived in the market today"
>
> *-Dion Hinchcliffe*

Overview

When the concept of Systems of Engagement was first introduced a few years ago, there was a dramatic comparison made to systems of record, such as ERP systems, which provide the operational backbone of today's typical enterprise. ERP systems are large and complex, and were originally designed for a small subset of employees to use – users who are typically in back office departments, and often identify as "super users". In contrast, Systems of Engagement are built around people – putting the user in the center, focusing on in-the-moment tasks, activities, and decisions. Unlike Systems of Record, Systems of Engagement go beyond super users and touch all employees, customers and partners.

In general, the last half-decade has seen a rapid improvement in how we engage with our business applications. Consumer expectations have also driven the need for immediate transactions, immediate access to information, and a simple engaging user interface.

When I first wrote about Systems of Engagement in 2011, it was before mobility really impacted the expectations customers have in how they engage with companies, and the expectations employees have around business applications at work. Today, mobility is synonymous with "engagement." Which now begs the question, that if we look at mobility as the "engagement layer", will ERP systems be transformed into a more accessible and productive Systems of Engagement?

Virtually all enterprises have ERP systems installed for decades and have spent millions of dollars customizing them. These traditional Systems of Record contain our a) business databases such as our customer records and financial data and b) the record-keeping applications that provide a way for users to manipulate and manage the business data.

In this white paper, I propose how an ERP System of Record can be extended into a System of Engagement by leveraging the power of mobility to create a people-centric system that realizes new levels of productivity, effectiveness, and business agility. The result delivers faster business processes, enables competitive differentiators, enhances customer service, and speeds time to market.

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What are Systems of Engagement?

There are various types of Systems of Engagement that bring together cloud, social, analytics, and mobile technologies to enable an immediate task at hand. At the core of these systems are basic common tenet in that they are all:

- **User-Centric/Role Based** – Understand the identity of the worker and what applications and data they have access to
- **Contextual** – Understand what the user is doing and where, and uses this context to improve the engagement process
- **Smart** – Support business workflows that intelligently stitch simple and straightforward processes together into more usable flows

Since the arrival and widespread adoption of mobile devices and wireless networks, along with the example of consumer Web applications which were dramatically easier, simpler, and more accessible, there has been a steady increase in the need for Systems of Engagement as a whole. This especially includes platforms that extend existing Systems of Record to be far more usable and engaging.

ERP – Merits and Challenges

While the transactional ERP systems that run our enterprises and store our business data have existed for decades, it wasn't until the last three years or so that the reach and access to these systems, began to be extended to non-super users across the enterprise. For instance, managers across the enterprise have access to the system to approve requisitions, purchase orders, expenses, PTO, and so.

ERP systems, while providing the digital plumbing of an enterprise, are not without limitations, specifically complex and hard to use interfaces, poor mobile support, and limited enablement of field use cases. Fundamentally, ERP systems are not designed for a distributed, mobile workforce, are not quick and easy to use, have awkward interfaces, and long navigation paths to get to the screen for the task at hand. They also require security/ VPN access points. Plus, most of an enterprise's employees, partners, and customers have no access to the system and often require the help of others in back office roles.

Perhaps the most significant oversight in the evolution of ERP systems was ensuring that it was highly usable, accessible, and efficient to use across a wide variety of end-user scenarios, situations, and especially, devices. By mobile-enabling the ERP system, organizations can quickly remove these limitations and make it a System of Engagement.
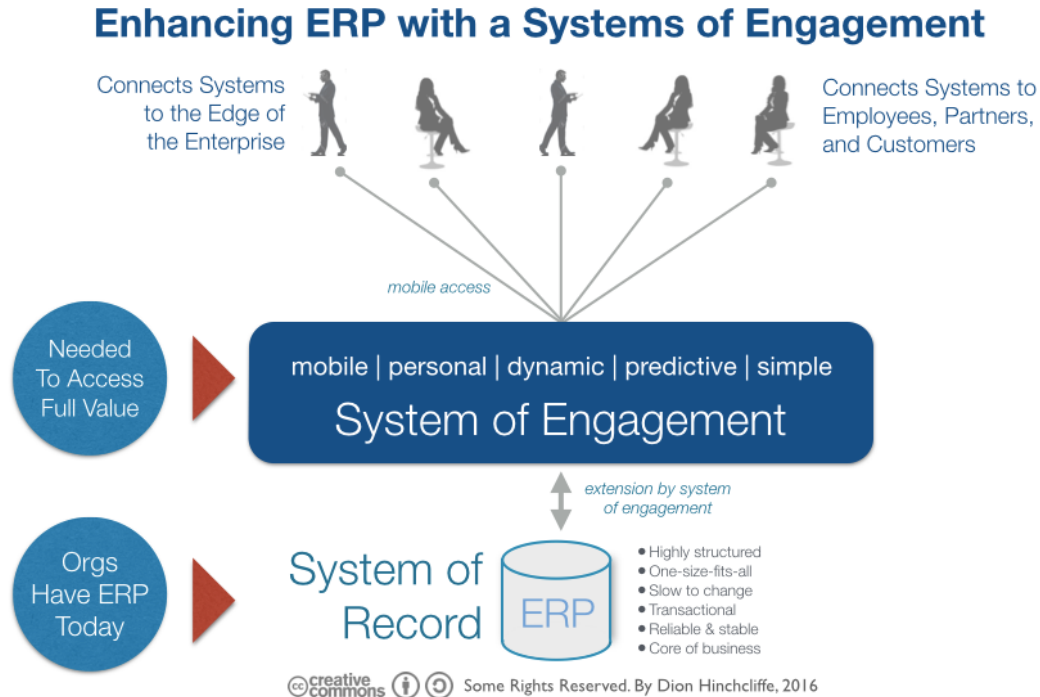
ERP – A System of Engagement?

The key challenge the industry has had with ERP systems is that barriers to access, usability, and enablement must be reduced and the friction removed as much as possible in order to maximize the value that can be created. We have learned that contextual user experiences, which understand what the user is trying to do, have led to systems that can anticipate a user's need and help expedite the task. While there are technologies that have

surfaced that help employees and customers engage in real-time, the real value comes with leveraging Systems of Record like ERP to get more engagement value out of them.

The business value differs by role, by industry, and by company. For a manufacturer, it could be mobile-enabling the proof of delivery process for real-time confirmation thus shortening the time-to-cash. It could be giving sales teams access to customer invoices so they can answer questions when they're in front of customers rather than having to go through the back office. For a retailer, it could be making employee schedule change requests and the appropriate approvals quick, easy and accessible anytime, anywhere.

Figure 1: Increasing the value creation of ERP with a Systems of Engagement

The key lies in preserving the customizations, the business logic, and the security protocols of the existing ERP system.

While I am not suggesting that we take every module of SAP and turn it into a System of Engagement, there is a pragmatic approach now available to leveraging your investment and having a greater impact on your company. The key tenets for turning an ERP system into a System of Engagement are:

- **Leverage mobile-enablement** as the engagement layer – providing rapid access, speed of task, and availability anytime, anywhere
- **Focus on critical and repeatable tasks** – the high volume use cases
- **Simplify workflows –** design for mobility and an on-the-go workforce
- **Extend to the edges of the enterprise** – empower employees in the field, in the branches, customer-facing, as well as partners
- **Predictive apps** – pushing information to your users when they need it
- **Leverage existing security and governance protocols**

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The Linde Group – Case Study Transforming SAP into a System of Engagement

An illustrative example that serves to demonstrate how ERP systems can readily be transformed into Systems of Engagement, is from The Linde Group, a large industrial gas and engineering company with over 65,000 employees worldwide. The firm currently uses SAP for their ERP system. They faced a challenge as employees increasingly expected a consumer-style and more digitized experience, with business application like they have with their personal mobile apps. "We want our IS teams to focus on delivering a superior user experience," says Bob Wuss Region Americas IS Manager, The Linde Group. "Modifying SAP is not a easy task so we need to have new tools to be able to create different methods for employees and customers to engage with our ERP system."

One of the major challenges the organization encountered was that salespeople were not able to provide customers with immediate answers. They were moving too slowly to get information to customers, which impacted business opportunities. The company decided to solve this problem by turning SAP into a System of Engagement through the use of a mobile solution that could augment the ERP system with the needed front-end engagement capabilities.

The company began by looking at key field activities through the lens of a System of Engagement. They made SAP transactions accessible beyond the back-office super users, directly to those in the field. This included salespeople who are on the road, plant managers on the factory floor, logistics teams that are making deliveries, and so on. Since many of these roles affect the customer directly, the impact extended beyond productivity and improved overall customer experience and satisfaction.

A key example is that time-consuming processes that used to require a phone call from a salesperson to an ERP super user to look up information, can now be done by a salesperson while in front of a customer using a mobile app that was rapidly purpose-built for the process. The days of using phone cals to get ERP information are over.

Conclusion

It's now clear that ERP systems are not fully complete and capable as they are currently conceived in the market today. They struggle to deliver value all the way out to key stakeholders such as field employees and customers, and they are too cumbersome and complex to use by the typical worker that needs to access them. Yet they house the vital data that powers an enterprise, so they will become increasingly democratized in their use.

With the help of mobility as an engagement layer, we can now see that ERP systems can become robust and achieve their full value as Systems of Engagement. The outcome of doing so is clear: Faster business cycles, more people-centric processes, higher levels of agility, and the empowerment to quickly seize opportunities that traditional ERP systems simply cannot deliver by themselves today.
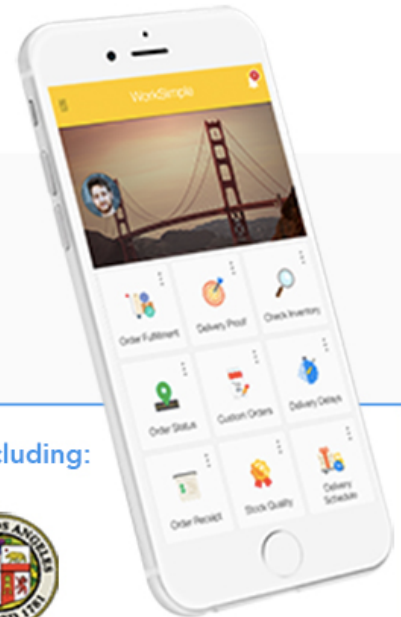
About the Author

Dion Hinchcliffe is an internationally recognized digital expert, bestselling book author, frequent keynote speaker, analyst, futurist, and strategy expert based in Washington, DC. He is currently Chief Strategy Officer at the industry leading digital strategy and online community solutions firm, 7Summits. Dion is also a widely read ZDNet columnist and judges the prestigious CIO 100 Awards for CIO Magazine every year. Recently, Leadtail identified Dion as the #3 person globally that technology leaders mention most. He can be found on Twitter at @dhinchcliffe.

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