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Seven Things You Can't Live Without in Your ERP Cloud

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"It started with customer data a decade ago, followed by human capital management. Now the wave of cloud adoption is lapping at the door of finance as organizations begin to move their enterprise systems out of the company premises and into the cloud."

Patrick Fenton

"The Sooner Finance ERP Moves to the Cloud, the Better,"
CFO, February 4, 2016

If anyone remained skeptical about the cloud's utility—and staying power—as a delivery mechanism for everything from infrastructure as a service (IaaS) to platform as a service (PaaS), software as a service (SaaS), and more, a quick look at recent statistics would surely change their mind. Indeed, with the cloud software market reaching US\$48.8 billion in 2014 and anticipated to grow to US\$112.8 billion by 2019, it's clear that cloud computing is not just the way of the future, it's also the way of the present.¹

But while enterprises have come to realize the benefits the cloud affords—and have made great strides in migrating certain mission-critical applications (such as those for customer experience and human resources)—some are still reluctant to move one of their most vital software systems: *enterprise resource planning* (ERP).

“The cloud allows finance to deliver better insights and analytics and spend less time on transactions ... But the cloud provides an even bigger benefit: the opportunity to rethink the finance operating model from the top down, to rethink shared services, decide which skills and capabilities should be retained or outsourced, and define how finance can work alongside business to drive strategy.”

Patrick Fenton

“The Sooner Finance ERP Moves to the Cloud, the Better”
CFO, February 4, 2016

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¹ IDC, “Worldwide SaaS and Cloud Software 2015–2019 Forecast and 2014 Vendor Shares,” 2015.



FACT: SaaS delivery will grow nearly five times faster than the traditional software market in the coming years—driving significant growth for all functional software markets.

IDC, “Worldwide SaaS and Cloud Software 2015–2019 Forecast and 2014 Vendor Shares,” 2015

SEVEN MUST-HAVES FOR YOUR ERP CLOUD

The modern ERP cloud that’s
right for your business will be

1. Complete
 2. Global
 3. Insight-driven
 4. Digital
 5. Secure
 6. Personalized
 7. Connected
-

The Pain of Change: Why Legacy ERP Remains

The reasons for this lack of migration are several—and most have to do with the evolution of ERP software itself. Dubbed the “ultimate legacy application” by *InformationWeek*, ERP systems—or the financial applications at their core—were some of the first enterprise applications to be automated. The first true ERP systems came about when those finance applications became aligned and integrated with applications for procurement, human resources, projects, and (in some industries) the supply chain.

But despite the promise of all this alignment and integration, the birth of ERP was a complicated one, and almost as soon as the first systems were deployed, business needs shifted and customization began. With the vast majority of users incorporating some level of customization in their in-house solutions, even the most elegantly designed systems quickly became complex, costly, and inflexible.

As a result, when the advent of the internet and the fear of the Y2K bug prompted many organizations to upgrade their on-premises ERP systems at the cusp of the 21st century, the process was neither swift nor easy. Instead, organizations found themselves hiring scores of developers, spending tons of money, and waiting as long as two years for new systems to come online.

More than a decade later, that pain is still fresh for many financial professionals, who would rather make do with slow and out-of-date systems—and employ manual workarounds—than suffer through another major upgrade. Add to this long-held security concerns about the cloud, and it becomes easy to see why a traditionally risk-adverse segment of the enterprise has not joined the stampede to the cloud.

The Promise of Modern ERP, Enabled by the Cloud

The trouble is, by avoiding the cloud, these businesses are also missing the benefits of *modern* ERP—and that carries its own risk. In a business world that’s constantly changing and with a world economy that’s digitally based, you need an ERP that can keep pace—providing the scalability, rapid time to innovation, operational improvements, and cost savings that can only be achieved by taking ERP to the cloud. Still need convincing? Consider what your organization can gain by adopting a cloud-enabled ERP with the seven key attributes identified in this page’s sidebar:

FACT: 70 percent of CEOs from top-performing companies say that leveraging cloud-based ERP systems and other emerging technologies will have the greatest effect on the future role of the CFO. KPMG, “The View from the Top,” March 2016



DIGITAL TRANSFORMATION

While legacy ERP applications have been vexing users and gathering dust, the world has changed and a flurry of new business models has emerged. The sharing economy, the explosion of social media, the shift to subscription billing, the wholesale adoption of mobile devices, the digitization of everything—all have given rise to a raft of functionality that legacy ERP systems lack and a slew of key performance indicators and practices they don't support.

In addition, evolving accounting standards call for new processes and calculations. And a new generation of financial professionals expects the digital transformation that's taken place in the rest of their lives to be reflected in their work tools.

Not to worry: a modern cloud-based ERP system can deliver the same level of mobile and social collaboration that employees are accustomed to, plus all the functionality required to address changing business models. This is the true promise of modern cloud-based ERP.

CONFIDENT GROWTH

With everyone and everything connected, the world has become a much smaller place, making it easier for enterprises to expand into new markets both globally and domestically—if, that is, they have the right tools. While legacy ERP applications don't offer the localization that will enable you to deal with the distinct accounting, reporting, and compliance requirements of new markets, modern ERP systems do—providing a seamless flow of information across operations, business units, and headquarters.

And because modern, cloud-based ERP systems can scale to keep pace with your company's growth, you can enter new markets quickly and easily—without an oversized upfront investment. Add to this the ease with which they allow you to model the opportunities and impacts of acquisitions or divestitures, and the transparency they afford if your firm is considering going public, and you can see why smart CFOs are turning to modern ERP solutions to enable their organizations to grow with confidence, and at a rate the business can support.



FACT: Finance professionals still spend almost 50 percent of their time on transaction processing.

Mary C. Driscoll, "Metric of the Month: How Finance People Spend Their Time," *CFO*, December 2015

"Oracle ERP Cloud is a secure option. It's a reliable option. It's an economic option.... When we were deciding where to go next with our enterprise application environment, it was obvious to us that Oracle is fully committed to cloud ERP. That's why we chose Oracle ERP Cloud."

Chad Kelley
Corporate Controller
Irving Materials

OPERATIONAL EFFICIENCY

While finance departments have been struggling to extend the life of existing ERP solutions—and acquiring multiple ERP systems to deal with different parts of the business (such as subsidiaries, regional divisions, and acquisitions)—the rest of the enterprise is likely already reaping the benefits of cloud-based software, infrastructure, and/or platform delivery. It's time for finance to catch up. By moving ERP to the cloud, organizations can gain a unified view of operations, standardize on a single solution, avoid time-consuming and expensive on-premises upgrades, and facilitate a shared services model that provides core back-office support to the entire organization. Best of all, they can do so with confidence that their key financial data will remain confidential, since economies of scale enable large cloud vendors to spend far more on security while dedicating entire teams to safeguarding the environment.

The Seven Key Characteristics of a Modern ERP Cloud

You're convinced that the time is right to modernize your ERP system; now comes the tricky part—defining just what that solution should be. Even though analysts are predicting that cloud-based ERP investments will have doubled by the end of 2016, and a recent survey indicates that 20 percent of large companies have already moved part or all of their ERP systems to the cloud, business research firm Gartner predicts that the majority of cloud ERP projects will fail by 2018 due to the familiar bugaboos of high costs, excess complexity, and failed integration.^{2, 3, 4}

But it doesn't have to be this way. By choosing the right modern ERP solution, enterprises can turn this equation on end—in the process, enjoying all of the agility, savings, and efficiency afforded by the cloud while getting a leg up on the competition. What does that perfect ERP cloud look like?

1. It must be complete. The time for fractured ERP solutions from disparate sources is over. The right ERP cloud will incorporate best-practice business processes standardized across the enterprise. It will offer financial, procurement, and project management applications that work the same whether they're cloud-or premises-based. And it will connect easily with the rest of your organization's environment.

² Louis Columbus, "Five Catalysts Accelerating Cloud ERP Growth In 2015," *Forbes*, January 27, 2015.

³ Patrick Fenton, "The Sooner Finance ERP Moves to the Cloud, the Better," *CFO*, February 4, 2016.

⁴ Gavin Clarke, "Nearly All Cloud ERP Projects Will Fail by 2018, Reckons Gartner," *The Register*, March 2, 2016.

FACT: Organizations deploying cloud-based ERP spend 40 percent less on consulting and 25 percent less on support personnel than organizations deploying on-premises applications.

Intelligent CIO, "Five Reasons to Leverage Cloud ERP Solutions," October 2015

- 2. It must be global.** A global market demands nimble operations—and the ability to ramp up quickly in new regions. The right ERP cloud facilitates this by including localizations for a broad range of countries—taking into account regulations and data residency requirements while sharing everything from accounts payable, accounts receivable, and general ledger to cash management, collections, and fixed assets seamlessly across operations, business units, and headquarters.
- 3. It must be insight-driven.** To move at the speed of business, enterprise financial organizations need secure access to real-time data. The right modern ERP system provides multidimensional analysis and data visualization for a single source of truth across roles, reports, and analysis. Front-line managers get timely delivery of accurate KPIs, and a process once dependent on manual reconciliations or data warehouse extracts is hugely simplified.
- 4. It must be digital.** Global markets require global workforces, and the best way to encourage productivity across teams and continents is to allow workers to employ the tools and techniques they've grown accustomed to using. The right modern ERP solution will be accessible via the device of the user's choosing (including smart phones and tablets), offer native social integration (for in-context collaboration), and include optical character recognition for invoice imaging.
- 5. It must be secure.** Financial employees are correct to be risk-adverse; they're *paid* to be risk-adverse. However, the perceived risk around data security has largely dissipated in recent times as industry leaders have come to realize that the right ERP cloud provider can deliver enterprise-grade security and compliance that go far beyond what businesses themselves can afford to provide—monitoring response times, providing continuous backups, delivering redundancy, offering multiple security certifications, and even securing the physical locations where the cloud servers are based.
- 6. It must be personalized.** Every organization is unique. To deliver on the promise of modern ERP, your cloud-based solution must be easily tailored to meet the needs of your business—without requiring IT involvement or becoming so customized that it cannot be updated or extended. The right ERP cloud will ensure this by delivering tailored dashboards, modified workflows, and a user interface so simple that workers will understand it intuitively. Cloud-based PaaS can be used to further extend applications while remaining upgrade-safe.
- 7. It must be connected.** The days of jumping between one system for contracts, another for payroll, another for project management, and more are over. The right standards-based ERP cloud will offer tight integration between all of the modules in your ERP system and provide easy connectivity to other clouds and on-premises systems along with automated processes and standardized development tools.

"The finance role has really changed over the last several years. Instead of just looking at numbers in isolation, the CFO has to understand analytics and information about what's going on across the entire company.... Having the integrated view that Oracle ERP Cloud delivers will give finance the ability to look at talent and workforce management, and areas that aren't typically finance-focused. This will allow finance to provide insight and make decisions across the entire company."

Tyler Chapman
Vice President of Finance and
Corporate Controller
Lumos Labs



“For us, the most eye-opening benefit of Oracle ERP Cloud has been its reporting capabilities. A monthly analysis that used to take two to three hours to complete can now be finished in a couple of minutes. And now when managers request reports, we can schedule them to be run at specific times and delivered to users’ inboxes in the format of their choice.... This has allowed us to shift our focus from finding data to using data.”

Steven Van Houten
Chief Financial Officer
The Rancon Group

MODERNIZING FINANCE WITH ORACLE ERP CLOUD

Now that you know what your organization can’t live without in a modern cloud-based ERP system, how do you go about finding the perfect solution that embodies all the qualities we’ve just discussed? The best way is by contacting Oracle. With more than 2,600 customers in countries across the globe, Oracle ERP Cloud is the leading cloud solution for finance, procurement, and project executives. Providing a multitude of industry-specific, multinational, and global capabilities—not to mention already endowed with mobile and social capabilities—Oracle ERP Cloud fulfills all of the key requirements of a modern ERP system. With it, your finance organization can achieve all of the benefits of the cloud—including scalability, rapid time to innovation, operational improvements, and cost savings—while enjoying the digital transformation, confident growth, and operational efficiency that only the most sophisticated modern ERP system can ensure.

Try out Oracle ERP Cloud today. Visit oracle.com/erp.

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To learn more, please call **+1.800.ORACLE1** to speak to an Oracle representative or visit oracle.com/erp. Outside North America, visit oracle.com/corporate/contact/global.html to find the phone number for your local Oracle office.

Oracle Corporation

WORLDWIDE HEADQUARTERS

500 Oracle Parkway
Redwood Shores
CA 94065
USA

WORLDWIDE INQUIRIES

Phone: +1.650.506.7000
+1.800.ORACLE1

Fax: +1.650.506.7200

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