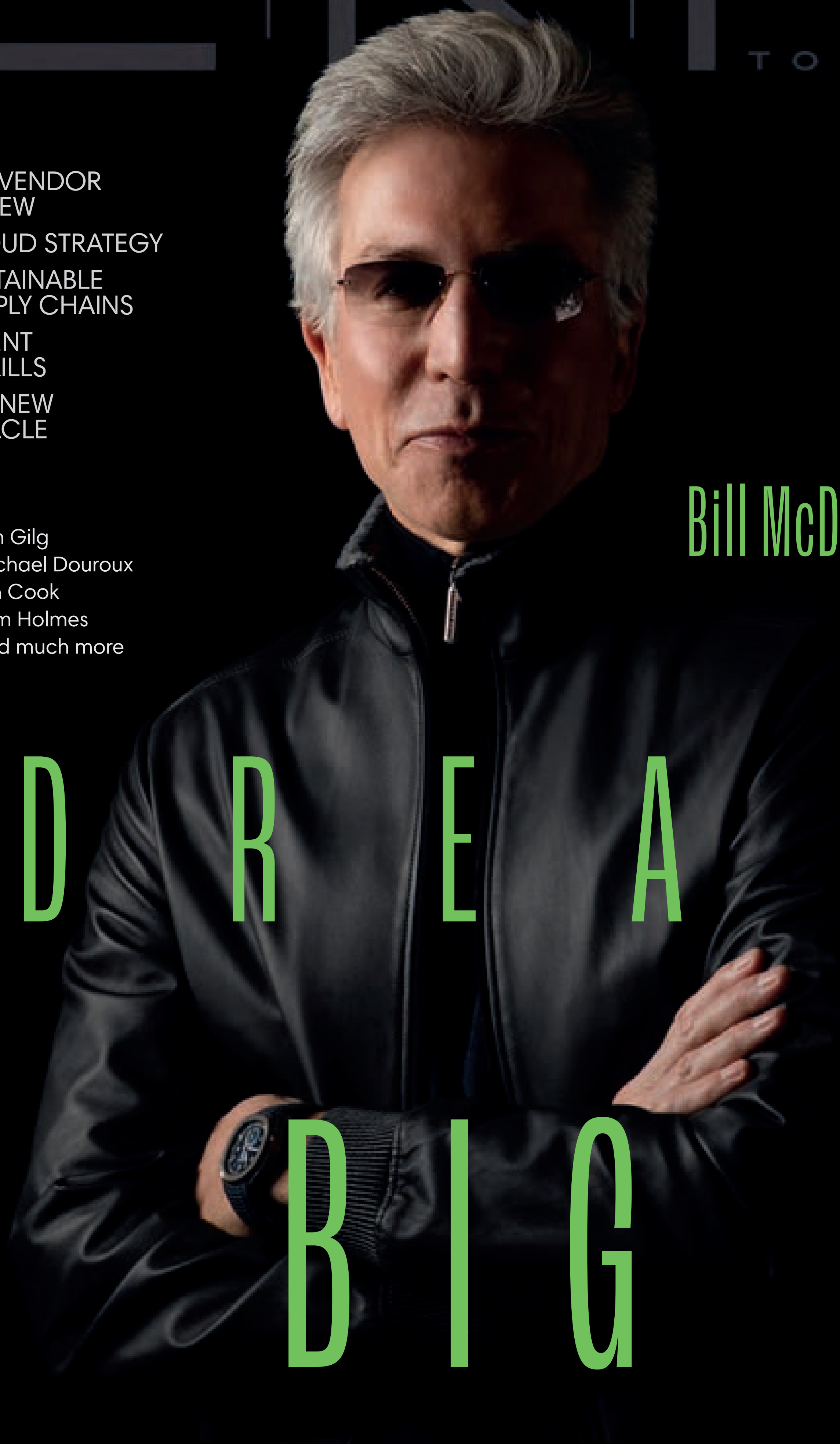
THE MAGAZINE FOR ENTERPRISE APPLICATIONS AND ASSOCIATED TECHNOLOGIES

ERP TODAY



ERP VENDOR REVIEW

CLOUD STRATEGY

SUSTAINABLE SUPPLY CHAINS

TALENT & SKILLS

THE NEW ORACLE

+

Jan Gilg
Michael Douroux
Ian Cook
Tom Holmes
and much more

Bill McDermott

DREAM BIG

VOLUME 3 ISSUE 10 Q1 2022


CLOUD ERP
FROM SAP
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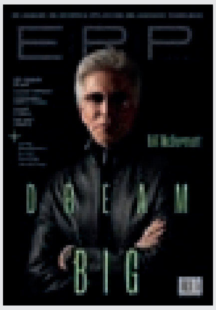
SAP



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Editor's Words

Capability and complexity

In a previous editorial, I quoted Tom Peters who famously said: "If you're not confused, you're not paying attention" - but that sentiment is already outdated. Why should we be confused? Surely, the incredible bounds in technological capability should be making our lives easier and simpler? What is the point of all this capability if it is not making us happier, more productive and better at our jobs?

As I stand back and look at the myriad of opportunities for business leaders I am overwhelmed by the complexity. Businesses adopted cloud solutions to ameliorate the pain of legacy technology but many have replaced the burden of customisations, technical debt and upgrades with a hairball architecture of applications, infrastructure and IoT devices.

ERP solutions are being augmented with innumerable third-party applications that require integration and maintenance; infrastructure and workloads are shared across multiple providers - doubling, tripling and sometimes quadrupling the management burden; devices are capturing unimaginable quantities of data which often slip into a black hole.

As Dan Scarfe eloquently notes later in this issue, we use words like hybrid, multi and edge to describe modern IT architecture when we could just as well replace all those terms with one: complex. Even core applications are looking over-engineered when compared to contemporary developer standards - look under the hood of a modern ERP solution and the elaborate entanglement is baffling. How many ways can you pay an invoice or record a timesheet?

As this complexity increases, I see companies and employees beholden to technology rather than using it to make things work better. The IT landscape for a mid-sized company will include so many different applications, platforms, solutions and gadgets that in many cases technology is hindering productivity, not helping it.

And yet, if a company does not truly embrace digital transformation then they are certain to be left behind: surpassed by competitors using the latest tools, unable to attract talent that demands consumer-grade experiences at work, and passed over by customers who expect the highest digital standards.

In the past, to be successful in business you needed to be good at making something and know how to sell it. That was the simple recipe for success. Today, the life of the widget maker is infinitely more challenging. Products and services are no longer what defines a business or determines its success. A business with a great product that doesn't have the ability to execute in a digital world will be surpassed by one with an inferior product and a compelling digital strategy. As Bill McDermott comments in our cover story interview, "the business model for the twenty-first century is determined by the IT's ability to digitally connect with the consumer."

And that scenario presents a significant challenge for enterprise leaders who have iterated their digital strategy over five or ten years and are now knee-deep in a bewildering array of solutions and services from multiple vendors and partners.

Many are turning to companies like ServiceNow to bring some order to the chaos. Through its workflow platform enterprises have a single pane of glass to interact with existing applications, develop augmentations, create experiences, analyse data and execute outcomes. I liken the ServiceNow platform to an artist's canvas – the paint and brushes are the tools for digital transformation and the canvas is the control tower on which enterprises can compose their digital vision.

We have all been wrestling with the concept of digital transformation for a decade, but it seems that many - in fact most - have come up short with their efforts. The vast majority of CFOs say that their investments in digital technologies have not yielded the outcomes they had expected. Perhaps, after so much trial and error, there may now be a platform on which all organisations can base their digital futures.

Paul

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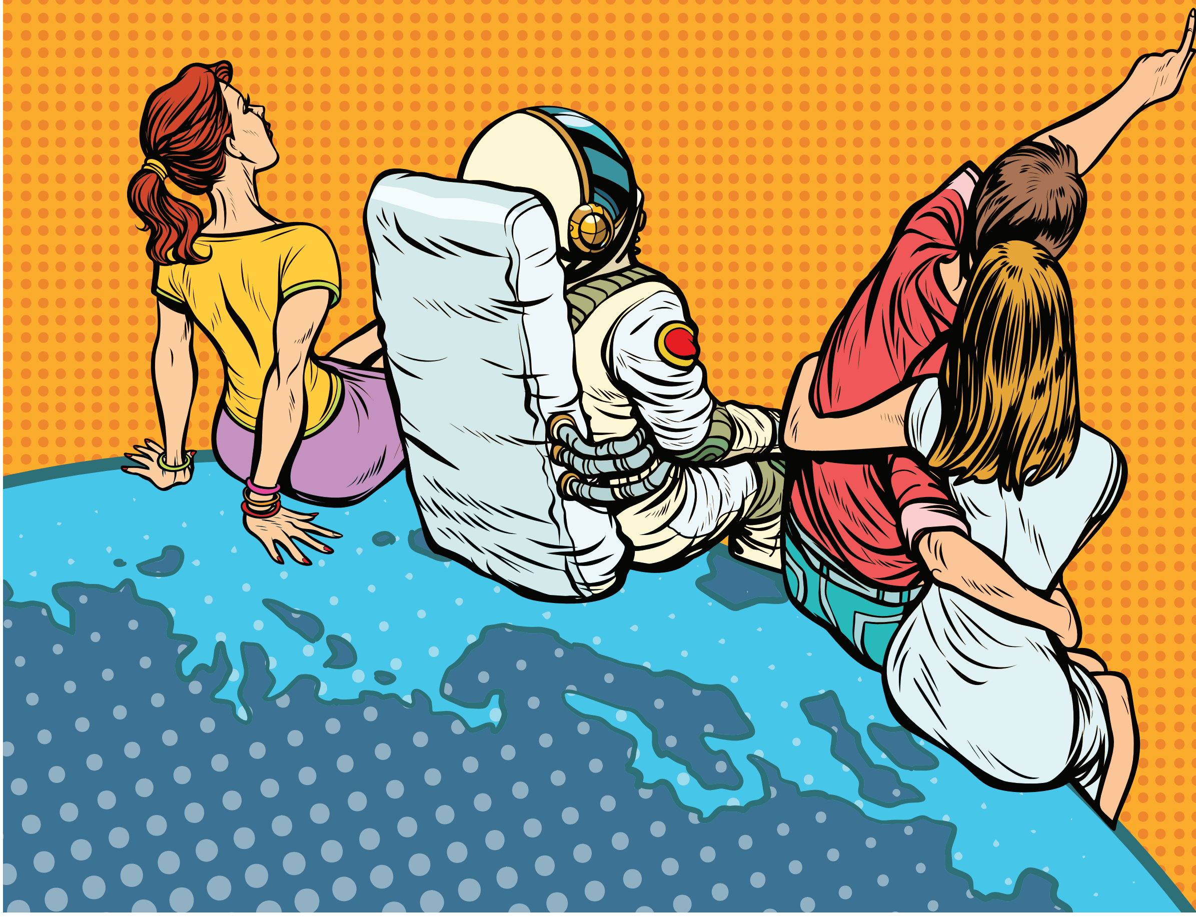

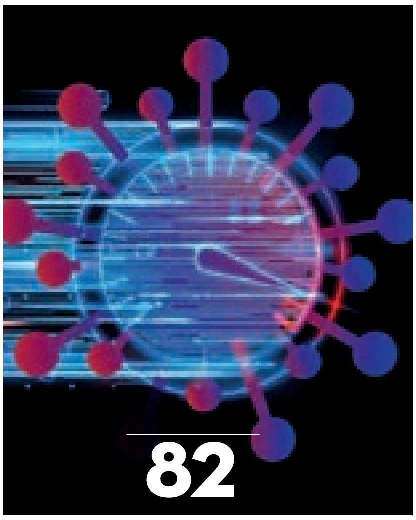

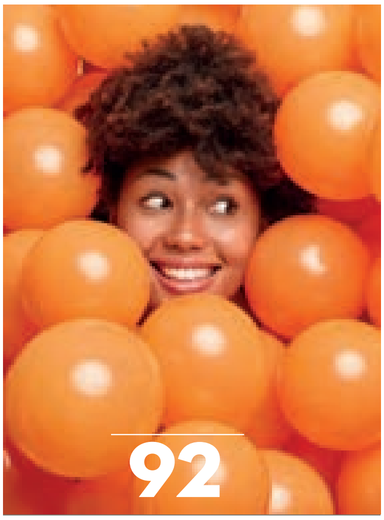

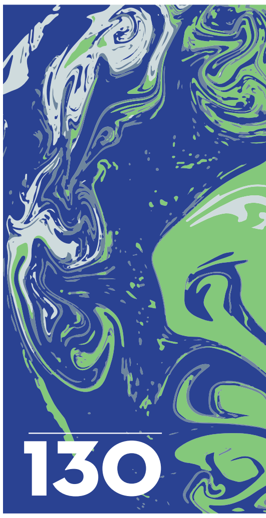

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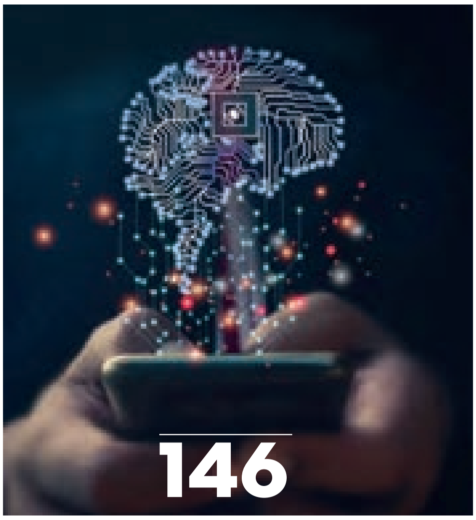

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Bill McDermott
in an exclusive interview
with Paul Esherwood

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The ERP Today Awards & Fundraiser has instantly established itself as the must-attend event of the year – we look forward to seeing you again on Thursday 22nd September 2022.

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NewsDeals&Wins

SAP reports record cloud revenue

SAP's turnaround is in full swing having reported record cloud revenues in its Q4 and full year 2021 results with continued cloud acceleration across the board. After a shaky two years that saw Bill McDermott leave as CEO, the joint CEO role between Christian Klein and Jennifer Morgan failed to work out, and slower than anticipated uptake for S/4HANA - it seems as though RISE with SAP and positive market conditions have breathed new life into the German vendor.

For the fourth quarter, SAP saw rapid expansion of current cloud backlog to €9.45bn, up 32 percent. Driven by strong adoption of RISE with SAP, S/4HANA current cloud backlog is up 84 percent to €1.71bn, while cloud revenue increased by 28 percent to €2.61bn.

SAP's full year results surpassed the high end of its revised 2021 outlook for cloud and software revenue and operating profit, with IFRS cloud revenue up 17 percent and cloud and software revenue up by 4 percent.

Most encouraging of all is the rate at which SAP is selling S/4 licences. Whilst the RISE proposition is not necessarily an accelerator for S/4HANA, the new commercial package that effectively delivers 'Transformation-as-a-Service' is clearly gaining momentum. The good news is tempered slightly by the fact that overall revenues limped to just a two percent rise on last year's total.

After raising its 2022 outlook, and being mindful that it is SAP's 50th anniversary in June, we expect to see SAP's performance continue its upwards trajectory and reach a crescendo by early summer. However, there are a number of things happening in the background with SAP at the moment that may impact its sales and conversions: there's a big change to discounts for anything other than RISE with SAP and a new deal for PMCs (partner managed clouds) that effectively allows the intermediary to sign up to RISE terms rather than the consumer. Both of these tactics are likely to push more people towards RISE, even if some end up there a little reluctantly.

Christian Klein, CEO at SAP, said: "The magnitude of our cloud strength is evident. More and more companies are choosing SAP to help them transform their businesses, build resilient supply chains and become sustainable enterprises as they move to the cloud. This momentum is reflected in the tremendous success of 'RISE with SAP', our signature cloud offering, as well as excellent growth across our entire portfolio. Our growth acceleration points to even greater potential ahead."


MELISSA DI DONATO

SUSE ENDS FY2021 ON A HIGH

SUSE's latest set of results demonstrate a strong end to the year for the newly-public open source vendor.

SUSE continued to drive forward its innovation programme in the quarter, launching significant new products such as SUSE Rancher 2.6, the first major Rancher-related release from SUSE since the acquisition of **Rancher Labs** in December 2020.

Its Q4 results demonstrate continued strong growth, with ACV up 28 percent to $125m, giving a total growth of 26 percent for the full year. With continued high levels of growth in the cloud and across most regions and SUSE Rancher continuing to build rapidly, core ACV grew 17 percent to $98.7m in the quarter, in line with the overall growth for the year.

Group annual recurring revenue (ARR) increased from $480.3m to $560m, a growth of 17 percent, driven from both the SUSE ARR Core solutions and the acquired Rancher solutions. Adjusted revenues were $154m in Q4 and $575.9m for the full year, just above the top of SUSE's guided range of $564m to $574m.

Adjusted EBITDA was $48m in Q4, contributing to a full year adjusted EBITDA of $212.1m and a full year margin of 37 percent, while adjusted cash EBITDA was $51.7m for Q4 and $278.2m for the year, comfortably above the top end of the previously guided range.

Q4 results demonstrate continued strong growth, with ACV up 28 percent

With a positive outlook for FY2022, SUSE expects to deliver mid to high-teens growth in adjusted revenue and an adjusted EBITDA margin around mid-thirties percent. The acquisition of **NeuVector** just prior to the year-end provides another valuable opportunity to accelerate growth in the medium term.

Melissa Di Donato, CEO of SUSE, said: "FY21 was a great year for SUSE as we finished it with another strong quarter. Some of our top highlights for the year include two important and complementary acquisitions, SUSE's public listing, and accelerated innovation with our new product offerings. We implemented all growth drivers and delivered on our commitments to the market, putting SUSE in a very solid position for FY22."

Andy Myers, CFO of SUSE, added: "SUSE delivered again in Q4, meeting and mostly surpassing our guidance. We were pleased to complete the purchase of NeuVector with a mixture of existing cash and some new shares, giving us another product for incremental growth going forward. Each quarter, we continue to invest in growth by adding people and innovation to our solution portfolio."

VISTA INVESTS IN BIGTIME

BigTime Software has today secured $100m strategic growth investment from **Vista Equity Partners**, the global investment firm focussed exclusively on enterprise software, data and technology-enabled businesses.

Chicago-based BigTime provides practice management tools to small and medium-sized professional services firms to help them track, manage, and invoice their time.

The new investment from Vista will be used to enhance product development and innovation, drive recruitment efforts for BigTime's Chicago and Phoenix offices, and bolster customer sales and support.

Brian Saunders, founder and CEO of BigTime, said: "We are proud to have built a world-class technology company, thanks in large part to our loyal customers and a highly committed and talented team. With this investment from Vista, we will be able to enhance our solution set for customers, expand career development opportunities for employees and supercharge growth. Vista is a global leader in enterprise software, and we're elated to leverage their talented team to build the fastest-growing and highest-value brand in the professional services automation space."

Learn more at oracle.com/erp

Oracle buys Cerner for $28bn

LARRY ELLISON

Oracle's acquisition of **Cerner Corporation** for approximately $28.3bn is a major endorsement of their industry aspirations. Cerner is a leading provider of digital information systems used within hospitals and health systems to enable medical professionals to deliver better healthcare to individual patients and communities.

The all-cash deal will give a serious boost to Oracle's capabilities to lead in the vertical cloud battleground - with healthcare services being their number one priority.

Larry Ellison, chairman and founder at Oracle, said: "Working together, Cerner and Oracle have the capacity to transform healthcare delivery by providing medical professionals with better information - enabling them to make better treatment decisions resulting in better patient outcomes. "With this acquisition, Oracle's corporate mission expands to assume the responsibility to provide our overworked medical professionals with a new generation of easier-to-use digital tools that enable access to information via a hands-free voice interface to secure cloud applications."

Safra Catz, Oracle CEO also commented: "Healthcare is the largest and most important vertical market in the world - $3.8tn last year in the United States alone. Cerner will be a huge additional revenue growth engine for years to come as we expand its business into many more countries throughout the world. That's exactly the growth strategy we adopted when we bought **NetSuite** - except the Cerner revenue opportunity is even larger."

Oracle's corporate mission expands to assume the responsibility to provide our overworked medical professionals

Oracle will leverage its autonomous database, low-code dev tools and digital assistant capabilities to rapidly expand and modernise Cerner's systems and move them to the Oracle Gen2 Cloud. Oracle says that this process will be completed in short order as Cerner already runs most of its systems on Oracle databases.

This acquisition is further testament - if any were needed - of the red hot industry cloud battleground. Tech vendors are making increasingly bold plays in order to showcase their vertical capabilities and Oracle has spent big to back up its claims. Investing nearly $30bn in healthcare is likely to be just the first of many similar acquisitions across the industry in 2022.

SAP AND ARVATO TO KICKSTART SOVEREIGN CLOUD PLATFORM

SAP and **Arvato Systems** have announced a deal to co-invest in a new German company that will provide a sovereign cloud infrastructure for the German public sector. The cloud infrastructure is designed to meet the unique national requirements set out in the German cloud strategy. Based on the **Microsoft Azure** platform and related Microsoft services, the offering will include the collaboration and productivity solutions of Microsoft 365 along with SAP business applications and tools. Christian Klein, SAP CEO, said: "This partnership represents a breakthrough approach for cloud-based innovation. Together we'll provide a unique solution that not only meets the highest standards of cloud-based technology but also meets the strictest requirements of data sovereignty. This one-of-a-kind collaboration unlocks the potential of digital transformation for the German government and beyond."

STEVE HARE

SAGE ACQUIRES BRIGHTPEARL

Sage has completed the acquisition of **Brightpearl**, a cloud native multi-channel retail management system for retailers and wholesalers.

Sage already had a 17 percent minority stake in Brightpearl, with the consideration for the 83 percent of the company that Sage does not already own priced at £225m, which will be funded from Sage's existing cash and available liquidity.

The deal will accelerate Sage's strategy for growth, including scaling Sage Intacct, broadening the value proposition for mid-sized businesses, and expanding Sage's digital network.

With operations in the US and the UK, Brightpearl provides a SaaS-based retail operating system, enabling real-time business insights and helping customers automate workflows to save time and money. The combination of Sage Intacct and Brightpearl will create a solution for retailers and wholesalers which integrates financial management, inventory planning, sales order management, purchasing and supplier management, CRM, fulfilment, warehousing, and logistics management.

Steve Hare, Sage CEO, said: "Sage's purpose is to knock down barriers so everyone can thrive. Together, Sage and Brightpearl will remove the barriers that hold back retailers and wholesalers, streamlining their systems and enabling them to focus on growth. I'm delighted to welcome Brightpearl, its management team and colleagues to Sage, and look forward to executing on our strategic priorities together and delivering accelerated growth."

SAGE'S PURPOSE IS TO KNOCK DOWN BARRIERS SO EVERYONE CAN THRIVE

Derek O'Carroll, Brightpearl CEO, added: "We are thrilled to be joining Sage. Bringing our two teams together will combine the retail strength of Brightpearl and the scale, brand and financial expertise of Sage, enabling us to offer customers the most innovative financial and retail operating solutions so they can grow fearlessly, save time and deliver outstanding experiences."

Automation Anywhere acquires FortressIQ

Automation Anywhere has announced plans to acquire **FortressIQ**, a leading process discovery and mining company based in San Francisco. The companies say that combining FortressIQ with Automation Anywhere will usher in a new era of intelligent automation by enabling organisations to accelerate automation initiatives and transform in a digital-first world. Through the deal, Automation Anywhere will advance its AI-powered, cloud-native Automation 360 platform with process discovery, intelligence, and optimisation that can scale to any system or application across any vertical. The new capabilities offer built-in intelligence that provides fast, accurate visibility on which processes can and should be automated.

Mihir Shukla, Automation Anywhere CEO and co-founder, said: "The FortressIQ team are the pioneers of process intelligence, making this a perfect match. Together, Automation Anywhere and FortressIQ will reshape the future of automation, changing the way our customers automate, adapt, and accelerate as they pursue digital transformation initiatives. I'm thrilled to welcome FortressIQ to the Automation Anywhere family once the transaction closes."

MIHIR SHUKLA

SAP and Capgemini brew up deal for Twinings

SAP and **Capgemini** have been selected by **Twinings Ovaltine** to lead its transformation programme as it looks at ways it can better engage with its customers, while ensuring supply-chain reliability and operational efficiency.

At the heart of the solution sits RISE with SAP on **Microsoft** Azure, supported by SAP Business Technology Platform and SAP Ariba solutions which will digitalise procurement operations, and support Twinings Ovaltine as it looks to modernise its core capabilities from finance to manufacturing to logistics.

Twinings Ovaltine turned to RISE with SAP for a quick deployment that delivered on speed to value. With SAP, the company can deliver automation and simplification of business processes in the cloud, enhanced (consumer-grade) user experience, real-time data and insights, and near real-time sales, inventory and process visibility.

Sandeep Seeripat, global chief information officer at Twinings Ovaltine, said: "When we started our transformation journey and reflected on what we wanted to do, it was never a technology conversation. It was a conversation about how we get closer to our customers, understand what they want and how to deliver on that. We need partners that are matching our business drive, and it's clear SAP does that. While others can offer the technology, SAP really stood out with its understanding of our business objectives and how it can simultaneously deliver an experience to our customers that goes beyond expectation, whilst setting the platform for our growth agenda."

RISE WITH SAP IS A SIMPLIFICATION OF AN ENGAGEMENT TWININGS OVALTINE ALREADY HAS WITH US

Michiel Verhoeven, UK & Ireland managing director of SAP, added: "The move to RISE with SAP is a simplification of an engagement Twinings Ovaltine already has with us, as well as establishing a service level that meets the demands of the organisation while delivering an upgrade path that reduces complexity across the business. We're excited to continue our partnership with Twinings Ovaltine, a company with a rich history of innovation, and one that is now ideally placed to meet the needs of its growing customer base as it continues its legacy of being one of the most recognisable beverage brands in the world."

BLACKLINE ACQUIRES FOURQ

Blackline has acquired **FourQ Systems** for an initial $165m plus an earnout consideration of up to $75m. The deal enhances BlackLine's existing intercompany accounting automation capabilities and accelerates its long-term plan for transforming and modernising finance and accounting through automation.

FourQ's intercompany financial management software delivers automated intercompany processing to help streamline the global operations of its customers. FourQ technology complements existing BlackLine functionality by adding advanced tax capabilities and improving regulatory compliance in areas such as statutory reporting and transfer pricing.

Marc Huffman, BlackLine CEO, said: "Intercompany accounting is one of the biggest distractions for finance and accounting for multinational corporations. Hard to believe, but most companies are still using legacy, repetitive and manual processes to manage intercompany, exposing their businesses to unnecessary costs, significant compliance risks, and missed working capital and tax opportunities."

Infor announces new Infor Marketplace

Infor has announced the new Infor Marketplace, a curated showcase of solutions designed to make it easier for customers to discover, source and license industry and micro-vertical solutions that integrate with Infor's portfolio of enterprise software.

The Infor Marketplace currently serves as a listing marketplace, where customers can register to receive information and assets related to a wide range of Infor and partner solutions and services. It provides Infor's ISV partners with additional visibility to more than 65,000 Infor customers and is intended to serve as a one-stop shop for customers looking to source unique and innovative software solutions - including analytics, AI and machine learning apps - and find value-add extensions to Infor products that deliver even greater industry-specific capabilities.

Soma Somasundaram, chief technology officer and president of products at Infor, said: "The launch of Infor Marketplace underscores our commitment to providing a smart, preconfigured and modern enterprise ecosystem. We expect to provide access to hundreds of solutions that have been pre-integrated with Infor software or built with Infor platform technologies. From partner-developed apps, which support certain niche industry parameters, to free Infor-developed content such as visualisations, extensions and reusable widgets, the Infor Marketplace is intended to showcase new and innovative solutions for our customers."

ACCENTURE AND CELONIS TEAM-UP

Accenture and **Celonis** have announced a strategic alliance to help organisations gain the insights they need to continuously update and optimise their business processes.

Accenture has embedded Celonis' data-driven execution management capabilities into its tools and platforms, including myConcerto and SynOps, to provide new levels of transparency and insights to inform decision-making.

The strategic collaboration brings together Accenture's functional capabilities, with its lifecycle management and automation experience to extend the market-leading process mining and execution management capabilities of Celonis.

The two companies, which have already collaborated on more than 100 client engagements for clients across many industries, are now uniquely positioned to uncover more process inefficiencies for clients, turning insights into instant, data-driven and automated action.

Together, we're delivering significant efficiency gains for our clients at scale

The announcement closely follows the formation of **ServiceNow** and Celonis' strategic partnership in October last year.

Phillip Hazen, senior managing director of intelligent platform services at Accenture, said: "Business process data and insights are critical for organisations to change and change quickly. Our decades of process improvement experience, combined with the power of Celonis process mining, can help our clients create more intuitive, fact-based and data-driven organisations. Together, we're delivering significant efficiency gains for our clients at scale, in a fraction of the time."

BILL McDERMOTT

ServiceNow beats expectations on all fronts

ServiceNow has revealed financial results for its fourth quarter that beat all predictions. The highlight from the earnings call is the growing number of customers that are spending more than $1m – up by over 50 percent.
Subscription revenues were $1.5bn in the quarter representing 29 percent year-on-year growth. During the call, McDermott revealed that ServiceNow closed 135 transactions worth $1m or more during the quarter - bringing the total number of customers with ACV of £1m plus to 1,359.
"We once again reported results that significantly beat the high end of expectations," said ServiceNow President and CEO Bill McDermott. "Customer demand for ServiceNow's innovative platform is stronger than ever. Our unique culture has made us one of the best places to work. We are growing like a fast-moving start-up with the profitability of a global market leader."

OUR CUSTOMERS NOW VIEW US AS THE STANDARD PLATFORM FOR DIGITAL TRANSFORMATION

During the quarter, ServiceNow continued to invest in the Now Platform with the acquisitions of ERP migration company **Gekkobrain** and software testing automation company **DotWalk**. ServiceNow deepened its strategic partnership with **EY** to further revolutionise finance and tax services on the Now Platform in support of EY's goal of creating a $1bn business with ServiceNow by 2025. It also expanded its alliance with **KPMG** to help customers accelerate ESG impact and modernise risk and resilience.
In addition, ServiceNow was recently named the preferred workflow partner for **DXC** Platform X and further strengthened its partnership with the formation of a DXC ServiceNow Strategic Business Group.
McDermott closed the earnings calls by telling analysts and journalists that, "Our customers now view us as the standard platform for digital transformation."

SAP TAKES MAJORITY STAKE IN TAULIA

SAP has said it will acquire a majority stake in **Taulia**, a leading provider of working capital management solutions. The move is aimed at giving companies better access to liquidity and improving their cash flows. Taulia offers early payment through supply chain finance, dynamic discounting and accounts receivable finance
The acquisition further expands SAP's Business Network and strengthens SAP's solutions for the CFO office. Taulia will operate as an independent company with its own brand in the SAP Group; Cédric Bru will remain CEO of Taulia, SAP CFO Luka Mucic will become chairman of the board.
"Taulia strengthens our portfolio and adds value to a point that is key to every company: financial flexibility and stability. With that, they contribute to making supply chains more resilient," SAP CFO Luka Mucic said. "By combining the deep working capital management expertise of Taulia with SAP's broad CFO solution portfolio and the integration into our core business software and Business Network solutions, we are well positioned to become a leader in working capital management. We will offer these capabilities at scale to help."

Pentland Brands opts for Infor

Pentland Brands Limited, owners of the **Speedo**, **Berghaus**, **Canterbury of New Zealand**, **Endura**, **ellesse**, **SeaVees** and **Mitre** brands, has adopted the **Infor** Nexus supply chain platform.

The technology will help Pentland Brands improve visibility of inventory, enhancing collaboration with suppliers, automating the vital procure-to-pay process, and accelerating the onboarding of new suppliers and partners.

The Pentland Brands UK businesses are already live on the platform, with the US-based businesses going live at the end of 2021. Its entire supplier network across China, East Asia and Europe is now connected to Infor Nexus, with standardised best-practice processes for all interactions.

According to Pentland Brands, Infor Nexus was chosen based on its capability to combine both the physical and financial supply chain processes, as well as completely integrate with Pentland Brands' ERP system.

Abhy Thomas Joseph, president of Asia Pacific and CIO at Pentland Brands, said: "For brands, especially those linked to the sports, outdoor and lifestyle markets, efficient operations and speed to market are critical. The enhanced collaboration, connection and visibility provided by Infor Nexus gives us a competitive advantage with our suppliers and also allows us to onboard new partners faster."

Mark Illidge, Infor vice-president and general manager for supply chain in EMEA, added: "Combining supply chain, operational and financial aspects into cohesive processes enables faster, more controlled growth. As brands look to re-engage with a drastically changed retail market, the ability to be agile, fast and responsive throughout the supply chain will be key to success, and technology such as the Infor Nexus platform will be a vital part of that."

ORACLE PUSHES PAST 1,000 CUSTOMERS USING LIFT FOR OCI

Demand for **Oracle**'s Cloud Lift Services is growing with more than 1,000 organisations now using the offering to accelerate the migration of mission-critical workloads to Oracle Cloud Infrastructure (OCI).

Launched in March 2021, Oracle Cloud Lift Services provide organisations with a single point of contact for end-to-end technical delivery designed to create faster opportunities to innovate. As part of the offering, businesses receive expert guidance from experienced cloud engineers on planning, architecting, prototyping, and managing cloud migrations - at no additional cost. As a result, customers can move critical workloads in weeks, or even days, instead of months.

Vinay Kumar, senior vice president of North America cloud solutions engineering at Oracle, said: "As an increasing number of organisations look to move their most important enterprise workloads to the cloud, they have found that they want hands-on assistance to make their migrations as quick and seamless as possible. With Oracle Cloud Lift Services, customers can take advantage of Oracle's experts to guide their migrations and get their critical workloads successfully running on OCI. This is the same technical team that has helped many of the world's largest organisations manage some of the most complex migrations."

Tokio Marine Kiln live on Workday


CAROLYN HORNE

Accenture has collaborated with **Tokio Marine Kiln** (TMK), a leading international insurance company, to transform its finance and human resources functions in the UK and Singapore by digitising and consolidating multiple systems onto **Workday**.

Workday Financials and HCM were deployed virtually in just seven months across four functions.

Jamie Althorp, insurance lead for Accenture in the UK and Ireland, said: "It's more important than ever for key players in the insurance sector to embrace change and accelerate the cloud-first transformation of legacy technology to support business-critical functions. We are pleased to have collaborated with TMK on this critical journey to transform its finance and HR functions with Workday, creating new operational efficiencies whilst empowering their people with technology, and we look forward to building on this relationship."

Nick Hutton-Penman, TMK's deputy CEO, said: "TMK is driving an exciting strategy of system and process change to deliver a new target operating model, of which Workday is a key element. TMK selected Accenture to ensure strong delivery across our London and Singapore offices, whilst drawing on Accenture's London market experience."

WORKDAY IS A PROVEN INVESTMENT IN BUILDING A CULTURE OF AGILITY

Carolyn Horne, president of EMEA at Workday, added: "Forward-thinking companies like Tokio Marine Kiln recognise that resilience and innovation don't have to be a trade-off. Workday is a proven investment in building a culture of agility, data-driven decision-making, and automation that's vital now and into the future. To deploy virtually with Workday Financial Management and Workday Human Capital Management in just seven months is testament to the flexibility of the Workday system, and the great partnership we have with Accenture."


ARVIND KRISHNA

IBM REVEALS STRONG(ISH) Q4 RESULTS

IBM has reported stronger than expected Q4 results with earnings of $3.35 per share on revenue of $16.7bn. Analysts expected IBM to announce revenues of about $16bn – the beat pushed IBM's stock by up to 7 percent before closing 5.7 percent up. Revenues were 6.5 percent up on the same period last year.

IBM's disclosures reveal a complex set of results with a variety of good, bad and ugly operating units. Consulting was up 13 percent, Hybrid cloud was up 13 percent and Red Hat was up 19 percent. However, its infrastructure business was down, support was flat and financing was down a whopping 28 percent.

The results came a few days after IBM announced that it was continuing to off-load non-core business units as it shed healthcare and data analytics business to **Francisco Partners**. The full year results are also heavily skewed by the disposal of **Kyndryl** back in November 2021.

Arvind Krishna, IBM chairman and chief executive officer, said: "We increased revenue in the fourth quarter with hybrid cloud adoption driving growth in software and consulting. "Our fourth quarter results give us confidence in our ability to deliver our objectives of sustained mid-single digit revenue growth and strong free cash flow in 2022."

ServiceNow strikes new retail deal with Asda

ServiceNow and **Asda** have teamed-up to drive the company's business value, innovation and enhance its colleague and customer experience. Leveraging the Now Platform, ServiceNow will help give Asda's colleagues more time to provide better shopping experiences for its 18 million weekly shoppers across 633 stores.

The Now Platform will become the central place for Asda's 140,000 strong workforce, including store and office based colleagues, to process queries, raise questions and retrieve information. Colleagues can speed up the resolution of requests and enhance their productivity.

Jordi Ferrer, vice president and general manager UK&I at ServiceNow, said: "Asda is looking to evolve every part of its business to reinforce itself as a leading force in retail. Our platform will be an integral part of Asda's journey, providing the tools to increase innovation and enhance the customer experience whilst increasing employee engagement and effectiveness. This is a great demonstration of how Asda believes in their employees and their ability by investing in tools to help them work better and more effectively."

OUR PLATFORM WILL BE AN INTEGRAL PART OF ASDA'S JOURNEY

Carl Dawson, chief information officer at Asda, said: "The UK's retail sector has been faced with a number of challenges in recent years not least keeping deliveries moving and shelves stocked during the pandemic, and we needed to innovate to keep a competitive edge in a fast-changing world. We chose ServiceNow to help us rise to this challenge. The Now Platform will enable us to pioneer new ideas and invest in digital transformation across the entire business. This will accelerate innovation in stores, and improve customer experiences by saving shoppers money, using the latest and best technologies."

MICROSOFT CONFIRMS POSITION AS #1 CLOUD VENDOR

Microsoft has announced its results for Q2 and revealed stunning growth across the board including a 32 percent increase in cloud revenue – worth $22bn on the quarter – confirming its position as the number one cloud vendor.

Its Dynamics business grew by 45 percent compared to the same period last year while its security and cyber business increased by 46 percent and Azure was up by the same number. In all, Microsoft generated more than $50bn in quarterly revenue – the biggest quarter in its history. But, in early trading after the announcement, its shares tumbled by more than six percent following the revelation that Azure (despite its 46 percent growth) had actually decelerated compared to previous quarters. A later statement that painted a rosier forward-looking picture caused shares to rally and close up nearly seven percent.

Operating income increased 24 percent to $22.2bn, while diluted earnings per share were $2.48, an increase of 22 percent.

Satya Nadella, chairman and chief executive officer of Microsoft, said: "Digital technology is the most malleable resource at the world's disposal to overcome constraints and reimagine everyday work and life. As tech as a percentage of global GDP continues to increase, we are innovating and investing across diverse and growing markets, with a common underlying technology stack and an operating model that reinforces a common strategy, culture, and sense of purpose."

SATYA NADELLA

News Deals & Wins

Heathrow Airport takes off with Oracle Cloud

Heathrow Airport has transformed its HR and finance functions with the implementation of Oracle Fusion Cloud Applications, with **Capgemini** and **Oracle Consulting** combining their resources to overcome the challenges of the pandemic and deliver the programme at pace.

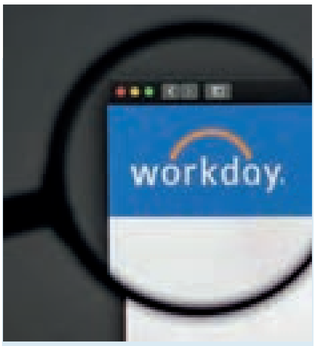
Said to be the largest business transformation in its 75 year history, the transformation programme is a core component of Heathrow's strategy to modernise key operations, digitise its 20 year-old infrastructure, and support efficient growth through recovery from the pandemic.

The centrepiece of the programme is the implementation of Oracle Fusion Cloud Enterprise Resource Planning (ERP), Oracle Fusion Cloud Human Capital Management (HCM) and Oracle Integration Cloud (OIC) to modernise and automate the finance, HR, revenue, service, and asset management functions. Oracle Billing Revenue Management (BRM) was also chosen to support Heathrow's high volume aeronautical billing transactions with the airlines.

Stephen Williams, transformation programme director at Heathrow, said: "Our industry has been severely impacted by the pandemic. We've had severe disruption, loss of resources, and of course a personal toll on so many colleagues; but through it all we still had a business-critical deadline to meet. Our programme adjustments to the pandemic made our delivery twice as fast and efficient as we were before the pandemic began. Now we're in a strong position to realise the fantastic capabilities and benefits the new Oracle Cloud platform can provide."

WITH ORACLE CLOUD APPLICATIONS IT NOW HAS AN INTEGRATED PLATFORM

Cormac Watters, executive vice president of applications at Oracle EMEA, said: "Heathrow has a culture of progressiveness and innovation that has made it one of the frontrunners of the industry in Europe and globally, and with Oracle Cloud Applications it now has an integrated platform, powered by the latest emerging technologies, to support its current and future needs."



WORKDAY CFO SURVEY REVEALS SKILLS ARE TOP CHALLENGE

Workday's annual CFO survey has revealed finance leaders are eager to invest in technologies to help retain and attract talent, and a marked shift in the skills they're seeking in finance workers as they future-proof their teams. The survey of more than 260 global CFOs looked at the challenges they're facing, emerging imperatives, and the degree to which they're set up to keep pace with the fast-changing world of work. The survey found that, while talent scarcity and budget constraints remain top challenges, CFOs plan to invest in consumer-like technologies that will help improve the finance employee experience as they seek to mitigate the tight labour market. It also found that finance leaders are prioritising new hires with artificial intelligence and machine learning experience, as well as those with analytics and data storytelling skills - traits CFOs were not searching for five years ago.

SUSE launches NeuVector on GitHub

SUSE has launched the NeuVector codebase on the open-source community on **GitHub**. It acquired **NeuVector**, a leader in full lifecycle container security, for $130m last October to enhance the enterprise-grade security capabilities in Rancher, SUSE's flagship Kubernetes management platform.

With the release, NeuVector becomes the industry's first end-to-end open-source container security platform, and the only solution that delivers the enterprise-grade zero trust security for containerised workloads.

The NeuVector project will allow Rancher users to address major security use cases across the application lifecycle, including deep network visibility, inspection, and segmentation; vulnerability, configuration, and compliance management; and risk profiling, threat detection, and incident response.

SHENG LIANG

NEUVECTOR DELIVERS UNPARALLELED VALUE TO RANCHER CUSTOMERS

In a blog, Sheng Liang, president of engineering and innovation at SUSE, said: "Since the close of the NeuVector acquisition three months ago, SUSE worked through the technical and legal considerations involved in open sourcing our eponymous cloud-native container security platform. The NeuVector open-source container images can be installed on any Kubernetes cluster. It will also be available for Rancher users to easily install from the Rancher application catalogue. Going forward we anticipate greater levels of integration to ensure NeuVector delivers unparalleled value to Rancher customers. In the spirit of our strategy towards openness, NeuVector will continue to be a great solution for all cloud native adopters' use with other enterprise container management platforms such as Red Hat OpenShift, VMWare Tanzu, Google GKE, Amazon EKS, Microsoft Azure AKS and others."

DARREN ROOS

IFS DELIVERS ANOTHER MARKET-BEATING YEAR AND CLOSES-IN ON $1BN IN GROUP REVENUES

IFS has announced its financial results for the full year ending 31 December 2021, reporting a fourth consecutive year of double-digit growth and total sales of $984m.

Despite COVID-19 headwinds, the company saw a 22 percent growth in software revenue with cloud revenue increasing 105 percent, recurring revenue up 30 percent and service management up 76 percent in comparison to 2020 figures. Overall, IFS grew its headline revenue by 14 percent year on year. The total revenue figure of $984m, which includes the contribution from **WorkWave**, increases the group's performance by 32 percent compared to last year.

IFS stayed true to its commitment to accelerate its customers' time to value, and its firm industry focus has continued to deliver solutions that meet customers' needs as they navigate their new business normal and enable them to proactively plan and transform for the medium and longer term.

Darren Roos, CEO of IFS, said: "Four consecutive years of double-digit growth is something the entire organisation is hugely proud of, particularly in view of the challenging circumstances we've experienced since 2020. In 2021, our goal to help companies deliver their greatest Moments of Service also became a reality through our M&A strategy. We successfully integrated two companies into IFS and, since our acquisiton of **Axios Systems** in June, we have increased subscription bookings for IFS assyst by 236 percent compared to the same period in 2020. The numbers paint the picture of a strong and healthy business and I am delighted that we are not compromising on any other metrics to achieve this level of sustained growth."

Constance Minc, CFO at IFS, commented: "The 2021 results are very important because they cement IFS' impressive performance trajectory with another year of double-digit software revenue growth while continuing to expand our margins. Our commitment to lead the industry in customer satisfaction, growth and profitability is unchanged."

Bill McDermott, CEO at ServiceNow, talks exclusively to Paul Esherwood about his life, career and ambition to turn ServiceNow into the defining enterprise software company of the twenty-first century

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WORDS / PAUL ESHERWOOD

PICTURES / DARREN MILLER

BILL McDERMOTT

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Bill McDermott Dreams Big

His aspirations are not bound by convention nor are they constrained by tradition. They are driven by a conviction that anything is possible and we all have the ability to reimagine our future on whatever scale we conceive. McDermott talks in terms of exponential thinking - radically disrupting classical concepts by discovering new solutions to problems that have puzzled us for decades. There is no ceiling to his ambitions and he unashamedly sets astronomic targets which few would dare to consider. Winners Dream - the title of his book says it all.

His forte is not invention - he didn't start SAP or ServiceNow from scratch - his gift is a talent for converting ideas into action, aspirations into achievements and ambition into reality. He is an elegant storyteller with an ability to create a picture in your mind so compelling and beautiful that it dances like a fond childhood memory. He is a catalyst for growth, a paragon of determination and a single-minded winner for whom success comes through a mix of intellect, tenacity and sheer hard work. Those qualities, coupled with a brassbound will and an incessant focus on customers, put him into a very rare class of leader.

McDermott's personal story is well told and documented. The aforementioned book charts the quintessential rags to riches story - an epitome of the American Dream. Whilst I have no intention of recounting his past, it is worth noting from the outset that McDermott is heavily influenced by his formative years and many of the character traits he exhibits today were moulded by early experiences. His values, belief system and determination to win were seeded in his youth and reinforced by his mother who instilled a mentality that still drives him today.

"And that's really the essence of winners. They have a dream. And the dream isn't defined by other people's view of you or the limitations they put on you. The dream is your dream."

Turning the page

After 17 years of service, McDermott left SAP in 2019 to take on a new challenge at ServiceNow - at the time of his appointment ServiceNow's market cap was roughly $50bn and it employed about 10,000 people. Two years later the team has grown to nearly 17,000 and its market cap is north of $100bn. ServiceNow was the fastest company ever to reach $5bn in organic cloud revenue and has experienced the largest overall growth of any major cloud software provider seeing its value climb by a staggering 700 percent in the last five years. Its customer roster includes household names like Disney, the NHS, BT and Pfizer and most analysts predict its momentum

will continue its star-bound trajectory on a scale few have achieved before.

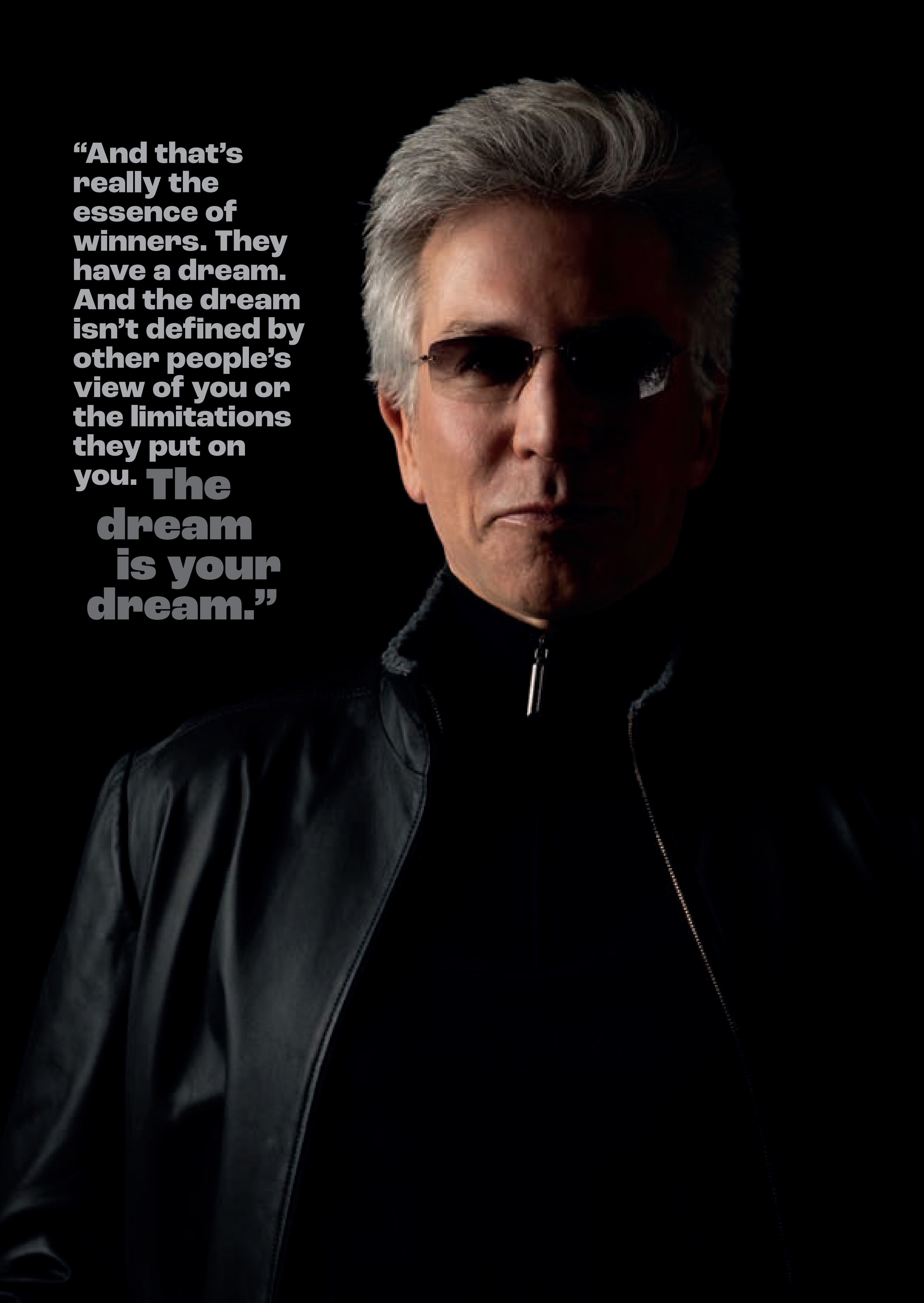
On a recent earnings call [26 Jan '22], McDermott revealed stellar numbers across the board and highlighted *"a sustained demand environment"* which had pushed revenue to over $1.5bn in Q4 and seen the number of customers spending more than $1m double over the year. *"We're growing like a fast moving start-up with the profitability of a global market leader,"* he said.

Best of all, ServiceNow promises to solve a problem that an entire industry has been fumbling with for a decade: digital transformation. By any measure, ServiceNow's proposition and Bill McDermott's sheer will to win is going to be a formidable force for years to come.

In late December 2021, I spent the day with McDermott talking about his career, life, aspirations and belief that he would turn ServiceNow into the defining enterprise software company of the twenty first-century.

I ask McDermott at the start of the interview why he left SAP and his answer is eloquent and creative. *"Why did Brady leave the Patriots? Because he wanted to prove he could win Super Bowls with another team."*

For those who aren't familiar with American sports, Tom Brady left the New England Patriots after a 20 year career ending the most successful dynasty in American Football history. Brady held God-like status amongst sports fans and left the Patriots to test him-


“And that’s really the essence of winners. They have a dream. And the dream isn’t defined by other people’s view of you or the limitations they put on you. The dream is your dream.”

self with a new team - the Tampa Bay Buccaneers. If McDermott can emulate Brady's success, ServiceNow may well be lifting its own version of the Vince Lombardi trophy before long.

Redefining our notion of transformation

To appreciate the full weight of the ServiceNow proposition, it's important to put aside your current understanding of digital transformation and start the conversation with a completely new perspective. Most people fundamentally confuse digital improvement with digital transformation - they are not the same thing. Digital improvement is the process of making something incrementally better with digital technologies. Digital transformation is the practice of radically disrupting an existing problem or challenge through an entirely different lens. Take Disney as an example: when the pandemic hit, its entire business model had to be flipped because people couldn't go to a theme park or cinema. That's the kind of problem that can't be solved with small additive changes. Using the ServiceNow platform, Disney stood up a streaming service and onboarded 115 million subscribers in a matter of months. When the world turns on a dime, businesses need to be equipped with the technology to execute a new plan in record time.

"We used to talk about just in time but now everything is just in case. Why can Fisker bring an electrical vehicle to market with twice the battery range of its competitors? How can Disney pivot their business model so quickly? How can a major bank onboard 5,000 new people at the height of the pandemic? It's all through the ServiceNow platform - that's the secret sauce. By using the ServiceNow platform, customers can spin-up new apps, services and revenue models in days and weeks and that is what makes ServiceNow such a technology sensation."

What does ServiceNow and the Austin Motor Company have in common?

In the early 1900s the motor car revolutionised personal travel. The Model T Ford is famous for bringing motoring to the masses but it is less well known that its design was hideously flawed. Drivers were presented with a bewildering array of levers and pullies that performed a variety of baffling tasks: the accelerator was on the steering wheel, there were two clutch pedals, a reverse pedal and just two speeds, pedestrian or breakneck.

Despite these technical challenges, the appetite for motorised propulsion was a global phenomenon - similar to the current clamour for digital transformation. But, for almost a decade, anyone who could afford a car was forced to accept the appalling complexity of an early Benz or Ford.

In 1916 Cadillac hit on an idea that was to revolutionise the motor car industry. For commercial reasons the idea failed but a little-known UK manufacturer called Austin seized on the Cadillac concept and made the first mass production car with conventional controls - the 7. Austin took the broad concept that countless manufacturers had been grappling with and reimagined the idea with user experience at the heart of their design. Austin's template was licensed to other manufacturers around the world

and that basic layout of controls remains the universal standard up to the present day.

McDermott told me: *"Our customers now view us as the standard platform for digital transformation."*

In every techno-led revolution there is a period of time where manufacturers and vendors scramble to meet demand without a clear understanding of the optimal solution. Eventually a visionary emerges and changes the game completely by presenting the same opportunity with clear and unincumbered simplicity. Remember search before Google?

The tribulations of the embryonic motor car industry are very similar to the challenges that the enterprise tech sector has been dealing with since the turn of the twenty-first century. In the twenty years or so that we have been wrestling with digital technologies our collective efforts have increased the complexity of doing business, not simplified it. Human experience in the workplace is mired in a

BILL McDERMOTT

perplexing mishmash of disconnected apps, interfaces and notifications. IT architecture is less integrated now than ever and the number of levers and pullies that we are using to control our digital solutions has spiralled uncontrollably - we've built a Model T when we needed an Austin 7.

The art of exponential thinking

ServiceNow presents a fundamentally differentiated solution to a problem that others have sought to solve with iterative improvements to existing ideas. The traditional technology vendor's approach to meeting the challenges of a digital world has been to repackage a pre-existing concept - of course, contemporary ERP suites are infinitely improved when compared to legacy solutions of the 80s and 90s. But it's still the same basic solution. It's still the same fundamental design just re-engineered for the cloud with a new badge and shiny sticker. It's still a Model T.

Moving to the cloud, reducing TCO, improving UIs and putting an end to customisations and upgrades are all noble efforts but they don't address the foundational challenges of twenty first-century business and, more importantly, how people work in 2022.

To solve old problems we need new ways of thinking. As McDermott told me: *"You've got to go from linear thinking to exponential thinking. Everything is possible with exponential thinking. It's been reported that 75 percent of the Fortune 500 that are on the list today will not be on that list in 2027. Therefore, we have to think of new exponential ways of solving old problems and I see a very clear path to make ServiceNow the control tower for digital transformation."*

"You've got to go from linear thinking to exponential thinking. Everything is possible with exponential thinking."

That concept of exponential thinking perfectly illuminates the difference between digital transformation and digital improvement. Most efforts to transform amount to improvements of existing systems and processes. Transformation takes the concept of exponential thinking by radically disrupting convention with a completely fresh approach. McDermott doesn't talk in terms of making things better. His vision is on an entirely different vista to making small iterative improvements - better is not good enough to solve the challenges of the twenty-first century. When we discovered that putting asbestos in roofs was a bad idea, we didn't make it better by putting less asbestos in. We totally changed the way we thought about the problem and came up with an entirely different solution. That's the essence of exponential thinking and it's at the heart of the ServiceNow playbook.

What is ServiceNow?

From a user's perspective, let's think of it in terms that are familiar to us: take the way that the smart phone has revolutionised our personal lives by providing a simple, single pane of glass to manage all the apps that we use to check social media, monitor our health, order food, call a taxi or buy household goods. Behind the sleek glass screen on your iPhone there is an iOS platform that harmonises the experience and hides the complexity of hundreds of unique applications, created by thousands of different developers. Although built on a common framework to particular standards, the apps are all different but your experience of them is similar. You interact with them through a simple and prosaic interface and behind the scenes they are connected through the platform to allow single sign-on, a unified payment gateway and a common user experience.

That's essentially what the ServiceNow platform does for business users by creating a new layer - a layer of simplicity and action - that sits above traditional applications and processes and offers the user a unified experience with all the complexity abstracted away. The platform can integrate with virtually any back-office operation and allows users to 'connect the dots' between siloed systems creating a coherent workflow that delivers an end-to-end process for almost any business objective.

Better still, the platform allows users to build their own digital workflows through low/no-code servicenow | Deloitte.

The future of work has arrived. Is your business there yet?

Smarter workflows lead to value-creating outcomes and a better future for everyone. Deloitte and ServiceNow help companies re-architect work by uniting technology and human capabilities in a way that no one else can.

We'll show you how.

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Deloitte is proud to be a ServiceNow global partner.

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tools so the employee can effectively design their own experience based on how they work and what requirements they have. Creating frictionless applications that span the gaps between legacy solutions makes a massive difference to the employee and allows users to benefit from the same 'consumer-grade' experiences at work as they do in their personal lives. Gartner says that as many as 40 percent of knowledge workers already have the potential to digitise their personal workflows and the ServiceNow platform provides intuitive and uncluttered tools to turn this potential into a reality.

Innovation in a box

Beyond user experience, connecting siloed systems and legacy applications, ServiceNow's potential is - to coin a phrase from McDermott - exponential. Consider just a few totally separate but equally challenging problems which transcend virtually all domains: like recruiting and onboarding, meeting ESG targets and building direct to consumer channels.

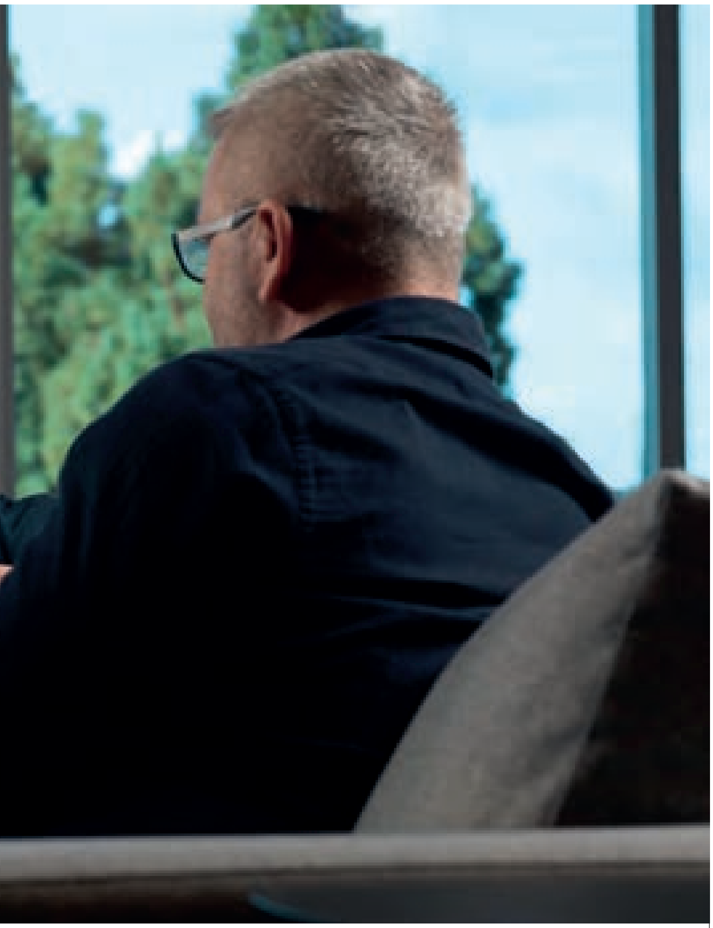
Take the process of recruiting a new employee - a process that is traditionally confined to the HR function and managed in some sort of HCM application. That traditional HR system will be suitable for a significant part of the process but its limitations are revealed as the onboarding workflow moves through the organisation - can the HCM talk to procurement to ensure that the new employee has their laptop on day one? Can that process extend to the IT department to ensure that that their laptop is correctly configured? Is the legal team looped in to ensure that contracts are signed? Has facilities issued their access permissions? Is the HR team able to map out a complete journey for the new employee which starts with their application form and ends with them sat at their remote desk ready to work? And, most importantly, can the HR team visualise that process as it flows across the organisation through a single lens?

Mapping and managing that end-to-end process for the new recruit delivers a seamless onboarding experience for the employee but the benefits of this workflow evolution are felt in even greater measure by the HR team that is executing the process. How did the HR manager design and accomplish the onboarding process when it cuts across so many different functions within the organisation? On the ServiceNow platform - using citizen developer tools to create a journey that didn't require any re-engineering of existing back office processes, just a new workflow layer built on top of all those disparate systems to join the dots.

This is just one example of a process that is repeated thousands of times a day across millions of organisations around the world - and the same logic can be rolled out exponentially across virtually every major challenge faced by today's CEO - whether that's sustainability, access to talent, new revenue models or customer engagement.

Worried about your ESG commitments but unsure how to turn aspirations into action? No problem, ServiceNow allows enterprise leaders to turn goals into execution by creating a silo-defying mesh across multiple objectives and delivering visibility, metrics and evidence to support ESG objectives. McDermott told me, *"We're the first company that ever brought a solution in a box that can take all these islands of automation and converge them into one ESG format. Every CEO wants to deliver on their ESG goals but how do they manage it? How do they measure it? How do they see the data in real-time to make a difference? - it can all be done on the ServiceNow platform."*

“We’re the first company that ever brought a solution in a box that can take all these islands of automation and converge them into one ESG format.”



Need to spin up a new sales strategy or deliver a different service because your customer base has moved or a new market has emerged? Easy, take NHS Scotland as a prime example where they stood-up a vaccine management programme for an entire country and developed a solution to support staff through the pandemic in weeks rather than months or years.

The ServiceNow platform allows sales teams, marketing departments, procurement specialists - whole companies in fact - to conceive and execute on new ideas in a timeframe that has never been possible before. As Josh Bersin comments elsewhere in this issue of ERP Today, “ServiceNow can build and deploy enterprise software faster than almost any I’ve ever seen.” And that agility extends from the ServiceNow development teams through to the customers’ own ability to convert ideas into action too. The platform is built in such a way that anyone can design and implement a new process or solution almost as quickly as it can be conceived.

For more examples of how the ServiceNow platform is being used to reimagine work, check out the case studies in the accompanying supplement to this issue - A Complete Guide to ServiceNow.

Application tsunami and a system of action

It is predicted that about 500 million new apps will be created by 2023 - that’s more than has been developed collectively in the last 40 years. The no/low-code application tsunami is going to permanently disrupt how software is created and deployed - and in turn - will radically transform how individuals work. These new applications will be designed to span the gaps in workflows, bridging the void between traditional systems of record and the ‘action’ layer that is needed to execute in a data-driven digital world.

Many organisations may be unaware of these ‘voids’ and struggle to identify process inefficiency. But fear not, ServiceNow has tackled that problem too with a new strategic partner. Celonis is effectively a process mining platform that can ‘X-ray’ an entire company’s IT landscape and process architecture to reveal sub-optimal design and intuitively recommend opportunities to create more performant workflows. Just imagine the potential benefits to a global enterprise that has hundreds if not thousands of processes covering all of their operations - at a stroke, Celonis is able to identify the weak spots and suggest improvements which can be made using the ServiceNow platform.

"We are taking this relationship with Celonis and applying automation that truly moves the needle for organisations. We're delivering the ability to understand how work flows across people, processes and systems," said McDermott. *"Our engineering teams have created a seamless product experience that's going to make it easy and simple for customers to get insight into processes across multiple enterprise systems, converting that insight into action."*

Competition with traditional vendors

McDermott and ServiceNow consistently say that "others don't have to lose for us to win", stating that the ServiceNow proposition is more about enriching existing investments in enterprise tech rather than replacing them. Businesses have plunged billions into modernising their core applications, introducing cloud technologies and trying to stay ahead in the ERP rat race. A proposition that asked those same businesses to rip and replace would likely fall on deaf ears. McDermott's positioning is a master-class in understanding market dynamics by presenting the opportunity with a totally different value proposition. He told me that, *"We want to lean in and team up with the participants in the market and help them help the customer. And that is a very unique positioning."*

Whether the other vendors see ServiceNow as such a friendly compadre remains to be seen. I suspect that many will feel sufficiently threatened to take action and we can already see some vendors trying to make inroads into a market that ServiceNow has had all to itself for the last three or four years.

The lines are blurring between core applications and the type of no/low-code opportunity that ServiceNow is pitching. While it's not a play that anyone within ServiceNow is outwardly vocal about, I imagine that its reach into the application market will extend and many enterprises will soon be running ServiceNow apps for much more than simply connecting existing systems of record.

The requirement today is not for a transactional system of record to generate data but for a solution that is capable of actioning that data immediately. And not just confined to a department or line of business - enterprise leaders need the ability to execute based on data and insights that span the enterprise.

"So those systems of record are fine, but this is a system action. There was a very interesting statistic by McKinsey that said the world will get a $1tn dividend by adopting cloud technologies, like ServiceNow, by the way, by just getting out of the twentieth century architecture into the twenty-first century architecture,' said McDermott. *"IT architecture is now the business architecture and the business model will be built upon the IT's ability to digitally connect with your consumer."*

Stay humble: at ServiceNow HQ in Santa Clara, McDermott and Esherwood discuss the importance of humility and service.

The identity challenge

I was at pains to write a balanced analysis of the ServiceNow proposition and have taken considerable effort to find holes in the story. But unless I am missing something there doesn't appear to be many, if any at all. Typically, with software deployments there are good, bad and ugly examples. But, in searching for a failed or distressed ServiceNow project - I found none. This is backed up by what McDermott told me during our interview, *"In my first 100 days I travelled the world meeting customers and I was expecting to hear the laundry list of things that we could be doing better,"* he said. *"But the only thing I heard was that the team is fantastic. The platform's unbelievable. And the reason is, the platform itself has been designed at such a sensational level of quality and the engineering pride in the company is so fantastic that nobody would put a piece of code in that platform that is not world class."*

“We want to lean in and team up with the participants in the market and help them help the customer.”

BILL McDERMOTT

The main challenge that I can see for ServiceNow is its long term positioning – is it an IT play where CIOs will be searching their coffers for more investment dollars having already spent big on moving core applications and workloads to the cloud. Or, is ServiceNow a business proposition that circumvents IT budgets and speaks to the heart of the CEO's office?

ServiceNow started life in IT service management and, simply because it's a tech product, it feels like another claim on under pressure IT budgets. But I don't see it as a pure-play IT investment - ServiceNow is a business value proposition that cuts across traditional boundaries and presents a new paradigm for CEOs to weigh-up. If a CEO has already committed to a digital future then I don't see a way forward other than to embrace the tools and technologies that will allow that organisation to flourish by utilising 'the platform of platforms' to harmonise digital experiences across the organisation.

McDermott's ultimate dream

McDermott has enjoyed a stellar career but at the age of 60 this may be his swan song. He has worked relentlessly to create shareholder value, build purposeful brands and make a substantial impact. His aspirations are on a scale that few would dare to articulate: "*currently at $5bn in revenue - we are going for $10bn, then $15bn by 2026,*" he told me. But his empyreal dream cannot be expressed in a number. It won't be defined by a share price. Bill's Big Dream is to leave a meaningful and indelible marker on the world by creating a brand that cuts across domains, spans the boundaries between business and consumer and institutes a standard that is as familiar to civilians as it is to CEOs at the world's biggest companies.

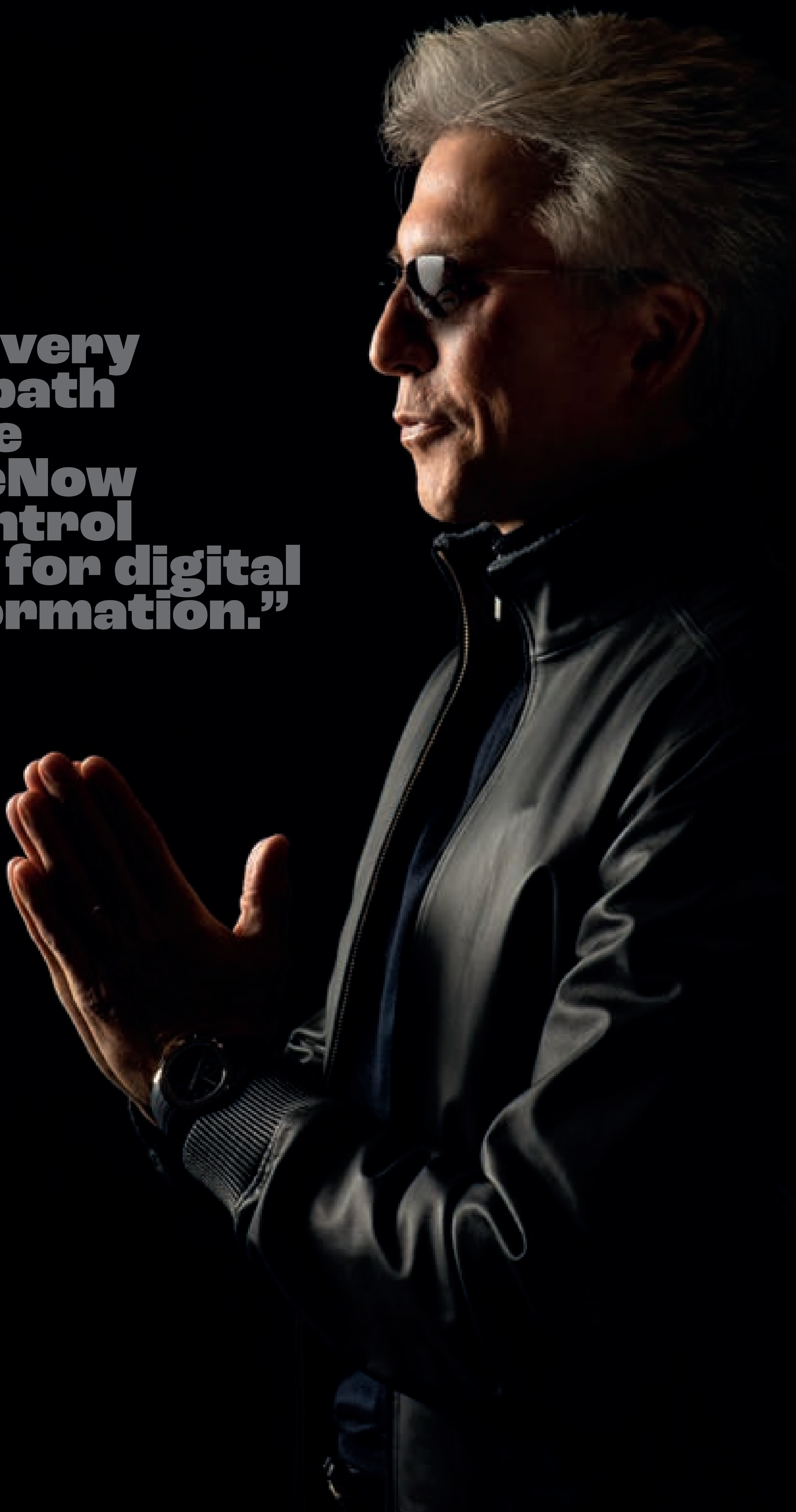
If McDermott can realise the ultimate dream, ServiceNow will become the platform that we all use to manage how we work - having a direct impact, not just on thousands of companies, but on millions of individuals.

Creating the defining enterprise software company of the twenty-first century may sound like a dream, but in McDermott's world dreams become reality. It will be an incredible accomplishment and a fitting culmination to a life's work. Kathy would be proud. ■

THE STORY BEHIND THE COVER

It's rare to get an hour of a CEO's time. McDermott gave us four and was a pleasure to work with. Our creative director, Ceci Perriard, flew in from Buenos Aires and partnered with photographer Darren Miller to create a set of impactful images that depicted McDermott's strength, resolve and vision. After the cover shoot, McDermott and Esherwood spent two and half hours discussing themes for the story in a one-to-one setting that Esherwood later described as "the defining moment so far in ERP Today's journey". Thanks Bill and all at ServiceNow.

"I see a very clear path to make ServiceNow the control tower for digital transformation."



NEXT ISSUE

SAP 50TH ANNIVERSARY SPECIAL EDITION

WORKFLOWS

Workflow becomes enterprise application's cornerstone

ServiceNow has been on a roll and gaining traction in the enterprise application workflow arena. However, workflow is becoming a key element in all business applications and a fundamental digital transformation building block. So, the high flying vendor now faces increased competition in this vital, rapidly evolving market segment. PAUL KORZENIOWSKI

Digital disruption, transformation, cloud, platforms - a large and growing number of phrases describe the impact that emerging technology is having on corporate business processes. "Companies want to use technology to create end-to-end, seamless transactions and interactions," explained Joshua Greenbaum, an industry analyst and consultant at **Enterprise Applications Consulting** (EAC). "But they cannot occur in a single application, like CRM (customer relationship management). Enterprises need to extend applications, fill in gaps, and build bridges among their information silos," he continued.

Legacy system limitations

The problem with legacy enterprise software is that it often creates a lot of friction. Many of these solutions were paper based. As a result, employees, partners, and customers usually have to input a lot of information, sometimes in seemingly obscure ways, in order to complete different tasks.

Another challenge is organisations broke work down into distinct steps completed by different applications and often managed by distinct departments. Moving information from one system to another is challenging and is often stymied by the wide range of different interfaces and organisational roadblocks. In fact, the average organisation has 88 applications; large companies deploy 175, and smaller businesses 73.

Workflow's vital role

Building business processes that break down those barriers and streamline the process starts with deploying software that connects the functions. That is workflow's role.

Once that occurs, dividing lines between traditional front-end and back-end systems blur. Structured data and unstructured data are treated equally as valuable sources of business intelligence. Nonroutine (unstructured) collaboration occurs within the context of business processes, not in separate applications disconnected from their purpose.

Because of its benefits, revenue in this space has been rising. In fact, the global enterprise workflow automation software generated \$4.8bn in 2018 and is expected to grow to \$26.31bn in 2026, a 27.51 percent compound annual growth rate.

ServiceNow has been a leader in this market. The vendor focussed on a key differentiator: offering a single platform, single data model, and single architecture for enterprise service management, and continued innovation in advanced platform features, such as AI/ML and natural language query.

In addition, they positioned themselves as an enterprise application digital workflow company with marketing terms, like 'making work, work better for people'. Another plus is the vendor successfully expanded its product focus beyond its traditional IT service and operations base into areas such as human resources and customer service.

Companies want to use technology to create end-to-end, seamless transactions and interactions

JOSHUA GREENBAUM
ENTERPRISE APPLICATIONS CONSULTING

A changing landscape

But as it has been successful, the breadth and depth of the competitive landscape has changed dramatically. "The enterprise application vendors quickly figured out that if a new processing layer is added and done outside of their core applications, they may lose control of their customers," explained Craig Le Clair, vice president and principal analyst, **Forrester**.

As a result, they have been reinventing themselves. "**SAP** is no longer an 'ERP' company, ServiceNow no longer an 'ITSM' company, **Oracle** no longer a 'database' company and **AWS** no longer an 'IaaS'," stated Craig Roth, research vice president at **Gartner Inc**. "All are focussing on the new ways of work, customer experience, intelligent automation, and flexible and adaptable workflows."

As evidence of the change, **Salesforce** purchased **Slack** in December 2020. The acquisition presented a new opportunity to bring together the two halves of the enterprise software market: enterprise applications and productivity applications, according to Gartner's Le Clair. Too often, employees work in silos, flitting between enterprise applications like CRM to accomplish business-critical tasks and other applications to discuss and create content around these tasks.

In the following November, the company added an integration layer that makes it possible to combine third-party applications with the original Slack platform. Slack included developer tools in the new platform that professionals use to integrate various workflows and other work-based applications, alongside features to make it easier to integrate Slack Connect with other applications.

• Slack's Workflow Builder allows teams to automate work without code. Users drag and drop pieces of existing apps and streamline workflows, such as approving time off requests.

• Slack Links enables employees to sign into work apps via their Slack accounts.

• Users subscribe themselves or a channel to custom notifications without an external app.

All are focussing on the new ways of work, customer experience, intelligent automation, and flexible and adaptable workflows

CRAIG LE CLAIR
FORRESTER

• Developers host and store the application data within Slack.

• Developers attach invisible metadata to messages which enables apps to communicate.

While the change may impact ServiceNow, Salesforce may have had **Microsoft**, its traditional rival, in its crosshairs when it made the purchase because its Teams solution is emerging as a popular collaboration workflow solution.

The competitive landscape widens

However, overlap and competition with ServiceNow is evident in other areas. In addition to Teams, Microsoft developed Viva, an employee experience platform to bring tools for employee engagement, learning, wellbeing and knowledge discovery, directly into the flow of people's work.

ServiceNow offers Employee Journey Management, a suite of enterprise-wide workflow capabilities focussed on improving the employee experience. The solution helps them navigate and monitor important moments in their work lives, such as returning to work, setting up remote workspaces, and transferring departments.

Oracle also has a product that helps human resources professionals. With Oracle Journeys, HR teams create, tailor and deliver step-by-step guidance to walk employees through events as diverse as onboarding, having a baby, returning to the workplace, launching a new product or growing their career.

The next step

So, how will this market evolve? Right now, the market is in an early stage of development, one with a great deal of chaos. "There is total confusion in the market," explained Forrester's Le Clair. "I spend half of my time on the phone with clients trying to help them understand how the various products work because all of the platform suppliers promise great outcomes and sound the same."

Delivering a workflow holy grail, a system that works seamlessly across every business application, may be a noble but quixotic quest for a few reasons. "Enterprise application software often seems like the hero's journey where vendors start down a path with many obstacles and find themselves dashed on the rocks or eaten by a sea monster," said EAC's Greenbaum.

The first challenge is the underlying technical complexity. Then, there are organisational challenges. "The problem with application silos is vendors created them and the enterprise was shaped to support them," explained EAC's Greenbaum. "To overcome the sins of the vendors, the customers have to reshape their organisation as well."

Vendors are taking a pragmatic approach to the market shift, first adding workflow features to their existing solutions and gradually branching out into other business units. "Businesses need to recognise that these platforms have a long history and come with DNA that has various strengths and weaknesses," said Forrester's Le Clair.

Other suppliers recognised the significance of these solutions. Consequently, ServiceNow as well as everyone else will face more competition as the market evolves. ■

ENTERPRISES BETTER STRAP IN FOR

A journey to the metaverse

BY GIACOMO LEE

Note from the editor

I am delighted to introduce our new deputy editor, Giacomo Lee. Giacomo is an exceptionally talented writer – as you will see from the passage opposite– and joins ERP Today having worked for the BBC, IDG and Verdict. Giacomo will play a key role in shaping the editorial strategy at ERP Today and will be writing on his favourite topics including artificial intelligence, emerging technologies and enterprise enablement.

When social media giant **Facebook** changed the name of its holding company to **Meta** in late 2021, both the internet and enterprise world were abuzz with confusion over what it all meant. After all, here was CEO Mark Zuckerberg talking about something called the 'metaverse', both to us and a digital image of himself in a rather pretentious promo video.

More positive commentators proclaimed it as a brand new concept in tech. But the simple truth is, the metaverse is old news: Facebook didn't invent it, nor is it the only player in the game. **Microsoft** for example has its Mesh platform, a next-level take on **Zoom** where team meetings take place in virtual reality (VR). **Epic Games** meanwhile has been hosting real-time virtual concerts on its platform since 2019, attended by users' avatars as they take a little downtime from gameplay.

Both examples are worlds apart. So what exactly is the metaverse? And is it something enterprises should be paying attention to?

Meta-what?

The basic, idealised version of the metaverse is a 3D network of virtual worlds which can be accessed using tools in virtual or augmented reality (AR). Those worlds can be offered by different companies on a single platform which users traverse using a device like a VR headset.

While this suggests the metaverse is a singular, all-encompassing entity like the internet, instead it's more likely that different metaverses will transpire once there is widespread adoption of VR and AR technologies.

"We don't believe that there will be one metaverse leading the way, but rather that there will be many metaverses," a spokesperson for Microsoft tells ERP Today. "Here, identities and content will flow easily between experiences, regardless of platform, with no one single platform broker controlling the landscape."

The software leader is already well-placed in the metaverse stakes. Besides its Mesh for Microsoft Teams platform, Microsoft is touting Dynamics 365 Connected Spaces. Launched late last year, the tool pulls observational data from cameras and other hardware to create a real-time digital twin of a working environment.

But with many metaverses coming down the pipeline, Microsoft isn't just confining itself to what can be called the enterprise metaverse. There are also two other virtual worlds which are attracting investors, and those are the gaming and social metaverses. The two overlap, what with gamers being a very sociable bunch while they play, and shortly after speaking to ERP Today, Microsoft made 2022's first big metaverse announcement.

Big is the key word, as January saw Microsoft buy gaming giant **Activision Blizzard** for $68.7bn. The mega-deal was presented by both parties as providing the 'building blocks for the metaverse'.

Journey to the 'metavearth'

Gaming for now though is mostly non-immersive fare; most gamers enjoy their virtual worlds through a screen rather than a headset.

For the metaverse to take off, it will arguably require widespread adoption of VR headsets. So far these expensive, cumbersome items haven't been adopted by the workers and every person needed for an enterprise or social metaverse to become serious business options.

But VR isn't the essential building block 'material' behind a metaverse. Instead, that would be visual 3D graphics, the sort you can see using not just headsets, but also screens and AR interfaces.

"AR and VR have a similar need for 3D assets creation (and 2D too for that matter) that is only slightly differentiated," says Stefano Corazza, head of augmented reality at **Adobe**. "There are in general more assets needed to complete a VR experience, and VR headsets have a higher bar for frame rate in order to deliver a great user experience."

This is especially so when compared to AR experiences delivered through a mobile device. AR lets users see the real world overlaid with digital data, and here the metaverse can penetrate physical reality; through AR glasses, for example. AR projections meanwhile can beam the same sort of visuals into one's room.

In both cases, the connective aspect of the metaverse is what allows remote collaborators to see and manipulate the same visuals in real-time.

Adobe's flagship metaverse offering is the AR product Aero, and with it, Corazza explains, the creative software titan is targeting the delivery of personalised AR experiences, and not just the creation of visual assets.

"Our goal with Aero is to offer individuals as well as enterprise customers a way to deliver AR experiences to their audience in a direct and low friction way," says the Adobe VP.

"We see enterprise metaverses existing at different levels, from VR metaverses that large enterprise businesses will develop, to branded experiences developed on the largest social media metaverses, and AR-powered shopping experiences in physical stores."

He also predicts content layers populating the AR metaverse in which 'the earth itself is the physical place where AR experiences anchor on and develop'.

The name of this realm according to Corazza? The 'metavearth'.

Someone better let **Collins Dictionary** know now, for it won't be long before enterprise money makes Mark's metaverse more than just a PR stunt (or should that be V-PR stunt?) ■

VR isn't the essential building block 'material' behind a metaverse. Instead, that would be visual 3D graphics, the sort you can see using not just headsets, but also screens and AR interfaces

TALENT & SKILLS
SPECIAL REPORT

The dynamic between employer and employee has been irreversibly changed.

The pandemic has caused millions of workers to reassess their careers, their aspirations and, in some cases, their lives. The 'Great Resignation' has gathered momentum and the jobs market is hotter than ever. Younger generations have an entirely new set of priorities when it comes to choosing their employer and big businesses are struggling to keep up. The challenge for employers to provide consumer grade experiences at work whilst offering meaningful and valuable employment adds new complexity to the war for talent. All this comes at a time when employers in the tech industry are desperate for headcount to fulfil the tsunami of opportunities presented by cloud and digital transformation.


I WANT YOU
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TECH TALENT SHORTAGE

WHY IT'S TIME TO GET OUTSIDE YOUR COMFORT ZONE

BY CHRISTINE HORTON

The talent crisis continues to impact every aspect of the tech industry. There simply are not enough qualified individuals to support the work that is required – a problem that has been exposed by the acceleration in digital transformation necessitated by COVID-19.

At the same time, the global employment market is seeing some historic shifts – with more of us working from home, employees have never had as much choice as to where they work. Indeed, according to the **US Department of Labor**, the 'great resignation' saw a record 4.5 million American workers quit their jobs in November 2021, while employers posted 10.6 million job openings.

In the UK, eight out of 10 digital leaders report that post-pandemic, new life priorities among staff are making retention even more difficult. The **Harvey Nash Group** Digital Leadership Report shows that four in 10 tech firms admit they can't keep key people as long as they would like, as they're being lured away by the offer of more money. Yet only 38 percent have redesigned their employee offer to make it attractive to staff in the new hybrid working world.

"The truth is that there's very little stopping employees moving on, and this is at the heart of the challenges many organisations are now facing," says Nick Gallimore, director of talent transformation and insight at ERP software vendor, **Advanced**.

"With location much less of a factor, increasingly the trend will be that potential employees have a much broader ability to choose future employers based around the things that are important to them. We are entering a phase where increasingly the talent will choose the employer, and not the other way round."

'DO WHAT YOU'VE ALWAYS DONE, GET WHAT YOU'VE ALWAYS GOT.'

WHY IT'S TIME EMPLOYERS LOOKED BEYOND TRADITIONAL HIRING METHODS TO TAP INTO A POTENTIAL ABUNDANCE OF TECH TALENT.

TALENT & SKILLS

"THERE'S VERY LITTLE STOPPING EMPLOYEES MOVING ON, AND THIS IS AT THE HEART OF THE CHALLENGES MANY ORGANISATIONS ARE NOW FACING"

NICK GALLIMORE
ADVANCED

Discovering new pathways to hiring

So how can employers attract young talent into enterprise tech? Moreover, what do they need to do to retain them? The issue of hiring and retaining talent clearly extends beyond training and qualifications – in the new hybrid era of work, employees can work anywhere, so what is to stop them going elsewhere?

CompTIA is an IT trade association that specialises in training and development for the tech industry. Its director of learning and skills certification, Zeshan Sattar, believes that how organisations approach bringing new talent into the company is just as important as training, qualification, and incentivising existing workers.

"Strategic on-ramps into tech, for instance, are some of the best investments an employer can make in this regard. Apprenticeships can give new life to workplaces. They can empower managers to hire from pools of talent which aren't only made up of 'traditional' tech candidates, such as considering people who don't hold traditional university degrees. Pathways like apprenticeships actively promote retention: workers who know that an investment has been made in their success are more likely to feel valued, and therefore take their roles more seriously," says Sattar.

ZESHAN SATTAR
COMPTIA

"WORKERS WHO KNOW THAT AN INVESTMENT HAS BEEN MADE IN THEIR SUCCESS ARE MORE LIKELY TO FEEL VALUED, AND THEREFORE TAKE THEIR ROLES MORE SERIOUSLY"

The power of the non-traditional candidate

Sattar's point about hiring outside the traditional pool of candidates is important. The pandemic's impact on employment has been unevenly felt, with women, ethnic minorities, part-time workers and those on low incomes hit hardest. Almost two-thirds of those who initially lost their jobs because of the pandemic were under the age of 25. Elsewhere, **Accenture** research shows that only 24 percent of young people are confident that they can secure a technology job.

"Young people know technology is completely redefining the world right now, but their lack of confidence in securing a tech job indicates a worrying disconnect between young people and a changing jobs market," says Shaheen Sayed, technology lead for Accenture UK & Ireland.

"To help dismantle barriers, employers must nurture tech talent from all backgrounds and recruit from a range of disciplines, including the humanities and arts, as well as STEM subjects. The convergence of these disciplines is still underplayed in how we talk about technology and its application," she continues.

The good news is that more employers are starting to look further afield and re-evaluate their current job requirements to attract a wider pool of diverse talent. There are also schemes, such as an initiative to help tackle the under-representation of young Black men in London's thriving technology sector. **Tech Nation** statistics show young Black men make up just five percent of London's 589,730 strong technology workforce, in a sector which is worth £56bn to the economy.

A separate nationwide poll of one thousand 16 to 18 year olds by the **Institute of Coding** shows more than half believe the digital workforce lacks diversity. One in ten admit they are actively discouraged from pursuing digital education and jobs due to the lack of people that represent them.

"While some of these opinions echo what many people in the industry may already feel, what's shocking is that these are the perceptions of young people who have yet to set foot in the industry," says Nimmi Patel, policy manager for skills and diversity at **techUK**.

Patel says such individuals must be encouraged and supported into roles that offer future opportunities in a

"THEIR LACK OF CONFIDENCE IN SECURING A TECH JOB INDICATES A WORRYING DISCONNECT BETWEEN YOUNG PEOPLE AND A CHANGING JOBS MARKET"

SHAHEEN SAYED
ACCENTURE

"WITH INCREASING AVAILABILITY OF ONLINE AND VIRTUAL DIGITAL SKILLS TRAINING, ORGANISATIONS ARE ABLE TO BUILD A MORE INCLUSIVE WORKFORCE"

NIMMI PATEL
TECHUK

sector that needs their perspectives. "This new generation of talent will take a while to come through against the backdrop of today's job crisis, so now is the time to recommit to reaching those who may be considering switching careers or looking to return to work with an updated skill set."

techUK and sister organisation **TechSkills** believe that by signposting and helping fund bite-sized industry-led training designed to fit around the learner and their life, they can address some of the biggest barriers to training and skilling.

"Remote learning increases accessibility and with increasing availability of online and virtual digital skills training, organisations are able to build a more inclusive workforce with up to date digital skills," says Patel.

"We need to support people back into new work, and efforts should be made to use this rupture to direct, support and incentivise the newly unemployed into secure, resilient jobs. While some high-level jobs will require degree-level training, many productive technical digital skills can be acquired through other means. More modular learning can offer easier avenues for people transitioning between sectors."

Investing in potential

One of the problems is that the enterprise software space, like other areas of the industry, has been reliant on hiring for previous experience as well as qualifications and training.

"It's a competitive market and therefore a high value is placed on previous industry experience," says Gallimore. He believes there aren't enough enterprise tech companies eager to invest in the development of younger people who have potential but lack the experience – which is the reality for most younger people.

"What's vital is that companies can demonstrate how they plan to work with and develop the inexperienced people they want to bring in," he says.

But at the same time, Accenture's Sayed believes the new remote work landscape can generate considerable recruitment opportunities, as businesses can now tap into regionally diverse talent pools to help counteract the tech skills shortage.

"Not only will this make an impact from a social mobility perspective, but the diversity of perspective opens new doors for businesses," she says. "The hybrid working era should be seen as an opportunity for businesses to reach this talent, rather than as a barrier, as long as organisations have the right infrastructure to connect, support and grow new talent."

Salary taking a backseat to company culture, CSR and ESG

It is important too, to look at the factors that potential candidates are prioritising today. For a growing number, flexible working or a company's corporate social responsibility (CSR) and environmental, social and governance (ESG) policies are now just as important as traditional considerations such as salary.

"In addition to the learning and development opportunities available, recruitment candidates often tell us that they are attracted to EY because of our culture, commitment to diversity and inclusion, and our approach to flexible working," says Benoit Laclau, **EY** UK&I managing partner for consulting.

"EY has been a longstanding champion of flexible working and has recently started transitioning to a hybrid working model, which is an evolution of our approach. This enables our people to split their time between the office, client site and their home. We think this will enable us to maximise all the benefits of both in-person collaboration and flexible remote working for our people and clients."

Gallimore says it's a myth to suggest there is a shortage of talent. In fact, he points out that "there's actually a huge abundance of talent, but organisations that remain steadfast in their desire to hire people with specific experience – as opposed to working with high potential talent, bringing them into the organisation and then working to develop them – will face a continued squeeze on talent supply as the effect of the past two years continues to impact people's choices."

What is clear is that an organisation's purpose, values, employee experience and culture will be key – and crucially how sophisticated the organisation is at demonstrating these. At the same time, prospective employers will need to look beyond their traditional methods of recruitment, and the existing thresholds they have in place, to ensure they attract the wider pool of diverse talent needed to successfully compete in this new era. ■

"CANDIDATES OFTEN TELL US THAT THEY ARE ATTRACTED TO EY BECAUSE OF OUR CULTURE, COMMITMENT TO DIVERSITY AND INCLUSION"

BENOIT LACLAU
EY

TALENT & SKILLS SPECIAL REPORT

THE GREAT RESIGNATION

USING DATA TO STEM THE TIDE OF EMPLOYEE RESIGNATIONS

BY IAN COOK

Throughout the course of 2021, employees have been leaving their organisations in record numbers.

During the months of July, August and September, more than four million American workers left their jobs each month according to the **US Bureau of Labor Statistics**, a trend which has been showing few signs of slowing down.

However, the US is not alone in facing up to what many are dubbing The Great Resignation. In the UK, for example, a recent study by recruitment firm **Randstad** found that seven in ten workers are ready to move jobs within the next couple of months.

In order to address these issues effectively, it pays to generate a more in-depth understanding of the root causes. This is what prompted my team at Visier to conduct an analysis of more than nine million employee records from over 4,000 organisations around the world.

We covered a variety of job functions, experience levels and industries, with the study revealing some telling trends.

Tech, healthcare and mid-career – key resignation trends

There were some stark differences in turnover rates across different industries. Our research showed a high variation in the rate of increases across different industries in 2021, with retail seeing the largest increases and manufacturing seeing a substantially slower rate of increase.

TALENT & SKILLS

However, the most revealing findings came from healthcare and technology industries, which respectively saw 3.6 percent and 4.5 percent more employees quit their jobs than in the previous year. This tallies with the Randstad survey which listed tech workers as among the most confident of immediately moving to a new job.

Several factors can explain these findings. The most obvious is burnout from increased workloads caused by the extraordinary circumstances created by the pandemic. Healthcare services have been severely stretched around the world while dramatic shifts to remote-based working and online purchasing have created huge demand for digital services.

Furthermore, the experiences of COVID-19 have changed how some people think about life, work and what they want out of both – coupled with the fact that very few people moved jobs during the peak of the pandemic, and we are seeing something of a perfect storm.

This is compounded by the fact employers are not responding appropriately. A study conducted in the US found that 72 percent of tech workers are considering leaving their roles in the next 12 months, with key reasons being a lack of flexible working conditions, feelings of underappreciation and toxic working environments.

Coming back to our research, the second key trend we uncovered centred around the stages in people's careers. Those at the beginning of their career were most likely to move – our analysis found that employees aged between 20 and 25 had the greatest increase in resignation rates between 2020 and 2021 (up 47 percent). More surprisingly, the rate of increase for employees aged 30-35, 40-45 and 45-50, which are typically more stable and slow to change, also increased at a significant rate (over 38 percent).

So, why are resignations being driven by employees in the middle stages of their careers?

4.5%

MORE EMPLOYEES QUIT THEIR JOBS IN THE TECHNOLOGY INDUSTRY THAN IN THE PREVIOUS YEAR

We can revert back to the observation around entry level workers here. It is possible that the shift to remote work has led employers to feel that hiring people with little experience would be riskier than usual, since new employees won't have the benefit of in-person training and guidance. As a result, greater demand for mid-career employees exists.

As alluded to earlier, the pandemic may also have delayed plans which mid-level employees had to transition out of their roles. Added to that, many of these workers might have simply reached a breaking point after months and months of high workloads, hiring freezes and other pressures, causing them to rethink their work and life goals.

A data-driven approach to retention – three steps organisations should take

As well as using data to understand the dynamics of The Great Resignation, data-driven methods also hold the key to engineering an effective response. Indeed, by diving deep into the information available, we can determine not just how many people are quitting, but who exactly has the highest turnover risk, why they are leaving, and what can be done to prevent it.

Of course, each organisation will have its own nuances. However, there are some broadly applicable steps that any employer can take to improve their employee retention in these uncertain times.

Here we outline three:

1 Understand the problem

Quantifying the scope and impact of the retention problem is a precursor to determining the underlying cause or causes. Organisations can calculate their turnover rate by dividing the number of separations per year by the average total number of employees, with similar formulas enabling the identification of the types of departures and how these feed into the overall picture (e.g. voluntary resignations, firings, layoffs).

Resignations should then be linked to key business metrics such as quality of work, time to completion and bottom-line revenue – what is the impact of the loss of skills and capacity?

2 Identify the root causes

Having grasped the bigger picture, the next step is to carry out an in-depth data analysis to identify specific reasons which are causing employees to leave. Several factors could be in play here, so ask yourself what those might be. Remuneration, time between promotions, size and frequency of pay increases, tenure, performance, training opportunities, communication with management – looking into metrics like these can help to piece together trends and reveal blind spots within your organisation.

Segmenting employees into demographic and function categories can also uncover trends among groups of people. Such analysis will help businesses to understand who is at most risk of leaving, why, and potential areas that can be addressed to boost chances of retaining them. For instance, it might be that employees who only communicate remotely with supervisors are more likely to resign than those who receive in-person support.

72% OF TECH WORKERS ARE CONSIDERING LEAVING THEIR ROLES IN THE NEXT 12 MONTHS

3 Create bespoke retention strategies

Finally, with this information and insight in hand, organisations can create targeted programmes to correct specific issues. If you uncover that time between promotions and salary increases correlates with higher turnover rates, for example, then a specific remedial action could come in the form of reviewing and adjusting advancement and development policies.

It is possible that, by going through this process, you deem your data infrastructure insufficient to make these informed, bespoke decisions. If this is the case, then investing in an organised, user-friendly system for tracking and analysing metrics that will inform your retention efforts should be considered.

The rewards will follow. Hiring is an expensive process, one which costs UK employers on average £3,000 per recruit – by adopting a data-driven retention strategy, businesses can not only make significant cost savings, but also create a more productive, inviting and inclusive workplace for their employees. ■

Ian Cook, VP for people analytics at Visier

TALENT & SKILLS SPECIAL REPORT

CAN ERP DEGREES HELP SOLVE THE TALENT CRISIS

BY STEVE LEGGETTER

The ERP industry is woefully short of resources and many global brands in this space are locked in a battle to find, recruit and retain new talent. The **SAP** ecosystem requires more than 100,000 new resources to deliver on its projects over the next five years while the **Salesforce** ecosystem needs even more than that. **Oracle**, **Workday** and the hyperscalers face similar challenges and the global consulting firms are equally short of the skills and people needed to fulfil their obligations.

A significant proportion of resources in the ERP ecosystem are in the twilight of their careers, having already served 20 or 30 years, and the pathway for young talent to get a foothold in the tech sector is often not straightforward. Given the demand for new skills and additional resources, it is imperative that the ERP sector opens itself up to new ways of engaging and exciting younger generations to consider a career in enterprise technology. Is the problem real or just hype? I spoke to the recruitment companies dealing with the problems and took a fresh look at how universities can help.

TALENT & SKILLS

A report from the **Recruitment and Employment Confederation** showed that the three top areas for the shortage of skills are HGV drivers, nurses and programmers/software development professionals. The **Harvey Nash Group** have also published their annual recruitment market survey showing that 67 percent of organisations have skills shortages which are holding back the pace of change.

Another recruitment company, **Nigel Wright Group**, also run an annual survey and they have found that 80 per cent of companies expect to have difficulty in getting appropriate candidates.

"I can honestly say this year has been the most unusual and volatile year for tech salaries that I have ever seen" commented Sue Ormerod, director, Nigel Wright.

When I spoke to Sue, she summarised the problem succinctly. Prior to lockdown, IT was seen as an overhead: it needed to be 'seen and not heard'; it was run lean; there was little development of its people and wages were suppressed. Lockdown has shown that IT brings people together and companies have suddenly seen the need to invest. In the Northeast we have 20,000 SMEs and Sue explained that they all recruited an extra IT person overnight which absorbed the capacity in the marketplace at a stroke.

Sue also explained that she has seen developers on £47k be poached by system integrator firms at £60k and then charged out at a thousand pounds per day. Everywhere we look there is paralysis in recruitment. People are too busy to recruit; the marketplace is fallow; people are off sick and not able to hold interviews and companies don't know how to onboard remotely. The result? Stalemate. Sue did explain that there are winners in all of this. Brexit

I CAN HONESTLY SAY THIS YEAR HAS BEEN THE MOST UNUSUAL AND VOLATILE YEAR FOR TECH SALARIES THAT I HAVE EVER SEEN

SUE ORMEROD
NIGEL WRIGHT

introduced stronger borders, but technology has no borders. Sue has seen offshore companies in Poland and Bulgaria be the winners by taking up the slack for product development, project delivery and operations.

The recent Log4j vulnerability is a timely reminder that cybersecurity remains the top skills shortage. Thankfully we are seeing a decline in the number of major IT security attacks that organisations have seen (24 per cent this year down from 27 percent last year and 32 percent in 2019). However, 43 percent of organisations say they are suffering a skills shortage in cybersecurity. Moving your ERP to the cloud doesn't move all your cybersecurity risk to your vendor but it goes a long way to help. The cybersecurity specialists should be focussed on educating your workforce on how to spot phishing emails and not running around patching on-premise applications. Cloud based vendors jumped on the Log4j vulnerability and patched the infrastructure promptly.

Meanwhile, companies running on-premise applications were faced with a critical vulnerability being handled by people who were tired after a brutal 18 months. A **McKinsey** report, 'Great Attrition or Great Attraction? The choice is yours', also reminds us that our people are not just tired, but many are grieving too. It isn't just that people are maybe grieving for the loss of family or friends, but they have also lost the normality of the workplace and the routine they once had. People grieve for many reasons and we would do well to remember this. McKinsey is also reporting that the well-intentioned quick fixes of bumping up pay or bonuses are now falling flat. The real needs of our people are not being met.

The Harvey Nash report goes on to show that there are skills shortages in data and analytics (40 percent of organisations); technical architects (34 percent); Dev Ops (32 percent) and development (28 percent) followed by cloud skills, enterprise architecture and business analysis. All these skills are at the heart of the delivery and support of ERP. With the ERP industry being at crisis point, we now need long term solutions. Companies in the ERP sector need to have a robust people strategy and this is where universities and apprentices come in.

I teach a second-year module that is focussed on business analysis and how ERP systems process transactions. Students like this module as it is 'no coding necessary' and it is a welcome break for them from cutting code. Computer science courses are moving away from turning out 'coders' and turning much more towards collaboration skills, project management, consultancy, problem solving and analysis. In my opinion, there is no better tool than an ERP system to teach students these fundamental skills.

The ERP module is part of the IT Management for Business BSc Programme at **Northumbria University** which is part of the Tech Gold Partnership. The Tech Gold Partnership annual report has shown that students on our programme get an 'unfair advantage'. The survey found that 86 per cent of students on a Tech Gold Partnership programme were in paid employment 18 months after graduation - this is 3rd after veterinary sciences (93 percent) and medicine and dentistry (92 percent). It is also way ahead of the traditional 'computing' courses (76 percent) or the total for all degrees (73 percent). Graduates come to the employment market with enthusiasm, a knowledge of the latest technology and rounded personal skills. An organisational people strategy needs to look at the links it requires with universities which provide graduates with necessary skills.

We also encourage our ERP students to take a year out in industry between their second and final year. I personally find that these students come back with great time management skills which not only help them with their final year of education but also increase their employability. My advice for students wanting to get into a lucrative ERP career is clear: get onto a Tech Gold Partnership Programme, get yourself a relevant placement, get a good honours degree and, when recruited, carry on your development through such initiatives as the ERP Today Young Professionals Network. We do of course ensure that the students grasp the theory in the lecture theatre but we back this up with seminar and lab work which is not only engaging for the students but also focussed on helping to get the students into the workplace. Don't take my word for it:

"... thank you, your module really helped me this last week in getting a placement in business operations and logistics. Some of their interview questions were topics which you had covered which I feel was a real benefit to my application" says Niall Pace, second year undergraduate student at Northumbria University.

However, it's not just down to the efforts of people like me at the front of the lecture theatres. Universities now have dedicated support teams for everything from disability support and student welfare through to helping graduates land a graduate job. This is hardly surprising given that the all-important league tables look at student satisfaction and graduate prospects. Graduate prospects don't happen simply through being able to write a good CV and interviewing well. Adding relevant work experience to the CV is all important in getting that foot in the door.

"Graduates who have had no previous work experience at all are unlikely to be successful during the selection processes for the top employers' graduate programmes", according to **High Fliers Research Ltd**.

But how do students get work experience if they can't get an interview without work experience on their CV? This is where placement years come in. Completing an undergraduate degree in four years rather than three doesn't result in learning more content but it does allow students to put into practice the theory that they have studied and gets the all-important work experience on their CV. Having a placement year on a CV also tells employers something:

"...it is likely to be the higher performing students, on average, that secure placements," says the **Higher Education Policy Institute**.

SOME OF THEIR INTERVIEW QUESTIONS WERE TOPICS WHICH YOU HAD COVERED WHICH I FEEL WAS A REAL BENEFIT TO MY APPLICATION

NIALL PACE / STUDENT AT NORTHUMBRIA UNIVERSITY

University computing has moved on a long way since you probably last looked. You need to accept that there is a skills shortage in our industry, and you need to revisit the operational and project delivery risks that this brings. Get in touch if you don't currently have university placement students. We might already have the answer to your ERP talent problem. ■

Dr Steven Leggetter, senior lecturer in Computer and Information Sciences at Northumbria University

TALENT
& SKILLS
SPECIAL
REPORT

BOOMERANG HIRES

AND THE IMPORTANCE OF MAINTAINING RELATIONSHIPS WITH FORMER EMPLOYEES

EMMA SINCLAIR MBE

The battle for talent is well documented in this issue of ERP Today and virtually all large employers are in a race against time to find, hire and onboard the staff they need to meet their obligations. Whilst there are plenty of tactics that employers can use to recruit, one overlooked pool of potential skills is a company's own alumni - so called boomerang hires. In a break from the norm, Paul Esherwood sat down with regular ERP Today contributor, Emma Sinclair MBE, to talk about her business - EnterpriseAlumni - to find out why maintaining and maximising relationships with former employees could be the answer to the skills shortage.

Reid Hoffman, infamous founder of LinkedIn, talked about alumni and lifelong relationships with former employees back in 2014. But no one digitalised it until recently...

"LinkedIn. Tesla. YouTube. Yelp. Yammer. SpaceX. What do all these companies have in common? They're not just examples of innovation and financial success. All of them were founded by the alumni of a single company: PayPal. Lifetime employment might be over, but a lifetime relationship remains the ideal, and as the alumni of PayPal have demonstrated, it can be extremely valuable. Unlike the free agency model, the alliance can and should persist even after an employee's final tour of duty."

Why do alumni matter?

ES: Organisations devote a great deal of time and resources to onboarding new hires and retaining employees, but little effort and few resources go towards offboarding. Huge investment is made in recruitment, retention, learning and development, for example. Yet the day people leave, the departure process is typically marked with a 'thanks, bye...' And that's pretty much it.

Not very inspiring!

It's a big, missed opportunity as the business impact of positive offboarding is significant for recruiting, sales, marketing, and overall organisational value. Leave well, and you'll feel inclined to advocate, buy from, evangelise or return to a former employer. Don't, and there's often a bitter aftertaste.

We all know this intuitively. Many of us stay in touch with former colleagues and when we need advice, a job, introductions, marathon sponsorship or a mentor, it's those people we kept in touch with that we turn to. Companies need to do this at scale.

I think the last 21 months have changed large organisations and the way they address this challenge forever; they've been forced to be more flexible, compassionate, long term in their thinking and of course, more digital. Companies recognise the employee lifecycle should no longer end when people leave; and the concept of a lifelong relationship is therefore being better embedded in the employee experience.

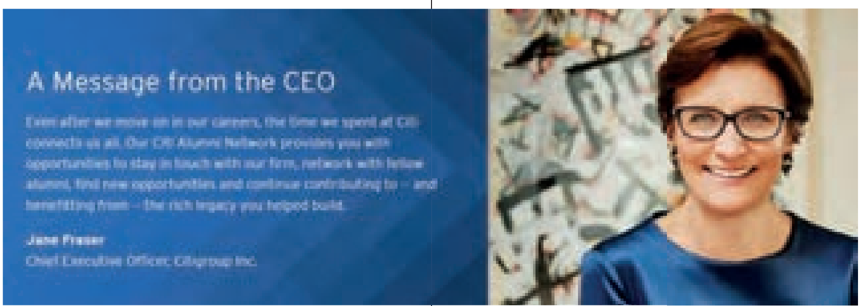
Importantly, questions are being asked in the boardroom. Knowing how important people are, why don't we treat them better? Knowing how competitive the job market is, why don't we make sure we stay in touch and prioritise post employee engagement? Knowing alumni and their friends and family are consumers, why not treat former employees as we treat customers?

Leave the company and surely you should be upgraded to a customer vs ignored and forgotten?

ES: There's a lot of talk about employee experience and customer experience. Alumni experience matters just as much, and as such, has swiftly become a c-suite issue. When Andrea Smith, a long time member of **Bank of America**'s executive management team and chief administrative officer, announced her retirement at the end of 2021, she simultaneously announced she was leading the formation of, and will chair, the Bank of America alumni network. That sort of appointment shows you just how seriously large companies take maintaining relationships with former employees in 2021.

Citi too has c-suite support. It is the CEO, Jane Fraser, who talks about the rich legacy that their alumni helped them build on their alumni home page. That network is a well-established treasure chest of development opportunities for the business, identified in the 90s by Richard Morrogh, former senior banker and now an advisor to the **London Stock Exchange**, who was the early sponsor of alumni initiatives.

Morrogh told me: "Many of our senior alumni had had long and varied careers with Citi. They had their own personal branding tied up in the success of ours. They wanted to help and stay connected with colleagues, past and present. We realised a more official network was needed to complement the existing informal ones and it worked from the get-go. The holy grail (for me) was business referrals. Alumni understood where Citi could help them, and they often had the vested interest and enthusiasm to help make sure any implementation ran smoothly. There was added pressure to perform but along with that came invaluable alumni support and insights too."



And for alumni, an alumni network is a source of research, insights, perks, learning and community.

The formal Citi Alumni Network is now in its tenth anniversary year, led by Andrea Legnani who recently shared that Citi recruit 12 percent of annual hires from alumni saving on average $75,000 per recruit. With a workforce of 210,000 people, that's a potential saving of almost $2bn: what CFO can afford to ignore impact like that?

Think about the average cost to hire a white-collar employee. Then think about the average time to productivity. And the odds of making a bad hire and the impact that has. Hire an alumni from your network and there's no recruitment costs and they are productive faster as they know their way around. And they're more likely to be a good fit as they know you and you know them. It's no wonder 'boomerang' is the biggest buzz word in HR right now.

But it's the great resignation, not the great boomerang, no?

ES: It's both! As if the pandemic hasn't put enough pressure on people and the organisations they work for, we have a new set of major challenges facing the workforce. Economic growth on the one hand, and a massive labour shortage on the other. Not to mention supply chain pressures, inflation and a very empowered workforce too.

The 'boomerang' employee became 2021's newest and most impactful career trend and shows no signs of abating to combat the resignation pressures. Put simply, boomerangs who are familiar with both the company – and sometimes the role - are cheaper and easier than new hires. Who can afford to ignore this talent pool?

Yes, people are resigning in droves, but often for a career, role or company change. That's a fertile treasure chest

WE'VE BEEN THE DRIVERS OF A NEW MARKET SECTOR MARRYING THE COMPETITIVE ADVANTAGE CORPORATES NEED AND WANT WITH THE COMMUNITY AND OPPORTUNITY ALUMNI VALUE

of people who might come back to you if you have invested in building, maintaining and maximising relationships.

I heard of an HR director who is frequently asked, 'What did you do during the pandemic for the people who worked for you?'. People who you are trying to recruit are deciding whether to join based on the values they think run through the company. This is where alumni also becomes interesting. It shows people the values which your business prioritises and gives them a sense of what they can expect when they are with you. And across all generations too.

93 percent of millennials move for a promotion. With such a mobile workforce, making it easy for everyone to return is high on corporate agendas. Even **Aviva**'s current HR Director, Darren Cornish, is a boomerang hire and proudly advocates returners via their alumni network.

Is there still that family business-esque 'maintain a relationship' mentality in 2022? Isn't the corporate world a bit more brutal?

ES: Yes there is, everywhere! **Marks and Spencer** is a brilliant example of wanting to maintain that connection, having launched the 'M&S Family Alumni Network' a few years ago. Its goal is to harness the passion of its alumni for the brand as well as create a community that helps each other and helps M&S to transform. Vast and global in its reach, its community of former colleagues remain its most passionate advocates and constructive critics.

Helping them to stay 'part of the family' and giving them a chance to continue to contribute to the business taps support for everything from M&S' recruitment pipeline, to mentoring, to candid feedback on its products and services. Good for business and good for alumni.

Percy Pig 'M&S Family' Mouse Mat; given to M&S Alumni as part of the sign up

Chalhoub Group, the largest retail operator in the Middle East with more than 12,000 employees in 14 countries, has embedded alumni in its corporate culture. It is also supported by the Chalhoub family, who still own the business. They have regional partnerships with luxury brands from **L'Occitane** to **Sephora**, **Louis Vuitton** to **Lacoste** and more. Staff have access to a generous discount and perks programme – which they've extended to alumni.

How can companies get started with an Alumni programme and what's the first steps to engaging with former employees?

ES: Time spent on alumni initiatives should be strategic and add value to the business, rather than managing changes of addresses and email details on a spreadsheet. If managing, leveraging, engaging and innovating around alumni is not your core business, bring in the right partner. When **Coca-Cola** want to make refreshing beverages, they look internally. When they needed an alumni network, they came to us!

Platforms exist to take the hassle out of building and growing an alumni community. Technology can do the hard work: tracking, engaging and understanding former employees - but it's not enough. It represents about 50 percent of the work required. An alumni platform without an engagement strategy gets stale. A platform solely focussed on a transactional relationship with alumni does not thrive.

Find the right senior sponsor who knows that maintaining relationships is good for business. Typically, alumni networks are CEO or CMO sponsored, with HR as a key stakeholder. Build a stakeholder group which brings together various departments, and consider not only what the company wants (sales, recruitment), but what opportunity and community you can offer to alumni. It has to be a give and take.

Finally, think about who your alumni are. Is it just former employees or also contingent workers, freelancers, contract, graduates or seasonal workers? From my perspective, an alumni community should be inclusive. Why refuse entry to someone who only worked for you for three months whilst at college, or someone part-time, especially if they were a good leaver?

The last major part of the employee lifecycle, to escape technological disruption, finally went digital. We've been the drivers of a new market sector marrying the competitive advantage corporates need and want with the community and opportunity alumni value.

People used to have jobs for life. That no longer exists, but we can give them relationships for life. And I for one am enjoying the ride! ■

CULTURE

SITS AT THE TOP OF THE FINANCE AGENDA

TALENT & SKILLS

BY MICHAEL DOUROUX

It may be a new year but many challenges brought on by the pandemic are persisting - the 'Great Resignation' being one of the biggest issues affecting business today. This trend, also known as the 'Big Quit', has seen employees voluntarily resign from their jobs en masse since early 2021. It is creating huge resourcing problems in critical functions such as finance. To combat the trend, and attract and retain the right talent, culture needs to be at the top of the CFO's agenda.

Below, we'll take a look at how finance leaders can go about putting culture first to capitalise on the opportunities 2022 holds for their business.

Reimagining culture

Firstly, the CFO has to recognise that there's an intrinsic link between culture and business, and fostering good relationships is not just down to human resources (HR). **McKinsey's** research of over 1,000 organisations that employ more than three million individuals, shows that those with top quartile cultures (as measured by their Organisational Health Index) post a return to shareholders 60 percent higher than median companies and 200 percent higher than those in the bottom quartile, proving an undeniable link between culture and business performance.

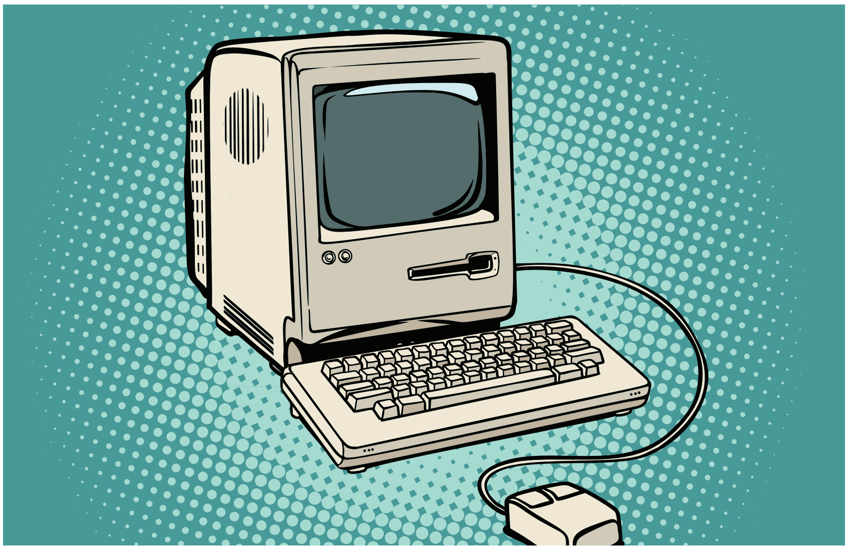
At the same time, the latest **EY** Empathy in Business Survey reveals that around half of U.S. workers have left jobs in the past because their boss wasn't empathetic enough to their struggles at work, or at home. And Julie Sweet, CEO at **Accenture**, was recently recorded saying at a **Fortune** CFO Collaborative event that, "the future of work is really everybody's job...and so whilst there's a finance lens, there's an HR lens...it really starts with our core values and how we think about our people."

Finance leaders who want to put performance first should be prioritising investments to deliver a better employee experience and ensure culture sits at the heart of the department. To do this, CFOs need to reimagine their talent management strategies. They have to identify ways for people to be heard, and to have simpler, more personalised work experiences while also enabling them to learn and grow in their roles.

Taking a people-first approach to the finance function

Scoping out learning and reskilling opportunities is especially vital when it comes to putting people first. This is because finance, like the rest of the business, is operating in a fast-moving technology landscape. In this context, finance has new skills and priorities that need to be met if the department is to help the business reach its strategic goals. However, 17 percent of CFOs said they have misaligned resource investments according to Workday's recent CFO Indicator report. Instead of seeing this as a challenge, CFOs should spot the opportunity to not only adapt to digitisation and to address the consequences of the Great Resignation, but to build a culture that celebrates employees, takes a ho-

CFOS SHOULD SPOT THE OPPORTUNITY TO NOT ONLY ADAPT TO DIGITISATION AND TO ADDRESS THE CONSEQUENCES OF THE GREAT RESIGNATION, BUT TO BUILD A CULTURE THAT CELEBRATES EMPLOYEES...



critical factor driving agility is the skills base of an organisation. CFOs that take a holistic approach to their skills base are able to be more agile in their operations and also value their employees on a larger scale. Prior to the pandemic, finance leaders often viewed success through the lens of profit margin, and hard numbers. This is no longer the full picture. Instead, CFOs are looking at other value-driven metrics that determine strong employee retention, high

CFOs AND THEIR TEAMS HAD TO EMBRACE TECHNOLOGIES THAT ENABLE GREATER FLEXIBILITY SUCH AS CLOUD-BASED SOLUTIONS. THIS HAS BROADENED PEOPLE'S MINDS AND OPENED THE DOOR TO MORE POSSIBILITIES FOR FINANCE TEAMS AND HOW THEY OPERATE

listic approach to their skills set, and provides the right opportunities for learning and growth. To do this, there are three important factors to consider and commit to in 2022.

1. Building Trust

Trust is the foundation of any company culture. If employees and leaders don't communicate their needs effectively and allow for a two-way conversation, then organisations will fall at the first hurdle. It's important to listen regularly to employee feedback and adjust processes as necessary. Implementing practices such as continuous feedback loops and using listening platforms such as Workday Peakon Employee Voice helps leaders sustain a trusting relationship by staying close to day-to-day employee sentiment. With a more accurate understanding of employee needs, finance leaders can mitigate cultural problems before they become bigger issues, and stop employees heading for the door.

2. Supporting with technology

Technology underpins all aspects of organisations today and company culture is no exception. Take flexibility as an example. Prior to the pandemic, many finance teams were tied to their offices as a result of managing confidential financial information. When lockdowns hit, CFOs and their teams had to embrace technologies that enable greater flexibility such as cloud-based solutions. This has broadened people's minds and opened the door to more possibilities for finance teams and how they operate, in line with post-pandemic employee needs.

Our client, **Aon**, is a prime example of how technology empowered its finance team to set up a culture of success. This multinational organisation had to change the way it operated as soon as the pandemic hit. Using cloud-based technology, Aon delivered its first ever fully remote financial close across the 120 countries in which it operates. In addition, by adopting cloud technology, the company's CFO and financial teams can now access, view, and analyse data all in one place, no matter their location across the globe. It's a great example of how to use technology to strengthen team culture during a turbulent period.

3.Embracing value-driven metrics

Business agility is synonymous with performance. Market leaders are those that can adapt at speed and get ahead of the curve before their competitors. One performance, and a closing skills gap – these factors will be making or breaking businesses in 2022.

Some examples of value-driven metrics include employee wellness as well as employee engagement, soft skills as well as hard skills, and career trajectory as well as career history. These are less direct metrics but will be integral to helping leaders retain talent, close the skills gap, and understand the full skills base of their workforce. In turn, finance leaders can adapt quicker to change and utilise their talent from a more holistic perspective.

Thriving in 2022

Whatever 2022 has in store, ongoing changes in resourcing remains the one certainty that finance leaders can count on. CFOs that prioritise a strong culture will be able to attract and retain top talent, and in turn, gain the biggest competitive advantage when it comes to addressing the Great Resignation. Taking a culture-first approach to the finance function will enable finance leaders to thrive, not just survive, in 2022. ■

Michael Douroux, group vice president, Northern Europe and South Africa, Workday

The age of pay transparency

THE ROLE OF TECH AND DATA

BY DR ZARA NANU

It is no secret to anyone by now that our access to technology and data is creating increasing transparency in all areas of life - and the salary data, pay fairness and pay equity in particular are no exception. This is having a positive impact on closing any wage gaps and creating pay fairness – as these depend crucially on knowing what gaps are there, why they exist and what specific action can help narrow and completely eliminate them.

This increased transparency is driven both at organisational level as well as wider government level. Organisations know that more transparency means employees are starting to ask questions about pay fairness and sometimes even seek employment elsewhere if they think that they are being paid unfairly compared to their colleagues internally and externally.

In addition to organisational pressures driven by recruitment and retention of talent, governments around the world are introducing transparency regulations which require businesses to report on pay fairness on a regular basis.

Some organisations choose to be transparent because they know it will be the right thing for their talent development and growth. As an example, companies like **Buffer** are using greater openness to try to eliminate the gender gap, and in that attempt has published everyone's salaries and locations on a page that was made available to anyone with an internet connection.

Governments around the world are also creating a movement for wider transparency. In Germany, employees have the right to know if their colleagues are paid the same. But they have to exercise that right by approaching the HR department and requesting the information. In the UK, gender pay gap legislation requires companies to publish the mean and median pay gap, as well as the distribution of its workforce across four pay quartiles by gender. The US has federal requirements as well as state level ones, with the most recent ones implemented in California and Colorado that require various degrees of reporting and data analytics.

The movement towards wider transparency is also driven by employees, as they have access to more and more platforms where they can anonymously disclose their wages and see how others are paid in similar occupations, across same geographies and organisations.

> “This increased transparency is driven at both organisational level as well as wider government level

One of the biggest online platforms to share salary data sits with **Glassdoor.** Using the platform, anyone can search salaries and compensation at thousands of companies, find out if they are paid fairly, and share their salary anonymously to help others. The platform is also home to employer ratings, company reviews, CEO approval ratings and an overview of benefits. Based on Glassdoor, an ERP consultant's salary in San Francisco is $100k, and you can also see the mean, the median, as well as difference in pay based on years of experience and education.

BuiltIn is another transparency platform that also shows gender comparison and is specifically focussed on tech and the start-up world. It offers the average base salary, additional cash compensation, and the minimum and the maximum registered on the platform. Average base salary for a client success

Name	Team	Role	Location	Salary
Joel	Leadership	CEO	Boulder, US	$290,250
Caro	Leadership	Chief of Staff	Portland, US	$225,000
Maria	Leadership, Product	CPO	Denver, US	$267,890
Caryn	Leadership, Finance	VP of Finance	San Louis Obispo, US	$225,000
Asa	Leadership, Advocacy	VP of Customer Advocacy	London, UK	£225,000
Mandy	People	Executive Assistant	Nashville, US	£103,241
Nicole	People	Director of People	Woodland, US	£160,650

Company	Level	Years of Experience	Total Compensation
Location | Date	Tag	At Company Total	Base | Stock | Bonus
Amazon San Francisco, CA | 1/8/22	L7 Alexa AI	0/8	$660,000 160k | 440k | 60k
Google San Francisco, CA | 1/5/22	L6 Data Centre	5/5	$363,000 180k | 85k | 60k
Amazon South San Francisco, CA | 1/8/22	L6 Alexa AI	1/22	$350,000 180k | 85k | 85k
Cruise San Francisco, CA | 12/28/21	L5 Programme Manager	0/9	£360,000 200k | 100k | 60k
Facebook San Francisco, CA | 12/22/21	IC5 General	1/8	$201,000 151k | 25k | 25k
BlackRock San Francisco, CA | 12/20/21	Associate Aladdin	4/4	$179,000 128k | n/a | 51k

manager in San Francisco is listed at $101,251. The downside to the system is that you can't search by job role. It has a clunky system where you have to drill down by job category, job title and location.

There are also platforms like **Levels.fyi** which are focussed on negotiating on behalf of the candidates, with an emphasis on the Big Tech Giants. In addition to being able to compare benefits at the large companies, you can also look for how much certain roles are paid at different companies. From this point of view, it's more detailed because it compares pay for the same role at different companies. A technical programme manager can be paid as much as $660k at **Amazon** and as little as $179k at **Blackrock**.

In addition to looking at salary, there are platforms that also bring the added value of live conversations from employees about their roles and pay. As an example, **Blind** has a thriving user platform with people sharing salary information and employee comments largely in engineering roles in the Big Tech Giants and start-up sector.

The user platform includes leaked emails with serious implications for diversity and inclusion in different companies, as well as conversations by people who are trying to decide between several employers. As an example, when it comes to a product manager role, this is how users are trying to decide between **Twitter** and **Coinbase**:

Twitter: Year 1 TC: 430k || Year 2 TC: 425k
PROS: Better WLB, better culture
CONS: Less growth

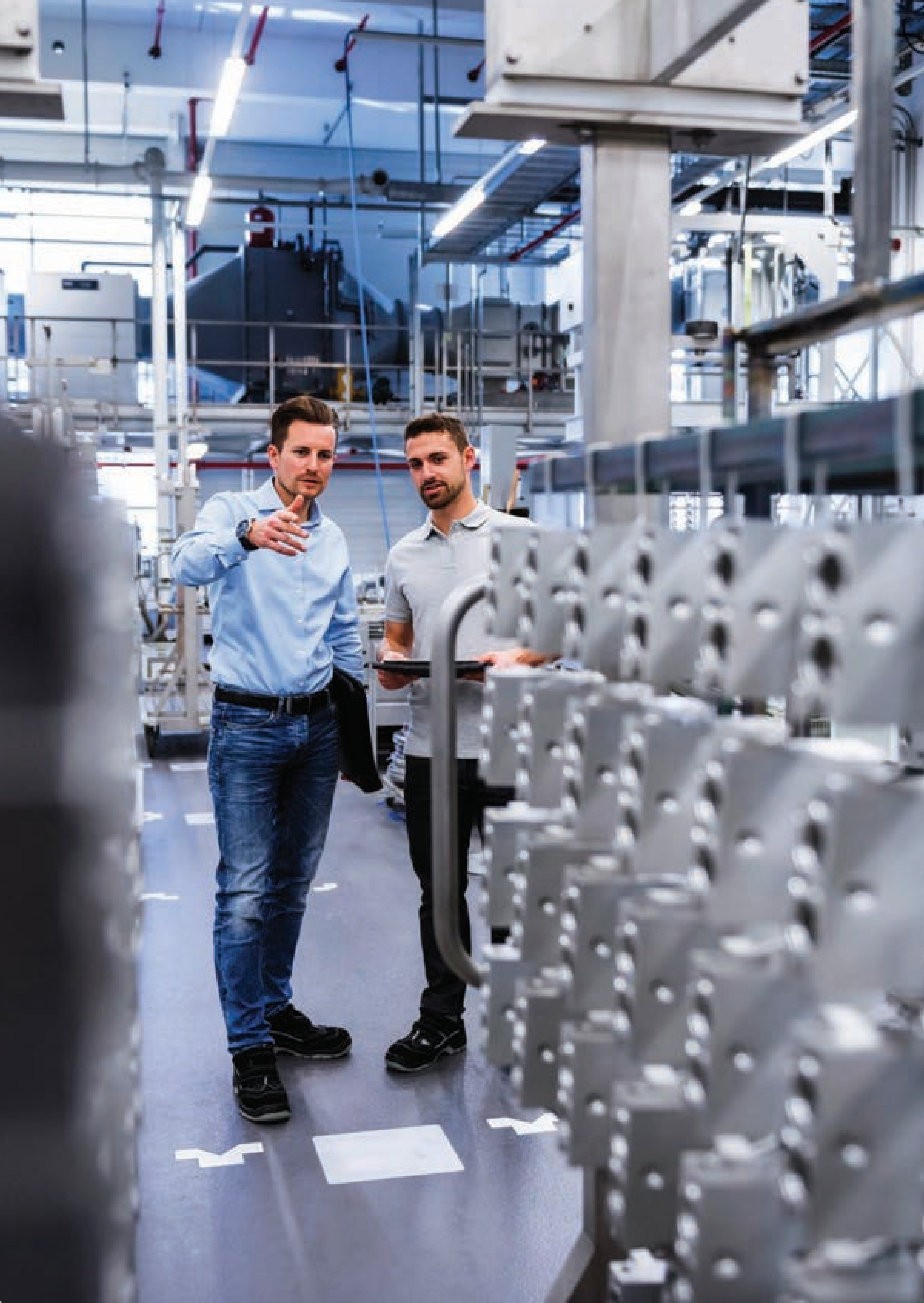
Coinbase: Year 1 TC: 435k || Year 2 TC: 400k
PROS: Growing industry
CONS: Worse WLB, questionable culture, lower comp

While this transparency is created and leveraged by governments, organisations and employees, it's important to remember that salary transparency is not always great when it comes to the individual. In fact - transparency of someone's wage history could have a negative impact on the offers they get while they progress in their careers or change jobs, and therefore their pay in the future.

To prevent this, the salary history law in New York (introduced in 2020) prohibits employers from asking applicants or current employees for their wage or salary history as a condition of consideration for employment or promotion, and from asking other employers for this information.

If we want to make the most of this transparency with a view of getting fair pay right, the focus should be on getting the right balance between organisational transparency, and individual privacy. Between organisations catching up with how various online platforms are creating transparency, and how their employees are requiring that transparency to take decisions about their careers, the key is to remain focussed on the bigger picture: knowing what the gaps and barriers to fair pay are, why they exist and what specific action can help narrow and completely eliminate them. ■

Dr Zara Nanu is CEO of Gapsquare



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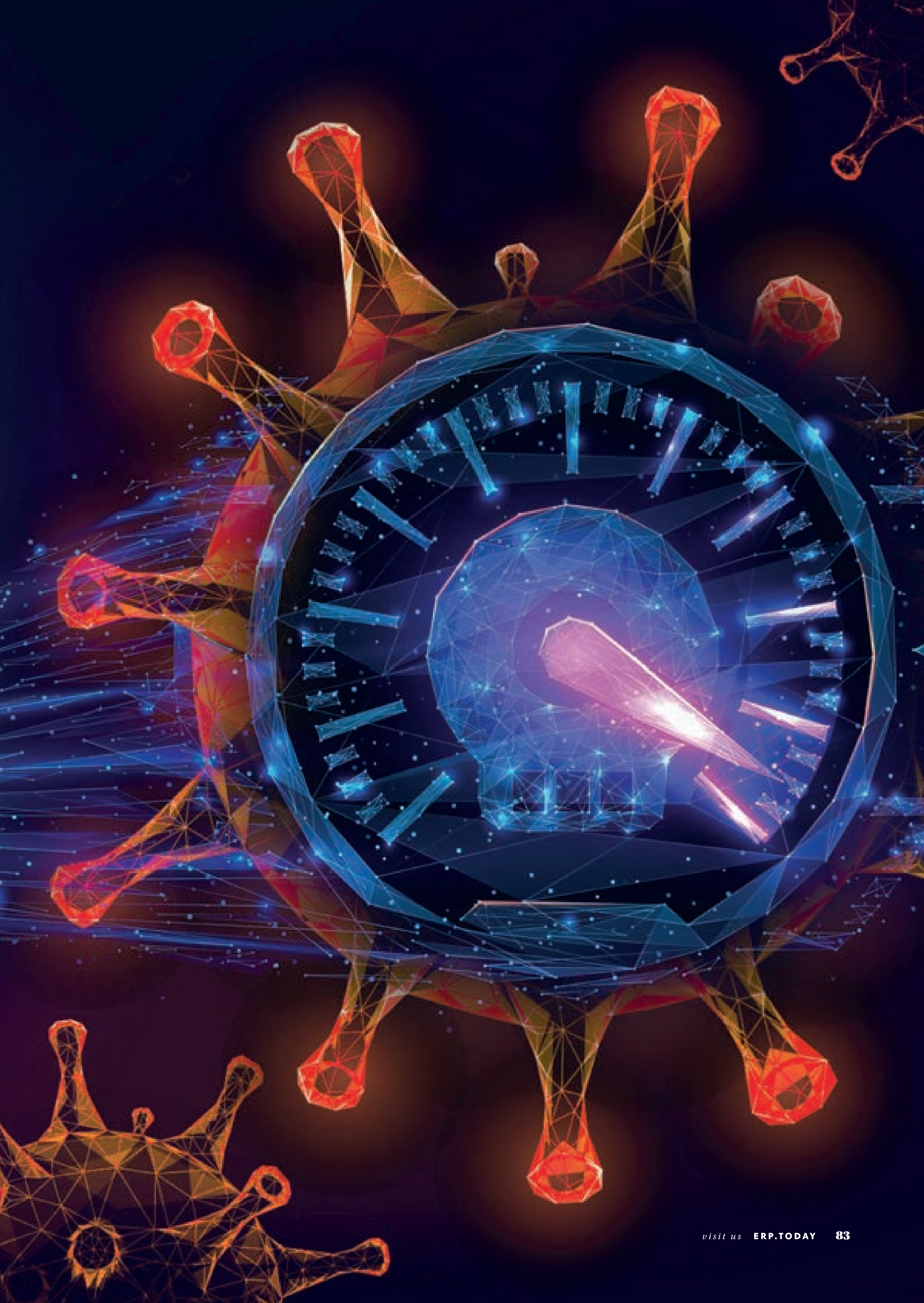
THE COVID-19 TRANSFORMATION OF BUSINESS TRANSFORMATION

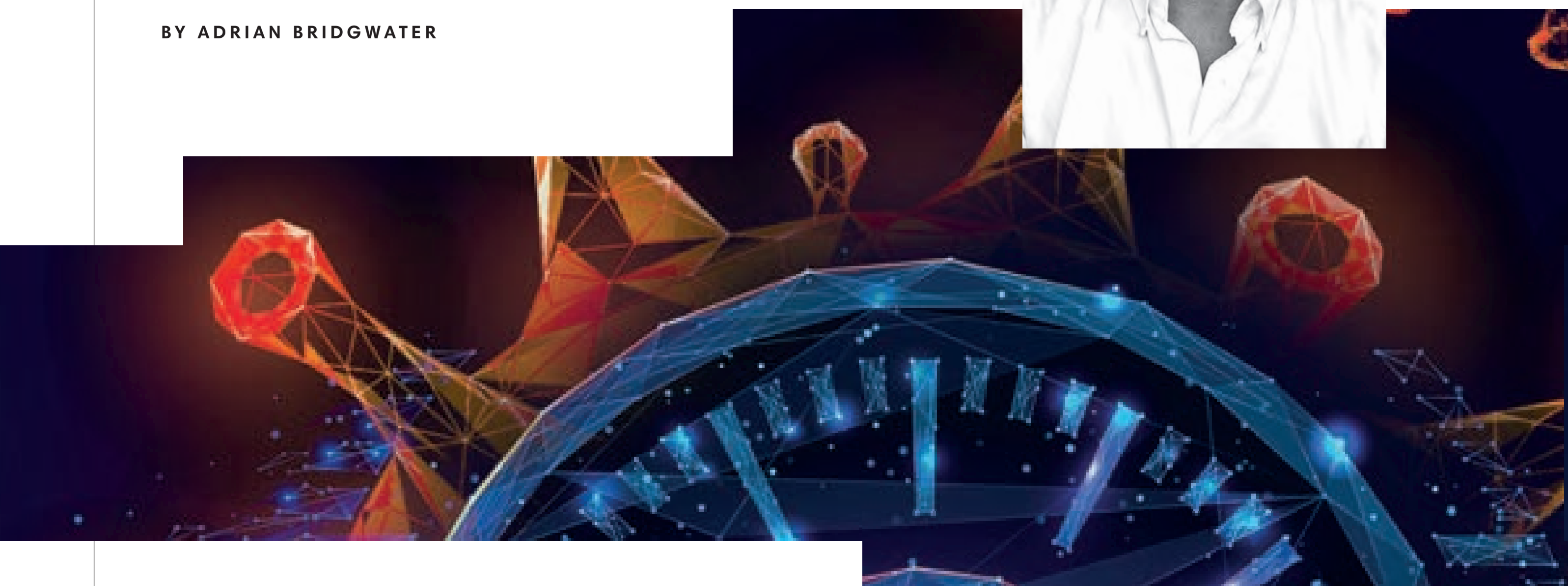
ACCORDING TO MANAGEMENT CONSULTANCY FIRM MCKINSEY, THE AVERAGE BUSINESS IN EMEA ACCELERATED ITS DIGITISATION BY A FACTOR OF SOME SEVEN YEARS OVER THE COURSE OF 2020.



DIGITAL TRANSFORMATION

We all know the extent to which global supply chains and entire national economies have been subject to upheaval and the need to drive reinvention over the last two years, but have we stopped to look at where digital change moves next?

BY ADRIAN BRIDGWATER



If you don't have time to read the full 'technology tipping point' **McKinsey** report, there's a web meme joke of sorts that might just put the picture in your mind even more clearly than might be initially comfortable.

Q. Who led your business transformation this year?

A. CEO
B. CTO
C. COVID-19

Spoiler alert: sorry but there are no prizes for getting the correct answer here.

This slice of web-shared mirth was recently tabled by Steve Sichtman in his role as VP of multi-channel development at **Jitterbit**, a company known for its API integration platform that companies can use to rapidly connect on-premises and Software-as-a-Service (SaaS) cloud applications in order to infuse artificial intelligence (AI) into any business process.

The enforced period of national lockdowns, **Zoom** calls and spikes in demand for goods and services (in-store and online) led to disruptions, product shortages and many cases of personal frustration, upset and worry. It was almost like a starting pistol had gone off and we needed to change the way we did some things almost overnight; business transformation simply didn't know what had hit it.

THE 2020 STARTING PISTOL

If 2020 was a transformation starting pistol, then it was a race to innovate at unprecedented speed and scale to service the needs of customers and connect employees who couldn't leave their homes. Companies that were slow off the blocks knew pretty soon that they might not make the finish line.

"Behind the scenes of the mad dash to keep the world turning, it was integration and ERP solutions that bore the strain of the accelerated transformation that was called for; these were (and still are) the connectors and management tools joining the dots between the hundreds, often thousands, of software solutions, platforms and technologies businesses deploy to deliver their products and services to customers. Those companies with automated solutions already in place had a head start in the transformation race," said a now carefully reflective Sichtman.

As we approach two years since the start of the COVID-19 pandemic, a report from Jitterbit entitled 'Integration and the Digital Road to Recovery' hopes to lift the lid on how businesses retooled their companies at warp speed to meet the challenges of the pandemic, with opinions and commentary from companies including **Wayfair**, **gohenry**, **Wave**, **LAUDA** and **FUNDA**.

The report dives into the anonymised data of over 2,000 Jitterbit customers between 2020 and the first half of 2021. It found companies in EMEA increased their investment in e-commerce integration solutions by 99 percent over the course of 2020 to meet the spike in demand for online services. Added to this, with remote work mandated for many and a reliance on communication tools to keep businesses running, investment in integrations to support 'employee experience' rose by 72 percent in the same period.

But while e-commerce and employee experience investment spiked, investment in integrations around the total customer experience actually fell across EMEA by 15 percent during 2020, having previously been the number one investment for multiple years.

A STRATEGIC SHIFT TO OPERATIONS

Jitterbit's reading of this shift - from analysing the data and conversations with customers - is that as the magnitude of the pandemic became apparent, companies shifted a portion of their IT 'management matrix' investment away from strategic applications delivering speed and features (customer experience) to operational applications dedicated to improving business effectiveness (e-commerce and employee experience).

"So while the glossy customer-facing front-ends and successful customer outcomes of the pandemic's transformation projects might grab the headlines, behind the scenes, the importance of integration solutions and ERP systems - the glue that held those transformations together - shouldn't be overlooked. Indeed, looking at these trends in integration, it's possible to make out the shape of wider macro events and forces impacting companies and organisations on a global scale," said Sichtman.

It's a point not missed in the report. Sichtman suggests the project came about because his company wanted to make sure lessons could be learned to make companies - and whole industries - more robust in the face of future technological and economic challenges, whatever they may be.

"In the haze and maelstrom of the early days of the pandemic, companies were answering numerous challenges at warp speed," recalls Sichtman. "How do we cut and contain costs? How can we get the data needed to decision makers in real-time? How can we serve customers whose behaviour is changing all the time? How do we do all this with our workforce now remote? But ultimately the narrative changed and the focus on operational efficiency was centralised."

"ULTIMATELY THE NARRATIVE CHANGED AND THE FOCUS ON OPERATIONAL EFFICIENCY WAS CENTRALISED"

STEVE SICHTMAN
JITTERBIT

MAPPING ERP TO WIDER FORCES

With this report, the intention was to see how businesses invested initially and then formulated their wider more holistic plans. The intention was to analyse just how far integration and ERP trends map to wider social and economic forces.

Jitterbit says it can pinpoint a double-digit increase in 2020 investment in integration for large ERP systems from the likes of **SAP** and **Microsoft**. This appears to demonstrate that companies were recognising the need to optimise and automate business processes during a time of intense change.

Interestingly, the data shows investment in what Sichtman and team have referred to as 'mid-market' ERP systems such as **Infor**, **Epicor** and **Sage** has more than tripled in 2020. This may be signalling **Gartner**'s predicted move to a 'post-modern ERP era' where monolith vendors are

increasingly replaced by a patchwork of best-of-breed solutions.

"Developing a custom ERP system comprising of multiple vendors, can deliver greater flexibility and lower costs, but requires more complex integration solutions to hold it all together. Once again, integration is under the hood, quietly determining the success of each and every business transformation," said Sichtman.

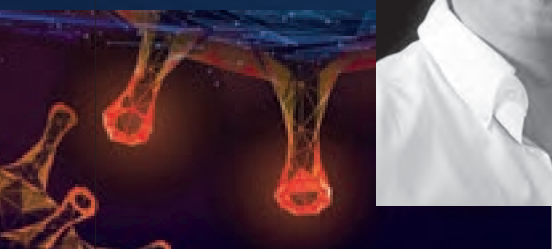
The data for the first half of 2021 already showed new trends in the choices companies are making - and all the signs point to businesses preparing for a new post-pandemic phase where speed and agility are key. From Sichtman's perspective, the trends emerging now all point to a need to move quickly and provide the highest level of product, service and employee experience in order to compete and survive, with companies turning to no-code/ low-code and microservices in readiness for the next stage of hypergrowth.

Even if the worst of the pandemic is behind us, the data tabled in this study appears to show that the medium to longer term effects leave consumers more digital, workforces more distributed and businesses with new expectations in terms of how quickly they can transform.

THE ERP HYPER-AUTOMATION-ANCHOR

"Looking even further ahead, I predict ERP to outgrow its current position, where it's nestled deep in organisations with decades of history of development. We're looking at a rebrand; ERP will go from being seen as a 'solution suite', to a sort of hyper-automation-anchor driving business outcomes. We'll also see more real world uses where AI, IoT and blockchain make the most of what ERP offers," concluded Sichtman.

The Jitterbit team point to a future where the currently preferred hybrid on-premise cloud model of ERP deployment is wound down. Although they admit that it's hard to predict exactly when this will happen, the weight of pressure here suggests that a wider move towards cloud is likely. This will herald the uptime of what they call 'full SaaS' i.e. cloud-based ERP run by a cloud services provider (CSP).



BEN LINGWOOD / LEMONGRASS CONSULTING

"OUR CLIENTS BECAME AWARE THAT ON-PREMISE TRADITIONAL OPERATIONS REPRESENTED AN UNACCEPTABLE RISK"

The SAP community, partner and specialist systems integrator and consulting services ecosphere reports many of the same thoughts and experiences that Jitterbit has tabled thus far. SAP-centric software-enabled services provider **Lemongrass Consulting** (like many in the enterprise ERP space) hasn't necessarily 'hurt' throughout the pandemic and has seen its services called upon in full capacity across people, processes and technology.

Ben Lingwood, chief innovation officer at Lemongrass Consulting reminds us that for the majority of customer implementations, the SAP quotient is among the slowest moving systems in the total IT estate. But he says, the early stages of the pandemic forced that to change as remote working had to be enabled and the knock-on effect to system configuration and infrastructure demands rapidly re-adjusted.

POLARISED RESPONSE BEHAVIOUR

"Our clients became aware that on-premise traditional operations represented an unacceptable risk with both technical supply chains and resource availability becoming disrupted. So, we saw a polarised response to SAP-centric transformation projects, either accelerated to leverage the lockdown window inside which business disruption in the form of business transformation could be accommodated, or conversely, being pulled back as funds and risk concerns heightened," said Lingwood.

The lasting transformative impact Lemongrass has seen above all else is the demand for SAP on cloud, which the team say has been supercharged and now represents a defacto deployment model. At the same time, customers are said to be 'aggressively adopting' a DevOps approach to SAP workloads at rates of change unheard of only a few years ago. Future ways of working being brought rapidly to life from normally slow moving strategy roadmaps.

"This has created another behavioral side effect," said Lingwood. "Organisations are now making early decisions on their journey to SAP S/4HANA either going 'all in' embarking on an SAP S/4HANA transformation, or deciding to continue performing technical upgrades on their current versions. For us, the positive side effect of COVID is our SAP on cloud ecosystem is now fitter (new agile processes), leaner (leveraging automation and DevOps) and quicker (digitisation of operate services) than ever before and a trend we fully expect to see grow and develop well beyond the COVID-era."

Jitterbit's and Lemongrass' broader stance on this whole topic is widely resonated. Concurring with many of these technology propositions and commercial validations is Chris Williamson in his role as director for partner and alliances EMEA at **Boomi**. Known for its work in the integration Platform-as-a-Service (iPaaS), data intelligence, process automation and API management competency, Boomi has witnessed firsthand the rush to digitalisation, which has yielded many successes, but has clearly also taken a lot out of businesses.

CHRIS WILLIAMSON / BOOMI

DATA DISARRAY & DISCONNECT

"It has obviously not been easy for all businesses to adapt so quickly while everyone has been working at home, or to hire new talent when the business is under a strain not seen in living memory. Some of our own findings at Boomi are that existing applications or data sources are often disconnected and are nearly always in a complex state of 'old and new version' disarray and disconnect," explained Williamson.

The Boomi team say that the challenge is compounded by the fact that working systems are often subject to multiple entries of customer or individual data records in various formats. Across the enterprise IT spectrum, vendors appear to agree that any organisation's journey to transformation needs a big push towards optimising ERP systems; Boomi insists that it has strong capabilities to help with this process using what it calls its branded 'Integrated Experiences' methodology and subsequently Boomi has increased its focus on ERP modernisation as a strategic priority and enjoys working with leading ERP vendors like **IFS** creating joint solutions to aid the transformation journey.

Boomi supports enterprises when integrating core systems and data sources using its Atomsphere platform in both cloud and on-premise architectures, supporting full lifecycle API management.

"We also help automate manual processes and reduce the need for manual intervention with Boomi Flow. Lastly, to help manage data more effectively we would help them discover what data they have with Boomi Data Catalog and Preparation, where that data resides and then provide a data optimisation exercise using Master Data Hub to synchronise and enrich their data across their application landscape," said Williamson.

THE TRANSFORMED FUTURE

For many of us that have heard the term digital transformation perhaps one too many times, the words themselves may be at risk of losing their lustre through hackneyed overuse and disrespect.

What we can say is that digital transformation has moved from being a medium to long-term aspirational objective to becoming a much more short-term operational imperative. If this reality serves as a wake-up call driving enterprises to retire legacy systems that have passed their best before dates, then all well and good. If it further encourages organisations to grasp the nettle and embrace new technologies - in securely sandboxed zones where prototypes are still subject to testing against real world data flows - then all the better.

Post-COVID digital transformation then? Yes okay, but please still wash your hands. ■

Experience and productivity

PLATFORMS THAT DELIVER VALUE THROUGH EMPLOYEE ENGAGEMENT

BY MARK SWEENY AND LIBBY MASON

Double trouble for this digital edition so I thought I would pull in some additional expertise and commentary again from Libby Mason, recognised organisation and change management expert. So, here's another episode from the Mark and Libby show...

Over the last 18 months we have seen the constant rise in the industry narrative from the SaaS cloud platform providers regarding the importance of delivering 'experiences that matter'. Historically this narrative was heavily focussed on the end customer, but with a tectonic shift in how we manage our work and our workforce there is a wave of experience platforms which are now focussed on the employee as the customer.

SaaS ERP cloud over the past decade has delivered capability through leading business processes; whilst this is no longer new, it provides the foundation of any enterprise change as this becomes the base for future innovation. We have seen in the last few months that even the likes of **Oracle**, which is clearly one, if not the market leader of ERP and HCM SaaS cloud technology reacting to the relentless onslaught from the likes of **Salesforce** and **ServiceNow** with its 'Oracle journeys' in regard to the experience economy.

The gathering momentum around delivering relevant, timely and easy to access experiences to employees is fast becoming an element in any company's competitive advantage. This is becoming the new benchmark in the digital world. Organisations in both public and private sectors are now making the link between improved employee and business performance, enabled by SaaS cloud platforms, delivering better services to their end customer by enabling their own workforce to do their jobs effectively.

> "Cloud is a journey; you're not going to get there all at once

Future blueprint – building value through great experiences

Whilst everyone seems naturally to dive immediately into 'digital journey mapping', which is a necessary activity and usually accommodated by a nice set of PowerPoint slides, let's step back and address the basics.

- What business outcomes are most important and what value does it create for your organisation?
- What operating model do you need to have in place to enable that?
- What data do you need to support that?

Start with the end

A lot of organisations fall into the trap of buying shiny new tools and then going to find problems to fix with them without really understanding which challenges are the most important to solve or which opportunities to prioritise. Cloud is a journey; you're not going to get there all at once, so start with the experiences that are most important to building value and momentum for your organisation and determine which parts of those experiences are critical to quality. It will be different for every organisation and will span every process area from recruitment and onboarding, to procurement, to invoicing. Consider what you need to get right to succeed.

Get your business model right

Even when technology is deployed in the right way, if the operating model isn't right, and the right employees are neither empowered nor have the right skills to do their jobs, then organisations can't succeed. The people and organisational side of the equation is and always will be just as important. Experience platforms depend on having the right people doing the work, in the right place in the organisation, with the right skills and behaviours - getting this aligned up-front means we need to consider how to adapt our business to work in a new way. It will mean new roles, new skills, new behaviours and a new business logic to drive enhanced workflows.

The cloud SaaS design principle of 'adopt, not adapt' has not gone away. You need to decide up-front which technology platform's processes you wish to 'adopt' as they all work differently - a 'vendor agnostic' strategy when designing the operating model only leads to significant rework. It's like putting the cart before the horse, so don't sit on the fence, as technology platform choice is not something you should kick down the road.

This is not an easy transition to make for many organisations. Trusting and empowering employees at the right levels in organisations is the best way to reduce unnecessary hand offs and eliminate waste in processes. This means challenging traditional approaches to managing control and often means reshaping individual and whole teams' roles and accountabilities.

Understanding organisational maturity will help to prioritise investment in upskilling and improving in areas where the experiences will have the greatest impact.

> **Trusting and empowering employees at the right levels in organisations is the best way to reduce unnecessary hand offs and eliminate waste in processes**

Understand the data and get it right

The data architecture of an organisation is absolutely critical. How many times do we come across poor quality data being held in siloed applications? For experience platforms to deliver genuine value, organisations need to spend more time thinking about the data model (including the end-to-end business logic like workflows, approvals).

At a minimum, deploying an ERP SaaS cloud system becomes the first step in capturing and maintaining standardised datasets through the execution of standardised business processes. Elements to consider:

- What are the events that trigger action?
- What is the data needed at that moment to drive action?
- Where does the data reside, and how can it be proactively 'pushed' to the employee?
- What supporting content is required in the moment, where is it and how is it accessed?
- What element of the experience drives the underlying business process?
- How do we make the execution a subconscious exercise?
- How do we get real-time feedback to ensure continued relevance?

For employees to be effective in the moment, they need the right data at their fingertips enabling informed decision making.

Who is leading the way?

Done correctly, successful organisations: focus on business outcomes; break down delivery silos; create positive employee experiences without frustration and perceived bureaucracy; and consider human behaviours alongside technology fit. Examples include:

Lloyds Bank deployed ServiceNow to address the problem of managing complex IT infrastructure across 100,000 people where data fragmentation across such organisations is commonplace in the financial services industry. Lloyds now has a cohesive view of its critical business processes. This has led not only to significant improvements in control, cost reduction and regulatory compliance but more importantly it has empowered employees, reducing frustration in the process! It also now has an experience platform for building continuous improvement across all areas of the business beyond the back-office enterprise.

Unilever is another example of an organisation which is leading the way in unifying the employee experience across its ERP/HCM cloud estate. Salesforce is deployed as the seamless engagement layer over their estate to simplify employee interaction, whilst still taking advantage of SaaS standardised business processes. This strategy has significantly improved employee productivity and reduced the reliance on employee helpdesks.

Eye on the prize

Experience platforms offer the potential to unlock significant value, enabling organisations to deliver performance enhancing services to their employees. This prize can only be achieved when you understand what is important to your organisation; know the cloud SaaS technology you are going to deploy and put in place an operating model and the data you need to support achieving that ambition. Without it, you will be left wondering why you're not getting the value and what is wrong with the technology......spoiler alert, it's not the technology! ■

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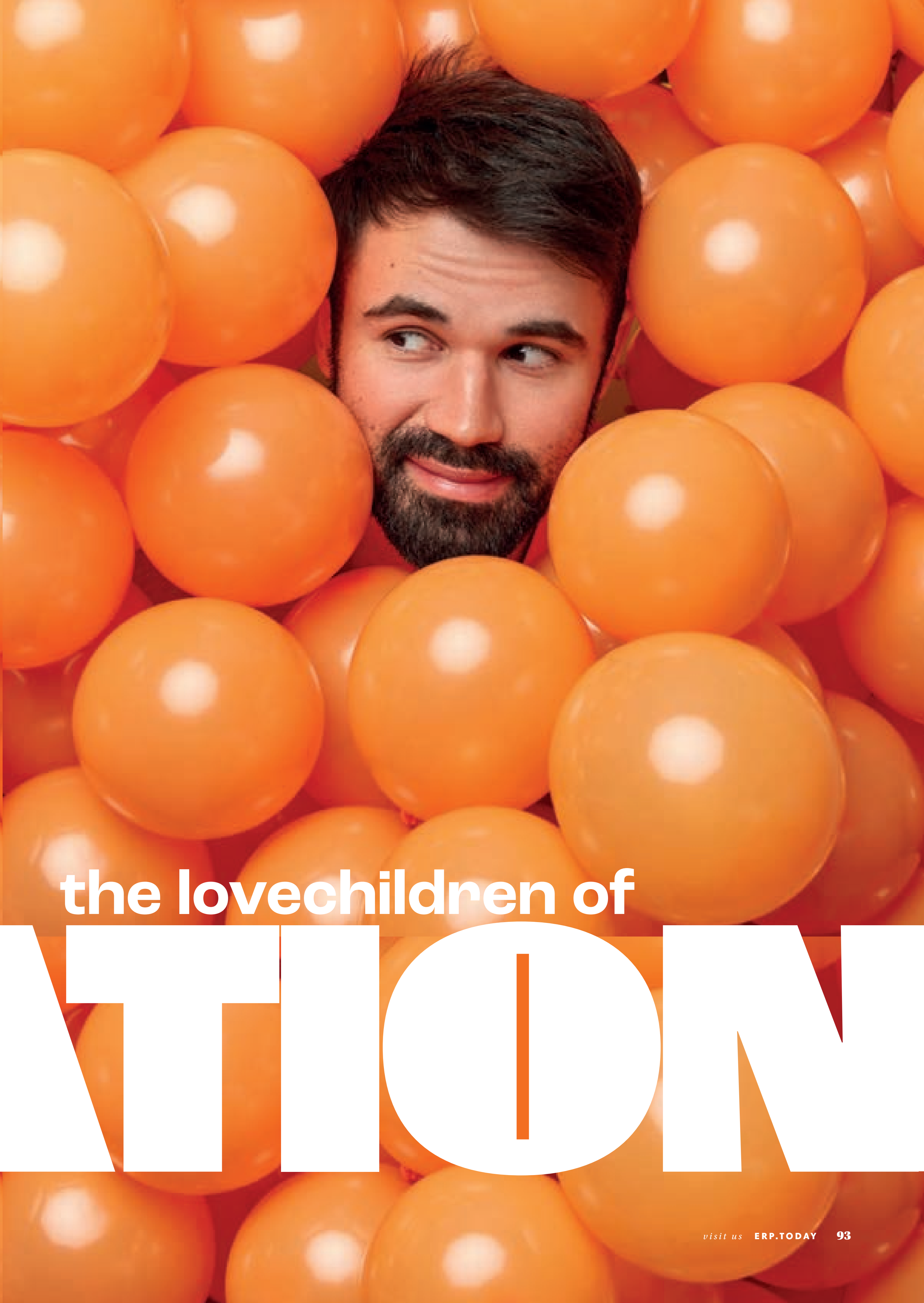
Mark Sweeny, founder and chief executive, de Novo Solutions
Libby Mason, founder, Alluvion Consulting

ERP and HR systems

INFLA



the lovechildren of

ATION

OPINION

When inflation and high interest rates last got together in the 1970s, they spawned the love-child of ERP and drove a revolution in materials and cost management. Today, inflation and interest rates are flirting with each other again, only this time they will drive a revolution in people management and human resources. BY TOM HOLMES

It is a subject close to my heart. Veran Performance, which I co-founded, has spent the past decade advising and helping businesses through HR, payroll finance and procurement business cases to justify and fund ERP programmes. At Veran we have a ringside seat on the impact rising inflation and high interest rates – separately and together – can have on business cases for all sectors. Our role is to help businesses put in place systems, processes and the technology to achieve positive digital transformation of back offices and these reflect our detailed understanding and planning of macro-economic issues that affect them.

To better understand what is happening now, I wanted to go back to that early history of how inflation and high interest rates created the ERP world as we know it. That history should give us clear lessons about how to grow and protect our businesses in 2022 and beyond.

Way back – the birth of ERP

Much like now, in the 1970s inflation and interest rates were raging. Expensive materials hanging around in our supply chains became a massive drag on growth. To put this into context, if you left £100,000 worth of steel lying on a dock for a year in 1974, it would cost over ten percent of its value just to leave it there - and that's without the storage costs and any degradation of the steel itself.

With justification, that was then seen as the biggest single problem for businesses. Companies needed to make an extra ten percent profit just to stand still, to make up for the capital cost of materials stuck in their supply chains.

A revolution in productivity was required and this came in the guise of materials resource planning (MRP), the first version of our current ERP systems. The names of these MRP tools remain familiar to those of us who have been in the industry for many years; early companies included **SAP** with R/2 in 1972, **JD Edwards** founded in 1977, **BAAN** in 1978 and late starter **Oracle**, in 1987. At the start of the 1970s, there was a handful of companies using these tools, and by the end of the decade over 700 businesses had deployed one or another of these technologies.

Businesses invested huge sums in these tools to manage their supply to minimise materials and drive huge productivity growth. This productivity drive came about by answering three key questions: what materials are required; how much is needed; and when must they be delivered?

THIS PRODUCTIVITY DRIVE CAME ABOUT BY ANSWERING THREE KEY QUESTIONS: WHAT MATERIALS ARE REQUIRED; HOW MUCH IS NEEDED; AND WHEN MUST THEY BE DELIVERED?

Roll forward to 2022

Half a century on from this revolution in how businesses managed materials and costs, and we stand again on the brink of a revolution. This time it is all about people.

Experts are predicting inflation and interest rate increases. The **Bank of England** increased interest rates in December 2021, and manufacturers are raising prices. Factory gate inflation of up to 10 percent is being 'built in' to customer expectations according to **Make UK**, the highest reading since it started to monitor inflation expectations in 2000.

Given the return of these twin pressures, it's time we all considered their impact on the fortunes of ERP and human resource management tools. Here are my predictions, using the past as a guide:

1. Much stronger business cases

The first impact we're likely to see is much stronger business cases, particularly those that are HR and people based. Whilst the 1970s were characterised by a need to deal with material costs and the supply chain, those in 2022 are much more likely to be focussed on people and how to drive better productivity in our human capital costs.

I've seen this effect already on the HR and ERP business cases I have been writing for my clients. The increases in those two little boxes of 'Interest Rates' and 'Inflation' on the top right of the calculation sheets have powered those business cases. As the numbers have risen from around the one percent I've been using for the past ten years, they are compounding any savings I can identify and magnifying the value of these by two, three or even ten times multiples.

It means cases that we might have thrown out a couple of years ago now make sound economic and commercial sense, so much so, that they are becoming must do projects.

After 15 years where both figures have been consistently hovering around zero, it's a surprise return to business cases that soon add up, for what we now call digital transformation.

2. Projects that drive people digital transformation

Digital processes and systems hold the key to human-centred workplaces. Rather than competing with digital transformation and any threat it might have to roles, it is time to fully embrace it.

Whilst we've seen the digital transformation of our front offices in the past few years, we're going to see the same revolution in our HR back offices. This digitalisation of the back office is a direct response to inflation in costs of people and the acute shortages of skills that have emerged in recent months. The shortage has been accelerated by the COVID-19 pandemic, a move to remote or hybrid working and the so called 'Great Resignation'.

We will be looking for HR systems to answer accurately the key questions of 'who is needed', 'how many people we need' and exactly 'when they are needed'. Of course, it will go further than this. They should be tools which retain as well as attract the right people. Over time HR systems should give executives information to help them make decisions about talent, how to build their teams, and how to shape careers.

THEY SHOULD BE TOOLS WHICH RETAIN AS WELL AS ATTRACT THE RIGHT PEOPLE. OVER TIME HR SYSTEMS SHOULD GIVE EXECUTIVES INFORMATION TO HELP THEM MAKE DECISIONS ABOUT TALENT, HOW TO BUILD THEIR TEAMS, AND HOW TO SHAPE CAREERS.

3. Real visibility of people spending

Having the right people with the right skills is only part of the answer for this new workplace revolution. If we go back to the 1970s, it wasn't enough to simply identify the right materials, it was also about driving productivity growth.

In the 2020s, it is about identifying the right people and then working out how they too can drive any productivity improvements. Detailed understanding and visibility of people costs is becoming critical. Any projects that bring this visibility fast, allow interventions and improvements to be made. Businesses are looking to tools that will give answers quickly, differentiating those roles that are strategic and those that are not, and effectively targetting those areas for productivity improvement.

It is here that the story comes full circle. The development of projects and tools that allow us to eliminate the non-strategic and automate the strategic mirrors the automation that happened during the last phase of high inflation and interest rates half a century ago.

Whilst the focus then was on materials and the management of those materials, this time, I firmly believe the focus is more personal.

Rising inflation and interest rates helped bring about a fundamental change in productivity once before. Today their lovechildren are bringing about a new change; they are ensuring we are getting the best from our teams and that we're giving them the right tools to deliver to their best. Underpinning all this is a need to innovate, to streamline processes and to take advantage of technology that can transform businesses. For businesses that are grappling with how to better support, motivate and incentivise their workforce, they could now be on the brink of a new and exciting revolution. ■

Tom Holmes, founding director of Veran Performance


CLOUD
STRATEGY

CLOUD PLATFORMS

Cloud is the biggest growth market the world has ever known and every business must adopt a cloud-first strategy to stay relevant. But, as cloud matures and vendors discover new ways to build and deliver services, enterprise leaders face a baffling array of options and opportunities.

CLOUD PLATFORMS

Why verticalisation is key to software development

As cloud solutions evolve, there is a shift from horizontal to vertical industry-tailored applications. **Bonnie Tinder**, CEO at Raven Intel, explains why this shift is taking place at breakneck speed and what it means for customers.


In enterprise software
– one size fits no one.

VERTICALIZATION

In enterprise software – one size fits no one. But, in the early days of public cloud software, vendors have done just that and built horizontal applications, or those that have had to fit a wide variety of customer types. As more and more companies have leaned into cloud applications and customer demands have increased, leading software vendors have provided innovation and adopted industry verticalization as a primary strategy to help them stay ahead of the curve and prioritise what's most important: the customer experience. For many businesses in the past, moving core business applications to general public clouds was burdensome because they had so heavily customised on-premise applications or legacy industry-specific software. Moving to the cloud would mean sacrificing required functionality - or necessitating customisations which are time-consuming and costly. The rise of industry cloud software has the potential to accelerate digital transformation and take the risk out of cloud migrations, as well as providing an enticing proposition for many businesses that have been slow in the move to cloud applications.

Benefits and long-tail effects of verticalization

Verticalization brings both long-tail and immediate benefits to the vendors, consulting partners and end customers who utilise this approach. For vendors and partners, it requires hiring and training industry-specific focussed experts within all core job functions of the organisation – particularly within sales and product development. This focus allows for a greater level of understanding of customer business needs, industry best practices and development of niche customer references and materials, alongside a keen understanding of industry-specific trends and nomenclature. It also helps attract and build credibility with potential customers during the sales process and implementation. Software vendors who view the market in verticals and build for these audiences will also drive better adoption of the technology, decreased training time and build more loyal customers.

For customers, this approach provides immediate access to tools and applications optimised for specific industry use cases, as well as APIs, common data models and workflows tailored to common needs. Choosing a software vendor and partner that have deep industry knowledge and expertise can provide access to best practices and methodologies which would not be possible with horizontal software.

Challenges providers face

Conversely, the same benefits to verticalization can cause challenges for software vendors and consulting firms which lead transformation efforts with clients. With a focus toward creating unique products and experiences for each vertical, there's an expectation not only to build highly customised functional tools but also to be on the leading edge of technology. If a vendor or partner focusses on multiple industries (as many do), the same quality of people and product expertise needs to cross all vertical business units. In addition, every product line needs to have integration capabilities with various other industry-specific software. Market factors may also impact supply and demand. For instance, during the height of the pandemic, the demand for digital transformation projects and software for retail and healthcare soared, while higher education waned. Staffing and resources will be impacted differently depending on the industry's economic climate. While every industry may have similar needs for 75 percent of a particular type of functional software, the tailoring and nuances of the other 25 percent can be vastly different. For example, in a human capital management (HCM) system, all companies need to hire, compensate and manage employees, but the nuances between a predominantly white-collar financial services organisation are vastly different than that of a retailer with a highly distributed, predominantly hourly workforce.

For customers: what to consider

1. Support to scale and team resources with industry expertise

One of the greatest benefits of cloud applications is the scalability it enables within organisations. Decision makers should look at vendors that can support their future state organisation and make it easily possible. Vendors who can clearly demonstrate examples of other customers of the same size and scale, with support staff and partners who are trained not only as system technicians but who have a high degree of industry-expertise, is key.

The cloud also enables organisations to reap the benefits of instantaneous software updates and constant data backup, helping to keep their organisations running safely and securely with minimal maintenance required. Server response time is reduced and strengthened across the globe, making it possible to offer more reliable service to customers regardless of the customer or organisation's physical location. Other organisations might be looking for scalability and support to automate and accelerate an area of their business, or allow for the expansion of a new service line.

For retail organisations, curbside pickup didn't exist five years ago. However, with a strong technology stack and cloud infrastructure behind them, retail organisations were able to use their software to create a new experience for their customers – from customers having visibility into store-specific inventory to being able to notify team members about which parking spot they're in for curbside pickup.

This need doesn't end with the cloud software, though. Such a large change in cloud infrastructure requires a strong implementation partner to help make the most of your new software. Your chosen partner needs to have a team of experts who know how to maximise your choice for your industry and are familiar with the way that their chosen software can scale - including any limitations it brings.

"Such a large change in cloud infrastructure requires a strong implementation partner to help make the most of your new software. Your chosen partner needs to have a team of experts who know how to maximise your choice for your industry"

Overall customer satisfaction is higher when a support team's system expertise is rated well

SENTIMENTS RATINGS (OUT OF 5)

Implementation Process	Responsiveness	Systems Expertise
3.84 /5	4.01 /5	4.4 /5

Flexibility	Consultant Quality
3.95 /5	3.89 /5

Peer review site, **Raven Intelligence** measures project success through reviews written by customers who have recently gone through a digital transformation project. When a software implementation team's systems expertise is rated at or above 4/5, the overall satisfaction score is likely to go up an average of 1.5 satisfaction points (out of 10). Rather than adapt your processes to the software, your expert consultants should be helping you make the software work for your organisation and understand how to work around any limitations that come with it, not the other way around.

"Experience and knowledge of consultant(s) are key. Ensure the consultant knowledge goes beyond theoretical and possesses practical system and implementation experience. Ability to understand and document business processes and practices and offer 'best practice' recommendations AND translate those to system configuration is also key." (Quote from business lead from a manufacturing company implementing SAP SuccessFactors with Rizing HCM).

2. Intuitive and forward-thinking experiences

A key benefit of verticalization is that cloud providers know exactly who their customers are, and they can build for their exact needs. Customers shopping for a cloud solution will expect intentionally built solutions and will be quick to drop solutions that don't truly cater to their demands.

In order to do this, cloud providers will need to invest in a team of experts in any given industry within which they offer solutions, allowing these teams to build based on their own expertise and knowledge. Having 'walked

VERTICALIZATION

the walk' before, these experts will have a far better understanding of the functionality, integrations and future enhancements needed for a successful and empowering customer experience which not only attracts customers but retains them.

This also enables the product builders to help anticipate new features that will be needed as the market changes, how they should be built and how to prioritise enhancements. Time-to-market will also be decreased, as there won't be extended time spent trying to learn or survey the market since the team behind the scenes isn't new to the industry. These expectations will hold consistent to the consulting partners supporting implementations, as customers need partners who can help them think beyond 'the way it's always been done', adopt best practices, and maximise their cloud solutions.

"The consulting partners supporting highly regulated industries have even more pressure to be industry experts and will have a higher demand for certifications and experience"

3. Data security and compliance

The transition into remote work means that organisations are at an increased risk of attack and since March 2019, the **FBI** has reported a whopping 300 percent increase in cybercrimes, phishing and ransomware attacks as consumer expectations and data security requirements only continue to rise. Customers seeking out a new cloud provider will have specific requirements of data security, compliance and regulation requirements needed for them to even consider making a move to a new solution.

For healthcare cloud providers, compliance with the Health Insurance Portability and Accountability Act of 1996 and patient data will be at the forefront of the mind when designing the user experience, but, further than that, the authentication and user roles that can access said data. For financial institutions or organisations that process payments, being mindful of Payment Card Industry Data Security Standard compliance will be critical when building software that creates user permissions, tracks activity and protects cardholder information.

While these responsibilities ultimately fall back on the organisation itself, cloud providers that check the box for their basic requirements are far more likely to acquire customers and retain them. The consulting partners supporting highly regulated industries have even more pressure to be industry experts and will have a higher demand for certifications and experience in a given requirement, as a misunderstanding of a requirement or process can have drastic impacts on the organisation and its ability to service its customers.

4. Enhanced focus on collaboration

As customer expectations continue to rise, an enhanced focus on collaboration will also be non-negotiable when looking for the right cloud solution. Communication and collaboration no longer happen in the places that they used to, but that doesn't make them any less critical to the success of an organisation. Cloud software built right for an industry should break down barriers between departments and build trust between the customer and organisation. Similarly, consulting partners used will be held to the same standards and organisations will expect strong communication and collaboration throughout the implementation experience.

For example, retailers need the ability to communicate with customers to let them know inventory levels, delivery estimates and store information, and their cloud software needs to support these activities and requests. Doctors, nurses and medical facilities need to be easily reachable and offer the ability to schedule and ask questions, while keeping patient data safe. This might also mean connecting various different operating systems into a single source of truth to enable more efficient collaboration between teams.

Wrap up

As organisations continue to turn to the cloud, the number of options available for them to choose from grows exponentially each year. In order for these cloud organisations to be successful and meet the demands of their customers, verticalization will be a key strategy to attract and retain users. But that doesn't mean verticalization won't impose challenges – rather, it will require organisations to invest in specialists for each vertical and educate their team to fully understand customers' needs. The most efficient and effective cloud vendors will be identified through their deep approach to vertical functionality with a strong internal team and implementation partner ecosystem to provide the support customers need. ■

INDUSTRY SUPREMACY

THE FINAL

Ever bought something new

FRONTIER

to find that it's actually something

FOR CLOUD

old in a different wrapper?

BY PAUL ESHERWOOD

There are some great examples of deep domain experience, regulatory compliance and finely tuned capability - but there is also a lot of vapourware out there too.

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If there is one thing that the enterprise technology sector is a master at, it's the ability to conceive of new ways for large businesses to part with their cash. The relentless pace of development in software and services dishes up a new 'must have' opportunity on an increasingly regular cadence.

Businesses are fearful of being left behind in the ultra-competitive digital marketplace and many dive in headfirst before the proposition has matured for sufficient evaluation to be possible. Some commentators say it's the biggest growth market the world has ever known - and that may be the case - but mixed in with all the stuff that is useful and has value is a load of other stuff which the vast majority of users never exploit but somehow end up paying for.

Take cloud infrastructure as a prime example. Cloud can mean many things to many different people but we have all come to accept that it is some sort of remote hosting services for applications and data - maybe we run SaaS apps in the cloud, maybe we use cloud compute for data and analytics, or we might just be grateful that we have ditched the server room and that's the extent of our understanding?

The first iterations of cloud were called private cloud (amongst a few other things) and they were essentially a remote server that was a direct replacement for the one you had in your server room or data centre. The public cloud emerged with vendors like **AWS**, **Microsoft** and **Google** offering a different kind of cloud opportunity - one that you shared with other users, could scale up and down based on consumption and that delivered pre-configured security, patching and guaranteed uptime. For a variety of reasons, enterprises were concerned that 'putting all their eggs in one basket' could lead to problems so the concept of multi-cloud took hold where enterprises shared workloads across more than one vendor. At the same time, others started developing the hybrid cloud model that utilised a mix of public and private cloud environments. The latest iteration of cloud infrastructure is focussed on industry specificity - supposedly unlike vanilla public clouds, these industry solutions tailored to the unique requirements of a vertical market are the fifth or sixth iteration of a concept that is barely ten years old.

To understand just how much substance was behind these new industry solutions, I spoke to four senior execs from Google, Microsoft, **IBM** and **SAP** and posed a series of questions.

Being in the club

We all like to have an identity and belong to a club so the idea of being in the 'retail cloud' is an attractive prospect for ambitious shopkeepers. It's an easy sell for cloud vendors because the promise of a solution that is finely tuned for an industry that comes with out-of-the-box functionality offers the ability to hide some of the complexity

But customers need to be aware of the limitations of some of these new flavours of cloud and interrogate how much deep functionality there really is inside vertical platforms. In some cases, a vendor's vertical offering is very similar to their generic environment with a new front door and some light touch features. In others, the depth is far greater delivering highly focussed regulatory compliance finely tuned for that industry.

I asked Lori Mitchell-Keller, global leader of industry solutions at Google Cloud, why industry specific solutions were becoming so popular and what buyers should consider when looking for an industry platform partner. "Although companies understand that they need these solutions, many don't have the time, money or even the skills in terms of artificial intelligence, machine learning and data analytics, to build those solutions for themselves," she said.

"It's important to understand that there's a lot of real engineering work that needs to go into industry clouds and I do believe that some vendors out there are not really building new stuff. Some of the industry clouds out there are just infrastructure with a different label or architecture - they're just putting a wrapper on it.

"Google is different and we are really doing a lot of research with our customers on what needs to be in the industry clouds. The people that I hire in my team are very different from your classic software people. The person that runs my financial services industry is the former chief digital officer at **Wells Fargo**. The person that runs my retail industry is the former chief digital officer at **Neiman Marcus**. The person that runs my consumer products industry is the former president of personal care at **Kimberly-Clark**. You can't teach domain expertise. You either have it or you don't."

"It's important to understand that there's a lot of real engineering work that needs to go into industry clouds and I do believe that some vendors out there are not really building new stuff"

LORI MITCHELL-KELLER / GOOGLE

Why are industry clouds so hot?

I asked Peter Maier, president of SAP industries and customer advisory, why vertical clouds were so hot and whether they were fundamentally different to the kind of generic public cloud we have become accustomed to. He said: "Vertical cloud is just another word for cloud solutions that support the core business end-to-end processes of customers in their industries - in contrast to cloud solutions for administrative business processes. Customers always focus on their core business which is defined by the 'vertical' or 'industry' they operate in, simply because that's where they win customers, generate revenue and fight for market share. And that's what ultimately matters to business executives."

Shelley Branstén, corporate vice president of global retail and consumer goods industries at Microsoft told me that the idea of an industry focussed cloud solution is not a new concept but has been driven up the corporate agenda by external factors like the pandemic. "Microsoft's deep commitment to industry is not new but it's taken on a new urgency with the pandemic where we know businesses increasingly need to apply tools and technology to ensure resiliency," she said. "While every organisation needs resilience and agility, their specific challenges and solutions are unique to their industry. That's why Microsoft has invested in industry-specific cloud solutions - vertical offerings tailored to address the unique needs of industries while removing friction and accelerating the speed to value."

Transitioning from vanilla to industry

One of the big challenges for enterprise leaders is the relentless pace of change - how can businesses justify moving workloads to another cloud when it's likely that

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they have only just established a baseline following their primary cloud migration?

Mitchell-Keller went on to say that industry specific clouds were not a replacement of existing cloud solutions and that businesses should think of them in terms of an iterative improvement to their existing solution with 'engineered' enhancements that are tailor-made for their industry. "I don't want people to think that an industry cloud is a totally separate 'rip and replace' what you already have," she said. "The way industry clouds should work is bringing additive, real engineered products on top of the vanilla cloud - think of it as a layer of capabilities on top of your existing product. The cloud that has your infrastructure, your compute, your storage and your network, has to be in place foundationally for you to take advantage of all that data you have, but once you have all that data in a common backbone, then you have the opportunity to put on this industry cloud layer with specific capabilities geared for your industry."

Prakash Pattni, managing director of financial services digital transformation EMEA at IBM, described a different approach and told me that the pathway for moving to an industry specific cloud was facilitated by a set of common reference architectures meaning deployment could be executed quicky. "IBM has streamlined the process for clients to move from a general public cloud environment to our IBM Cloud for Financial Services by building a set of common reference architectures that can be automatically deployed, and which workloads can be moved onto," he said. "The platform has also been designed to be operable in a hybrid and multi-cloud environment, which most organisations are operating in today, with the requisite tooling and automation to provide visibility and control. If applications being moved to our financial services cloud are already refactored and cloud-native, this can significantly speed up the move to one of the deployment architectures."

Finely tuned for highly regulated markets

One area where the industry cloud play is the strongest is in industries like financial services and healthcare. IBM's industry cloud strategy is focussed on four highly regulated industries: financial services, healthcare, government and telecoms. This industry focus is underpinned by a broader hybrid and multi-cloud strategy which has been articulated by Arvind Krishna, CEO, and Howard Boville, head of IBM's hybrid platform, on a number of occasions - most recently by Boville at London tech week where he talked about the dangers of a dystopian future for customers that take the wrong architectural approach to building their cloud strategy and went on to extol the virtues of 'an open hybrid cloud architecture' that delivers agility, productivity and cost savings for its customers.

IBM launched its dedicated cloud for financial services in 2019 - the first commercially available industry cloud platform (cloud is an abstract word - **Salesforce** launched an FS cloud in 2015 and many others have since, but it depends on your definition of 'cloud'). IBM partnered with **Bank of America** through a subsidiary company, **Promontory**, to design and build what it says is the future of modern banking and financial services with baked-in compliance and security that is finely tuned for the industry.

"Vertical cloud is just another word for cloud solutions that support the core business end-to-end processes of customers in their industries – in contrast to cloud solutions for administrative business processes"

PETER MAIER / SAP

“Microsoft’s deep commitment to industry is not new but it’s taken on a new urgency with the pandemic where we know businesses increasingly need to apply tools and technology to ensure resiliency”

SHELLEY BRANSTEN / MICROSOFT

Pattni told me that IBM’s investment in these industry solutions is underpinned by a need for speed, agility and security. “An industry cloud like the IBM Cloud for Financial Services has the necessary regulatory compliance controls built into the platform’s code. These controls are updated in line with regulatory changes in the relevant jurisdictions and automated so that financial institutions can ensure compliance across their entire IT estate at all times.

“In addition, an industry cloud can now allow enterprises to keep their data as secure and private on a public cloud platform as it is on their own mainframes. For example, the IBM Cloud for Financial Services provides clients with IBM’s confidential computing capability, which means the client’s data remains private and accessible only to them, even in a shared cloud environment. This is supported by Keep Your Own Key encryption, which means the client has the only key to their data - IBM can’t even access it.

“Importantly, an industry-specific cloud can enable organisations to become more agile and innovate faster. Onboarding a technology provider or a fintech vendor typically takes over a year for a bank. But when the bank and its vendors are all using a platform like the IBM Cloud for Financial Services, which meets the relevant regulatory requirements, onboarding time is reduced to just days.”

Aside from highly regulated industries, other sectors are benefitting from massive investment into industry specific solutions, like retail. Bransten of Microsoft said: “Microsoft Cloud for Retail, which went generally available on February 1st, is a great example of the timeliness and customer benefit our industry clouds provide. As the retail industry continues its journey beyond the pandemic constraints, retailers will navigate an altered shopper landscape. Catering to new consumer and frontline employee needs won’t be easy, but it will push retailers to accelerate their pace of innovation, which will be vital for meaningful growth. Given this, our customers are asking for purpose-built retail solutions designed to allow their businesses to do things they’ve never been able to do before and with a level of speed and specificity beyond what they have experienced in the past. They’re realising the one-size-fits-all approach will no longer tide them over.”

Differentiation in a similar environment

That one-size-fits-all approach offered by generic public cloud is clearly not a solution that customers want - however, it does pose the question that if all banking clients are on the same cloud, using the same tools and the same solutions - how do they create differentiation? Maier from SAP told me: “In today’s hyper-competitive world, speed is key to business success. In this race, our customers’ skills in discovering new business opportunities, shaping customer relationships, creating the right products and services and organising their business for operational excellence are factors to create differentiation.”

While Bransten from Microsoft highlighted personalisation as a key tool for creating differentiation, she said: “Microsoft industry clouds help organisations by delivering a more personalised experience for their customers. These solutions scale and can be customised by a global ecosystem of partners to build unique capabilities on top of ours. The use of personalisation and customisation allows customers the opportunity to create differentiated experiences from their competitors.”

IBM’s Pattni was equally keen to note that joining an industry cloud solution - the same solution that competitors may also be leveraging - does not diminish the opportunities for creating differentiated services. “Being on the same industry-specific cloud platform as competitors does not stop an enterprise such as a bank from creating

Microsoft Dynamics 365

Enabling intelligent retail

Dynamics 365 Commerce

Deliver unified, personalised and seamless shopping experiences

Know your customers

Empower your employees

Elevate your brand

Exceed customer expectations

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"IBM has streamlined the process for clients to move from a general public cloud environment to our IBM Cloud for Financial Services by building a set of common reference architectures that can be automatically deployed"

PRAKASH PATTNI / IBM

their own pathway of innovation," he said. "While a platform such as IBM Cloud for Financial Services provides the same regulatory controls, enterprise grade security and interoperability benefits to all financial institutions using the platform, each company can still choose which technology providers and fintechs to transact with according to their business strategy and customer needs. The difference is that creating an ecosystem of financial institutions and technology providers on the same secure, regulatory compliant platform, speeds up consumption of innovation while de-risking the industry supply chain."

How deep can you go?

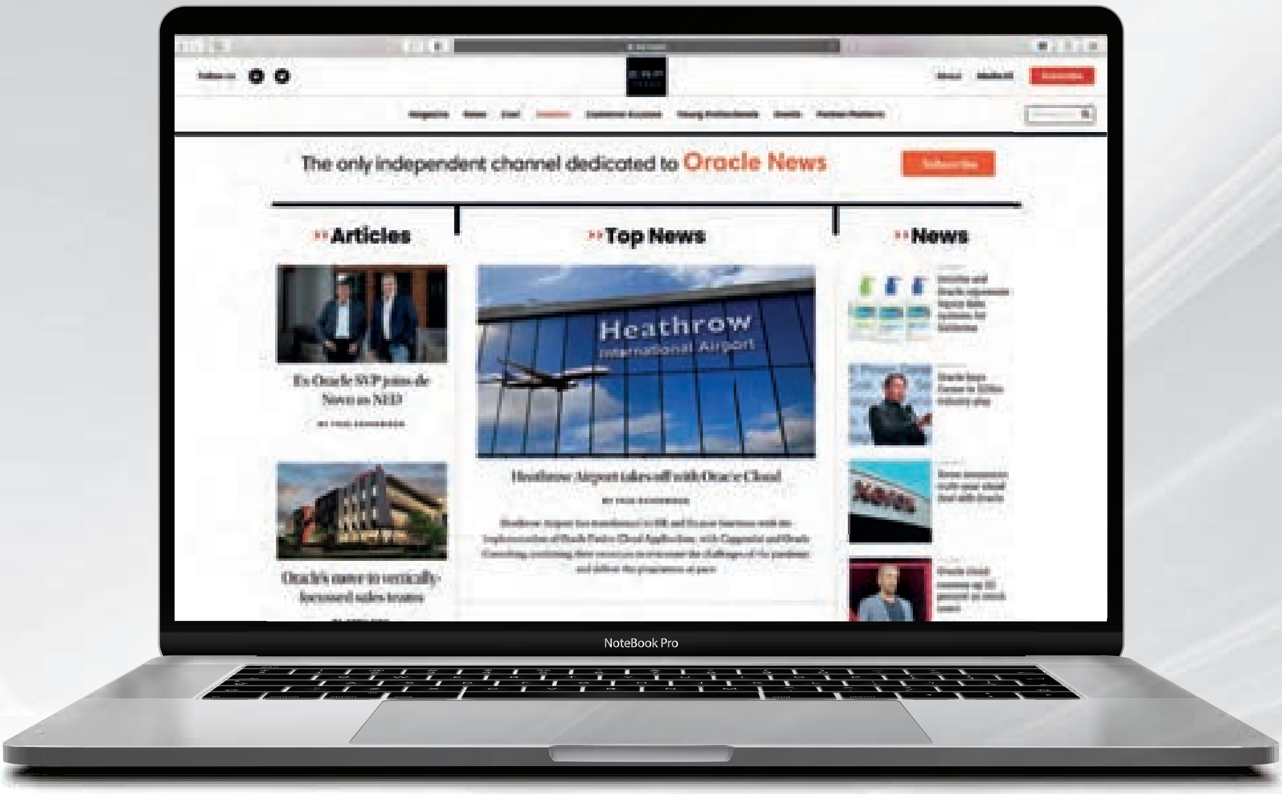
One of the lagging concerns is the genuine depth of these industry solutions and it is clear that not all industry specific solutions are engineered to the same granular level as others and it is not uncommon for tech vendors to repackage, wash or repurpose existing technologies with a new badge to meet market demand. After all, it can take years to design, build, test and deploy fit-for-purpose solutions and vendors don't have that kind of lead time to bring new products and services to market. Take cloud applications as a prime example - the SaaS market for applications started 20 years ago with Salesforce but it was far more recently that major ERP vendors started bringing core applications into the SaaS world. **Oracle**'s journey for Fusion was seven years and billions of dollars in the making - other vendors, keen to capitalise on the burgeoning market but without the resources of Big Red, simply reused their legacy applications, hosted them in a private environment, called it cloud and sold them to customers as the real deal. It wasn't. Is the infrastructure market guilty of the same thing or is there genuine depth to these solutions? As Mitchell-Keller told me earlier, for industry solutions to deliver real value that is available to the customer out-of-the-box, there is a significant amount of 'hard engineering' required.

"It's not about slapping an industry label on a horizontal product and calling it cloud. It's about doing that hard engineering work to build out solutions that have never been introduced into the market before," she said. "There's a litmus test that we've been using internally to challenge other vendors in terms of - are you really building an industry cloud? The first thing is when you look under the hood: is it just a horizontal product, a CRM or an ERP where they've not really done the hard engineering work? If they haven't then there's a lot left on the customer's plate in order to deploy that product themselves.

"Then you have to look to see if the product has been proven? Is there a real world example of a company using the product? Have the engineering investments really gone that last mile to ensure the solutions run out-of-the-box to help you to understand who's already used them? Yes, there is always a first customer but for every Google product that's been GA released, we have at least a half dozen customers that have already used it.

"The final thing is pricing. Are you pricing those solutions to save the customer money? Are they getting better value and better business outcomes that dwarf the amount of money that they're paying for the product. And, most importantly, are those price models transparent? It's a big red flag in terms of the products not being built to deploy out-of-the-box - if it costs way too much to implement you haven't done the hard engineering work and the customer will have a lot of stuff to build themselves."

What's clear from talking to four different vendors is that each has their own approach to building industry capabilities. SAP has just one industry cloud composed of many different industry solutions whereas IBM's approach is very different - zeroing in on just four key verticals and building specific capabilities for each into a dedicated, isolated environment. Google is iterating its generic public cloud platform with additive industry solutions to develop a layer of vertical functionality while also building horizontal products that cut across the blurred lines between adjacent industries. ■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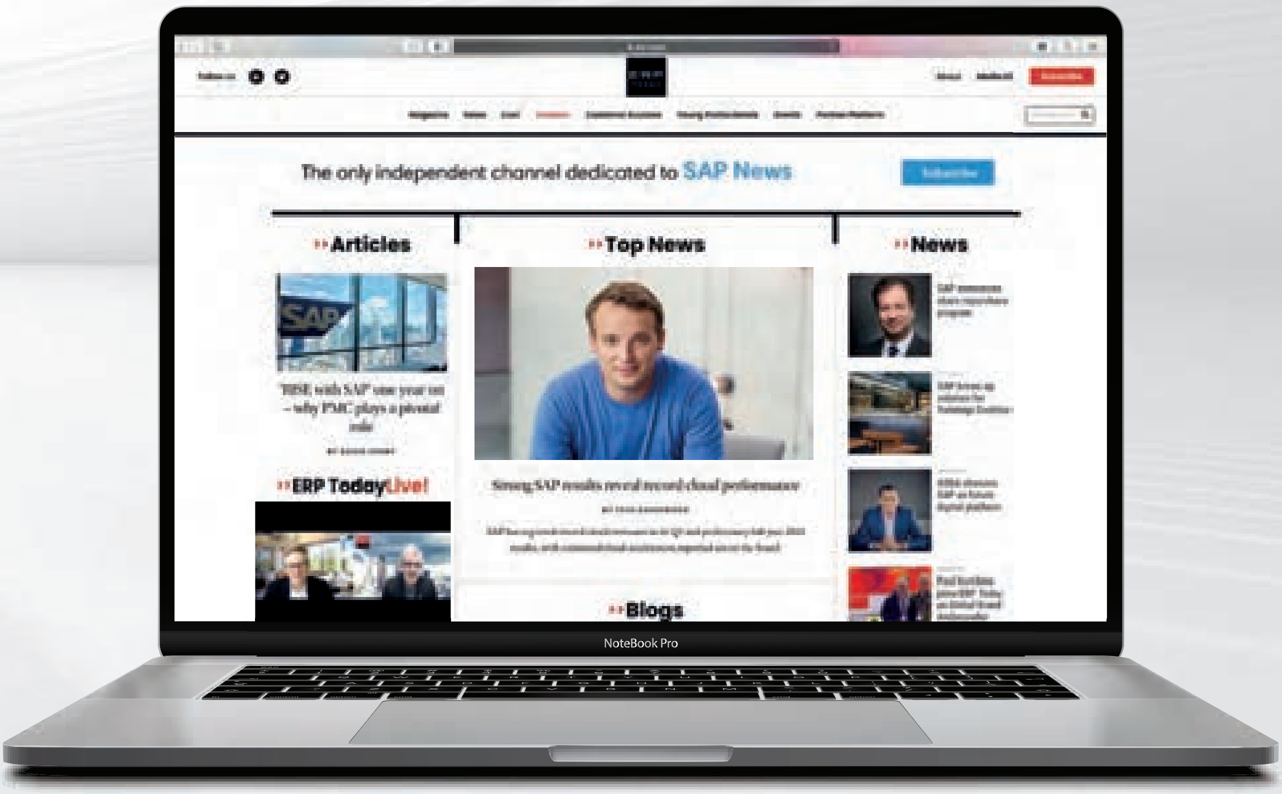
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OPINION

INDUSTRY CLOUDS

A key ingredient for agility and business opportunity

BY JAN GILG

The astonishing pace of change in the world today driven by extraordinary levels of technology innovation has been pushing business towards the cloud for years. The worldwide COVID-19 pandemic rapidly accelerated the adoption of cloud technology, as companies realised the need for agility and speed. Standardisation of commodity processes has been the new mantra in this world dominated by cloud technologies. However, to run their generic and standardised business applications like ERP or CRM, many industries still need specific enhancements, such as text verticalization or a specific chart of accounts. In addition to that, many processes are very industry specific and can help those companies differentiate in areas like customer experience, manufacturing, order fulfillment, warranty or returns management and many more. Highly regulated industries such as banking, healthcare or life science add additional requirements towards modern business applications.

On top of these factors, there are other external forces pushing businesses to adapt quickly, including challenges in supply chains which have become more and more visible to every customer and consumer, given ever-changing COVID-19 requirements and restrictions.

With these company or industry-specific factors and external forces, businesses are looking for targeted cloud solutions which are designed with industry challenges in mind, enabling them to get ahead of their competition and deliver value more quickly. Such companies seek easy to adopt and flexible solutions to help them deliver on their business opportunities short-term and to speed up their digital transformation. Our digital interactions are becoming the norm and digital capabilities - like artificial intelligence and machine learning - become more and more critical to support resiliency and efficiency through automated, integrated processes.

It is no secret that there is a large and growing potential for cloud software vendors that successfully manage to provide standardised offerings enhanced by tailored, industry-specific applications in this fast-paced and competitive environment. In particular, according to **Deloitte**, as much as 64 percent of the $1tn cloud market could benefit from industry clouds - a potential $640bn market.

To make this more tangible, let's take a look at retail – an industry in which the abundant access to data has shifted the power from the retailer to the consumer. This has put an increased pressure on retailers and brands to invest in innovative business models and new ways of doing business. Consumers are demanding new services such as kerbside pickup, a simplified return process, and expanded online options. However, they are also demanding faster delivery options, continuous communication, and availability, topped off by a sustainable business model. Successful retailers must meet all of these demands without sacrificing best-in-class service to cultivate customer loyalty. On top of that, retailers must now anticipate and prepare for supply chain disruption and vertical integration. This industry perfectly depicts the storm of opportunities and challenges that companies face and outlines why industry-specific and flexible cloud solutions are in high demand.

As one of the first companies to launch an innovative industry-focussed application platform for our customers and partners, SAP has always put a focus on the needs of industries. We spent a vast amount of time with our customers and partners to understand their changing industry requirements in the twenty-first century and how to best help them run value chains end-to-end, identify supply-and-demand issues, and provide the best software and technology to drive more vertical, industry-specific processes in the cloud.

SAP's Industry Cloud completely simplifies access to innovative vertical solutions across industries. It allows customers and partners to build and integrate cloud solutions with our business technology platform as the foundation. These solutions work with - and extend - our intelligent suite and business network solutions through a wide range of application programming interfaces. They work on a common data model, process model, and user experience. They are cost-effective and transformational solutions that meet the need of a standardised offering enhanced by tailored, industry-specific applications in an ever-changing world.

Of course, no technology company can be all things to all companies while responding to the constantly changing needs of the market. That is why we believe the best industry-specific solutions are built together with customers and partners, using their industry-specific knowledge to drive innovation on an open platform. Together with our partners - including traditional partners but also start-ups, universities, and others - we are creating solutions that complement and build on our deep expertise in end-to-end processes across industries. This is how we're able to provide the widest range of solutions available to support unique industry requirements with rapid deployment.

Another example is how to manage trade claims. So far, customer products companies wasted time and effort manually settling retailer trade claims. This was plagued by errors and disputes, decreasing overall process efficiency.

Now there is a solution built with the customer's specific needs in mind. With the help of state-of-the-art software and using the functionality of machine learning, workflow productivity is enhanced and can deliver real business value by automating manual tasks and reducing human error. Customers can see as much as a 50 percent reduction in cost per claim and more than 70 percent faster clearing of deductions. We continue to see that the industry cloud allows customers and partners to simplify and accelerate development by:

- Developing rapidly and with agility in the cloud
- Focussing on building solutions that meet the specific needs of the industry
- Benefitting from cloud services and reusing existing, well-tested functionality

Together with our partners - including traditional partners but also start-ups, universities, and others - we are creating solutions that complement and build on our deep expertise in end-to-end processes across industries.

As more and more cloud solutions are offered, businesses have to ensure that customers have a consistent look and feel, quality, and simple integration behaviour across all solutions. These industry solutions range from automotive, to consumer, to travel and leisure, to retail and telecommunications, driven by the demands of customers for industry-specific solutions. COVID-19, Brexit and global warming are just a few of the factors creating so much strain on supply chains today. But a business that cannot adapt and change at the speed of cloud will not survive. As we look at 2022 there is no indication that these pressures will subside and some - particularly the need for transparency and the need to build a sustainable intelligent enterprise - are likely to become even more pressing. That is why we are confident that industry cloud solutions will continue to reshape the business landscape in years to come, providing a holistic experience and tailored solutions to businesses and industries undergoing rapid change and exciting growth. ■

Jan Gilg, president and chief product officer SAP S/4HANA.

Oracle has been on a journey of self-reflection over the last few years. The once brash and spiky vendor has reinvented itself with a new customer-centric narrative, a modernised partner network and a portfolio of products that has escalated it to the undisputed position as the world's leading cloud ERP vendor.

Being #2 set the stage

Paul Esherwood talks to Peter Russo, vice president and head of ERP marketing, to find out how SaaS has been the catalyst for cultural change at Big Red.

Oracle's dominance in the database market has gone undisputed for decades. From introducing the market for SQL (Structured Query Language) to commercialising the multi-processor database, Oracle quickly gained traction as one of the major innovators in Silicon Valley and the authority on all things database.

After winning the database market, Oracle added a new objective in the early 90s: layer on business software to offer a comprehensive suite that matched the depth and breadth of its customers' needs and surpassed any of the current systems on the market, especially when it came to the speed of transacting and accessing corporate data.

While technological prowess and innovation were clear strengths, few would argue that customer intimacy was something that Oracle excelled in. Its reputation was rooted in sales, not service - customers and partners alike recounted a challenging relationship with 'Big Red' but that was set to change with the emergence of SaaS and a new culture within the organisation.

for #1 in Cloud ERP

From on-prem ERP challenger to cloud ERP leader

When it came to on-premise enterprise resource planning (ERP), Oracle made numerous acquisitions and investments (such as **PeopleSoft**, **JD Edwards**, **Hyperion etc.**) but consistently mustered a second-place finish to **SAP**. While this secondary position was at times challenging, it also gave Oracle the freedom, as the challenger, to completely reinvent itself. As the 2000s came to a close, the market direction became clearer. Software-as-a-Service made it so much easier for companies to deploy, use and maintain applications, like salesforce automation, travel and expenses, and recruiting, that it was only a matter of time until SaaS applications for mission-critical applications like financials management and supply-chain management gained mass adoption.

Peter Russo, vice president and head of ERP marketing told me: "With this in mind, Oracle made the bold move over a decade ago to completely re-write its applications as SaaS, harnessing the domain expertise across Oracle e-Business Suite, Peoplesoft and JD Edwards to add a modern set of business capabilities, using a single data model, user experience and cloud infrastructure to more flexibly support all line-of-business challenges. Billions of dollars in research and development investment later, Oracle now enjoys an industry-leading 8,500 customers and scores a 99 percent customer satisfaction rating, according to a recent **IDC** study, as well as being the clear leader on some of the most respected vendor ratings."

Happy customers: without them, you don't have a chance in SaaS ERP

Unlike prior leadership achievements in Oracle's history, this transformation to SaaS depended on much more than superior technology, perhaps more important was the company's ability to completely rearchitect its organisation and cultural focus to place the customer at the centre of everything it did.

"With SaaS, if you don't have extremely happy customers, you won't be successful. This is a big change from the on-premise ERP era where customer loyalty was measured in decades. If customers aren't getting the support, performance and innovation for their business, they will leave you", said Russo.

To further underline Oracle's commitment to SaaS and the strength of its offering, Oracle itself runs Oracle for its own mission critical operations. Finance, IT, planning and other departments use the same Oracle Fusion Cloud ERP solution as its customers.

"We happen to have incredibly high standards for security, flexibility, performance and innovation, so we can inherently emphasise with our customers and have a vested interest in providing the best cloud ERP solution possible," said Russo. "One example is our ability to close the books every quarter in under 10 days, which is faster than any other S&P 500 company. This is a best practice that we openly share with our customers through our Oracle@Oracle program, in addition to Oracle Cloud Customer Connect, our online community where we now source more than 50 percent of our quarterly enhancements directly from customers."

Along with a completely new cloud-native ERP solution, Oracle leaned heavily into becoming a service provider that operates around customer success. This comes through every element of the customer experience, from selection, to onboarding and the ongoing maintenance and enhancement of the solution. This includes setting customers up with a dedicated customer implementation manager that can effectively support deployment, and a customer success manager who ensures they achieve their desired business goals and take advantage of the latest innovations and enhancements that Oracle delivers every 90 days.

"In many ways, we consider our customers to be our advisors and look to them to help us drive the next wave of capabilities that we invest in", said Russo. "This type of symbiotic partnership is now woven into the fabric of Oracle and allows us to evolve and serve customers in the best ways possible."

Staying ahead of the pack with continuous innovation

In today's hypercompetitive marketplace where speed is at a premium, customers are constantly looking for ways to accelerate innovation. This is why every 90 days, Oracle Fusion Cloud ERP customers gain immediate access to the latest product updates. This steady stream of innovation gives them an edge against their competition in fast-paced markets.

It's important to note, these innovations are much more than simple technical upgrades. Updates are designed to provide tangible advantages for its customers and allow them to adopt AI seamlessly and benefit from these upgrades immediately. As a result, customers have these AI technologies at their disposal and can forgo expensive and time-consuming DIY projects.

Russo continued: "We deliver continuous innovation to our customers through quarterly enhancements to our solutions. This allows customers to reap the benefits of these advanced technologies in real-time. Take invoice matching, which is historically a tedious and laborious process for businesses. When we first rolled out this update, it had an accuracy of 70 percent, which was an impressive reduction of manual labour several years ago. After two rounds of further updates, it broke through to a 90 percent accuracy rate thanks to all of the data we could process to help refine the intelligent document recognition technology. Today, invoice matching has 95 percent accuracy and next up we are looking at automating out exception handling."

This is a critical example of how continuous innovation allows for the seamless introduction of advanced technologies to be applied directly into processes, and that over time only get better. Compare that to an on-premise ERP solution, where even if its hosted, will stay the same until your next upgrade in several years. The question becomes, how long can you afford to wait?

"Whether it's automating the harmonisation of financial data across heterogenous ERP systems, closing the books faster, or using machine learning to continuously predict cash liquidity and other vital signs for your business, there's a much better way to run your business now", commented Russo. "I am always astonished at the amount of manual, boring, low-value activities that highly talented finance departments are saddled with simply because their organisation hasn't invested in their future. SaaS ERP like Oracle Cloud ERP will not only dramatically automate processes and drive business insights, it will unleash a wave of underutilised talent within your organisation. You put those two elements together, and you've got an organisation ready to do big things. I think there's no better example of this then the innovators shaking up their respective industries who trust Oracle Cloud ERP."

When it came to on-premise ERP, Oracle made numerous acquisitions and investments but consistently mustered a second-place finish to SAP

Collaboraton and customer advocacy

Oracle's new customer-friendly culture coupled with a reorganisation of how its sales team operate and a revamp of its partner network, has led to much closer collaboration between customer, partner and vendor. Oracle's sales teams are now vertically focussed meaning it is able to bring specific domain expertise to every new opportunity while the modernised Oracle Partner Network has placed a new emphasis on customer centricity.

Javier Torres, the exec responsible for Oracle partners in EMEA, said "We modernised our partner networks in 2020 and it has the customer at the centre. We realised that in the new era of cloud and SaaS models, we had to put the customer at the centre of it all. We took customer feedback into consideration and realised we needed a modular approach about following the customer journey. We support partners who build solutions and build IP that solves customer problems; we also support partners who sell those solutions. And then also we support partners who provide services either to implement or to manage, operate and optimise those solutions. During the entire journey we will ask for customer feedback and look forward to getting it."

Unlike prior achievements, the transformation to SaaS depended on much more than superior technology, perhaps more important was the company's ability to completely rearchitect its organisation and cultural focus

Let's take a look at some specific examples to see how Oracle, its partners and customers are bringing this together:

Block

In August 2021 **Block** acquired **Afterpay**, bringing together two of the fastest growing global fintech companies. Block was tasked with rolling out new products at the pace of a startup but the scale of a public company and required an IT system designed for flexibility. Block turned to Oracle Fusion Cloud ERP to support its ongoing growth – both in terms of its product portfolio and geographic coverage.

Today, Block can confidently launch and track new products, like crypto trading, and monitor their performance immediately to ensure each product is meeting profitability and other success metrics. They have the data and decision-making speed to enter new markets and have a complete view of their business. As a result, all Block employees from around the world are working from a single source of truth. Strategic and scenario planning activities have accelerated and Block is now positioned to emerge from the pandemic even stronger.

Chipotle

When the pandemic forced lockdowns in March 2020, **Chipotle** joined other restaurants in quickly shifting from in-person service to online ordering, curbside pickup, and third-party delivery.

This swift rise in charges from a wide range of food delivery services was one area where automated account reconciliation saved staff time -and saved the company money. A key component of Chipotle's brand is sourcing fresh ingredients, and with the pandemic this became increasingly difficult. With the assistance of Oracle Fusion Supply Chain & Manufacturing (SCM), Chipotle was able to work with local farmers to continue to source ingredients and minimise shortages. When Chipotle moved to Oracle Fusion Cloud ERP, the restaurant chain gained clearer views across financial systems, leading to improved demand forecasting and inventory control. Now, Chipotle enjoys strong growth - without compromising its mission of serving real food sourced from sustainable farms. Moving to Oracle Cloud Applications helped Chipotle manage surging digital growth, all while staying true to its brand values.

TTX

TTX Company is a provider of railcars and freight car management services to the North American rail industry. While TTX is privately owned, most of the railroads that own it are public companies, so TTX's financial reporting needs to be compliant with Sarbanes-Oxley requirements. The company was running its financials on an on-premise SAP ERP system, which resulted in a ton of manual effort and maintenance. This patchwork of systems made it nearly impossible to adapt to change and innovate.

TTX went live on Oracle Cloud in January of 2020 and consolidated 14 different systems onto one integrated platform. They streamlined reporting metrics and now have the data and analytics to better control inventory and reduce costs. With Oracle Integration connecting the TTX SaaS and on-premise systems, the company can tap new innovations that provide savings and benefits for their owners.

Ocado Group

As a pioneer in online grocery shopping in the UK, **Ocado group** is rapidly scaling its operations and helping its customers meet rapidly changing demands. Ocado wanted to further optimize its core business processes and partnered with Oracle Cloud ERP.

Oracle Cloud ERP helps Ocado's financial team to automate and centralise key business functions including financials, project management and associated supply chains. By consolidating existing systems, automating manual processes, and enhancing reporting, Oracle Cloud ERP helps Ocado's financial team stay ahead of changing market demands and provides real-time visibility into key business metrics.

A new Oracle for a new era of ERP

Oracle's position as the number one cloud ERP vendor is undisputed. It

Understanding Oracle's move to vertically-focussed sales teams

BY ANDY BIRD

As the third largest software company in the world, Oracle is many things to many people. Their technologies, applications and cloud provide solutions to a wide range of business and technology challenges. Oracle Cloud applications - such as enterprise resource planning (ERP), human capital management (HCM), supply chain execution and enterprise performance management (EPM) - are designed for a wide range of industries, ensuring standard functionality can be adopted widely and enabling Oracle's significant research and development efforts to satisfy a larger number of customers. Oracle solutions deliver the vast majority of business requirements, but this has sometimes led to Oracle being perceived as useful only for these generalised, universal requirements.

A new direction for Oracle

At the turn of Oracle's financial year in June, they restructured a large number of their sales teams to be more industry-focussed. This has implications for Oracle, for partners and for customers.

Of course, this shift is designed to improve Oracle's win rate and competitiveness. But it also means the customer can spend more time evaluating the software as it applies to their business and less time being told about features and messaging points that may not be relevant or in the correct industry context. And once the project is handed over to a services partner, vertical focus benefits the customer again because of fewer gaps in the scope, fewer unpleasant surprises and a better end-to-end experience across the sales cycle, project lifecycle and customer lifecycle.

Vertical partners

Due to these changes, Oracle and its partners must prioritise industry depth and specialisation in hiring of customer-facing consulting staff. Schooling up and educating Oracle's existing staff on verticals they are assigned to will be another challenge and, in this regard, partners with deep vertical skill sets can make themselves even stronger resources for Oracle. A systems integrator or services partner may need to redouble its efforts to develop deep vertical content to help educate their Oracle counterparts and by extension help Oracle sales reps communicate a vertical message to the market.

Vertical industry specialisation must also come in the form of products. Partners will increasingly benefit from offering not just services but independent software vendor (ISV) products that extend Oracle Cloud Applications into processes too specialised for Oracle to include in the core functionality. As a global, horizontal product, Oracle does not include, for instance, pay-when paid functionality to help construction contractors pass payments on to subcontractors or functionality for **Her Majesty's Revenue and Customs** (HMRC) Construction Industry Scheme (CIS). CIS requires contractors in the United Kingdom to submit information on subcontractors, calculate deductions from subcontractor payments, validate records against HMRC data and submit mandated reports. A systems integrator with deep industry experience might develop an ISV solution to meet these vertical/regional needs.

Everybody wins

With a vertical approach, Oracle will be able to win more customers, including those that otherwise may have opted for a vertical software solution that would ultimately constrain their growth. Oracle has made the right move with this restructuring of their sales and solutions teams, and partners now need to focus on how they can sweeten the vertical industry proposition.

has more cloud ERP customers than any other vendor, its products have had a decade to mature, and most analysts and vendor rankings rate them as the market leader. Oracle's 'time served' as the challenger to SAP in the on-premise ERP market has led to the birth of a new Oracle. It is less brash, more customer focussed and easier to deal with. The over-arching message is softer and less combative: even Mr Ellison - co-founder and CTO – is projecting a new narrative that is winning over customers and the markets. During the last 18 months, Oracle has seen its market cap rocket and is now valued at nearly $100bn more than its old rival – SAP. The number of customer wins against incumbent vendors continues to impress as many are turning to the kind of integrated solution that Oracle offers – apps, database and infrastructure from a single vendor – delivered in the cloud.

Russo concluded by telling me: "The future of cloud ERP is nothing short of exciting. In a service-oriented world, organisations are being asked to continuously deliver exceptional experiences and stay ahead of ever-changing expectations. This is exactly what we're doing at Oracle. With more and more businesses seeing cloud ERP as the most cost-effective, flexible, and fastest way to support their business, Oracle is well positioned for this new wave of growth and is committed to being a trusted advisor to our customers." ■

Dan Scarfe with an alternative look at the trend for hybrid and multi-cloud architectures – does the world really need to be this complex?

THE GREAT HYBRID MULTI CLOUD MYTH

BY DAN SCARFE

OPINION

BY DAN SCARFE

"The key to success in any enterprise-wide, large scale technology transformation programme is to make sure that our environment is as complex as we can possibly make it, through the use of as many incompatible products and services as we can possibly find."

Said no one. Ever. Yet this is exactly what organisations are doing every day. They don't use words like complex or incompatible. Instead, they use words like hybrid and multi; but be under no illusion, they are one and the same.

What does it even mean?

Let's start by examining the words hybrid and multi. They have subtly different meanings, but the essence is the same: choice. Hybrid typically refers to the use of two different models of IT delivery, perhaps an on-premise private cloud alongside a hyperscaler. Multi-cloud typically refers to the use of more than one hyperscaler, but can also mean on-premise and public cloud together. The pitch is that you get to use the best model at the right time for less money. It sounds great, but the true meaning is all very - and deliberately - murky and confusing.

Why are we even talking about it?

To understand the importance of hybrid and multi-cloud, it's useful to understand some of the players and motivations here. One of the single greatest reasons to adopt public cloud technologies is to simplify your IT environment. Much of what you used to have to worry about is now taken care of for you. No need to worry about servers or switches or any of those oh-so-dull things of yesteryear. Unfortunately, someone's job or someone's services contract relies on exactly all that work we used to have to do. Simplicity, in the eyes of some, can be a scourge.

And here's what happened. Choosing a primary provider and the simplicity which it would result in, is simply redefined to mean something quite different. It's defined to mean constraint and two words that would send a shiver down any executive's back. Lock-in.

To allay the oh-so-easily fanned flames of fear uncertainty and doubt (FUD), the architects came up with the perfect solution. Abstraction. No longer would we rely on the services delivered by one of these providers, instead we would either buy or build our own abstraction platform across the clouds. Both **VMware** and **IBM** have bet their entire businesses on this model and story. Kubernetes is often dropped into conversation like it's some miracle cure for all the complexity of the past three decades. Some magic tonic which will solve all of the world's ills. Tanzu and OpenShift are VMware and IBM's Kubernetes platforms, respectively.

I had an interesting meeting once with a rep from one of these two companies talking about their respective product. The pitch was amazing. No more lock-in. Freedom to move workloads at will with no concern about the underlying environment. If I didn't understand this stuff I might even have been fooled. After they finished their pitch, I said to them:

"You've spent a lot of time telling me how important it

is to avoid being locked into a vendor. How important it is to be able to move your information between providers. By buying into your platform, am I not simply moving my 'lock-in' to you instead?" There was a pause. "Well, it's not really like that" was the short version of the reply I got back. I thanked them for their time and showed them out.

Is lock-in really such a terrible thing?

As we examine the case for hybrid and multi-cloud, the same topic keeps coming up again and again: lock-in. It's impossible not to find someone in the IT industry without a harrowing story about how vendor x or vendor y did something quite horrific to them. Magic terms in agreements. Miscommunication. Configuration errors. You name it. The answer is always the same. A large bill. **Microsoft** was chief protagonist. An entire industry of software asset management was born to actively encourage this combative relationship between customers and vendors. Pistols at dawn one day towards the end of Q4. These executives vowed, never again in my lifetime, will I be beholden to one of these suppliers and find myself in this position again. It's the fuel that feeds this FUD and keeps a lot of software providers and services partners in business.

When we achieve simplicity, IT can melt away and become invisible, and organisations can focus on their purpose in life, creating amazing experiences for their customers and partners

One of my favourite commentators is Corey Quinn from **The Duckbill Group**. If you haven't seen his talk on multi-cloud I can highly recommend it: The Myth of Multi-Cloud, found on **YouTube**. He says,

"In theory, the idea of infrastructure that can be deployed between different cloud providers is a wonderful concept. Who wouldn't love to migrate workloads seamlessly between providers for a variety of reasons? In theory, a tiger with an anger management problem is just a scaled-up house-cat."

The short version is, that like-it-or-not, there will always be lock-in. You might be locked-in to one or two, or 12, or 100 vendors. But, depending on your definition of lock-in, you are already locked-in to each one. So, assuming I am already locked-in, the next reasoning is avoiding putting too many eggs into one basket. The fewer the vendors, the fewer the number of baskets. And herein lies the fundamental misconception.

As a business, do I benefit from more baskets, because it gives me the illusion of increased negotiating power?

If I split my workloads between providers, you might think you'll keep them all honest because they'll all be scared you could change your vendor mix at any point. This misses a key point though. Whether we like it or not, our importance to a vendor is consummate with the amount of business we are doing with them. If I split my cake three ways, I'm a small fish to each. If I give all (or most) of my cake to one of them, suddenly, I am now a bigger fish and worthy of increased investments, and indeed *larger* discounts.

As a customer though, I still have that red button by my side. Whilst going deep with a primary vendor might make it slightly challenging to move to someone else, the reality is, it's not actually that hard. If some business-partnership-ending event occurred between you and a given vendor, you could take everything you had and move it somewhere else. Either back on-premise, or to another hyperscaler.

The idea that you could or indeed would want to do this at the drop of a hat is quite ridiculous. Whilst it might be theoretically possible to move my entire ERP system from **Amazon** to Microsoft on a Monday morning and then back to Amazon on a Friday afternoon, in what parallel universe would anyone think this was a good idea? So, by all means, plan for that theoretical move. Map the services between providers. I'm using Azure Functions for this; these are the config/code changes I would need to move this to **Lambda** in the future, should I need to. But don't build all this complexity, all this infrastructure, all this apparatus to protect against a theoretical falling out, which hasn't even happened and hopefully never will.

So what do you suggest?

If you haven't picked up on the subtle cues and hints, I'm not a fan of hybrid, multi, hokey-cokey cloud. I'm a fan of one thing: simplicity. Because when we achieve simplicity, IT can melt away and become invisible, and organisations can focus on their purpose in life, creating amazing experiences for their customers and partners. I suggest you go deep with one provider - naturally I'd suggest Microsoft but I hear others are available. By doing so, you can rid yourself of complexity and create consistent, unified, control and data planes. No more incompatible products and services. Everything that just works as easily as clicking next, next, next.

Are there challenges with this approach? Sure. Are their wounds we need to help heal? Absolutely. Whatever reasoning and rationale you use as part of your decision, my most critical piece of advice is don't use lock-in as the reason. Lock-in is the true myth of hybrid and multi-cloud. It's already everywhere. Creating complexity for complexity's sake neither solves nor eliminates this core tenet of the FUD we read about each day. ■

Dan Scarfe, former founder, New Signature


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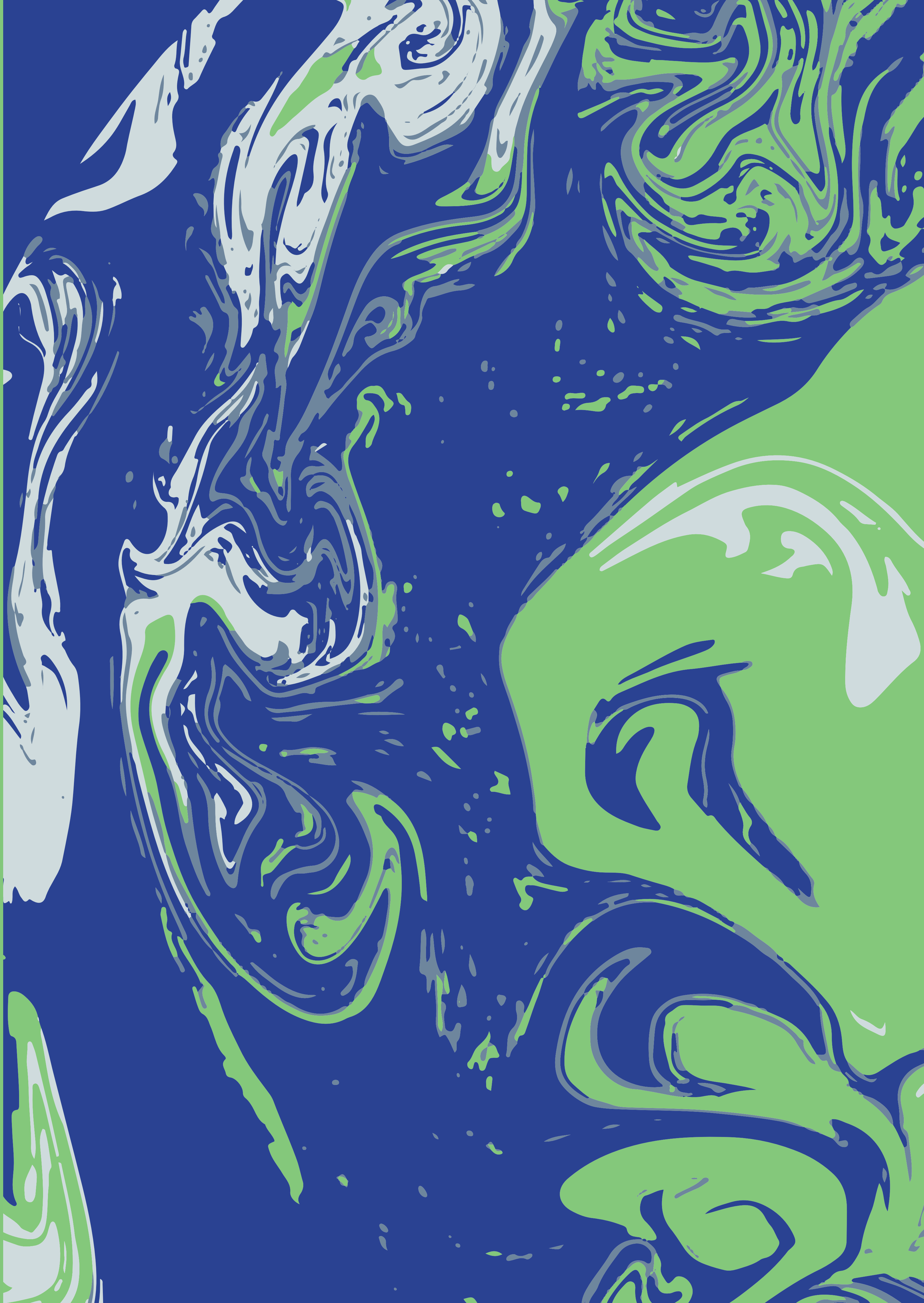
SPECIAL REPORT

HOW HAS COP26 INFLUENCED SUSTAINABILITY PLEDGES FROM BIG TECH?



SUSTAINABILITY

BLAH BLAH BLAH

Can sustainable supply chains help firms rise above the greenwash noise and deliver real value to customers and the environment?

BY MARC AMBASNA-JONES

Greta Thunberg has a point. We've heard it all before. Speaking at the Youth4Climate summit in Milan last year, the climate activist mocked world leaders ahead of the COP26 conference in Glasgow by saying: "Build back better. Blah, blah, blah. Green economy. Blah blah blah. Net zero by 2050. Blah, blah, blah."

The problem, of course, is that governments are pretty good at setting long term targets knowing they cannot be held immediately accountable. Promise the earth. Literally. We've had the Kyoto Protocol, the Paris Climate Change Accord and now the Glasgow Climate Pact. The world is not short on plans and the latest one is not exactly winning over the sceptics. As **Greenpeace** director John Sauven told the **BBC** in December, "The government is moving far too slowly - what are we going to tell future generations about how we wrecked the climate?" Not a lot. We won't be here. Someone else's problem.

Ultimately, as Thunberg says, it comes down to action. For some businesses, this has meant addressing carbon emissions in transport or manufacturing processes. For others it has meant very little. According to one recent **YouGov** poll for **Veolia**, 70 percent of UK firms have no net zero strategy. This won't please Andrew Griffith MP, tasked with spearheading the government's drive for net zero by 2050, who said after COP26 that "when the flags are folded and the tents collapsed, this is a job for business."

He is of course right. Business has a massive role to play in reducing carbon, not just within its own operations but also within supply chains. There are some positive signs. A recent **PwC** and **Make UK** Executive Survey Report, for example, revealed that almost two-thirds (64 percent) of manufacturers at least agree that 2022 will see their business focus more on net zero. How much of this will involve the supply chain is uncertain but the understanding that there are resiliency and continuity benefits in net zero will help drive change.

Money talks, as does reputation management, employee engagement and meeting the changing needs of a more globally conscious consumer. Recent research from information management firm **OpenText** found that nine in 10 global consumers prioritise buying from companies with ethical sourcing strategies in place, with 85 percent of UK consumers demanding that online retailers 'clearly mark whether or not products are ethically sourced.'

According to **McKinsey**, "For most products, 80 to 90 percent of greenhouse gas emissions are 'Scope 3': indirect emissions that occur across the company's value chain, such as embedded emissions in purchased goods and services, employee travel and commuting, and the use and end-of-life treatment of sold products."

It's therefore clear that a responsible business striving for net zero status and a happy customer base has to measure and manage the impact of its suppliers on its products and services.

For Damien Smith, CEO at environmental, social and governance (ESG) measurement and data company **Ecodesk**, the fact that no business has to sign up for net zero or measure anything in its supply chain is a problem. While some are being pressured by consumers to take responsibility, progress is slow. In short, there is a lack of urgency and capability.

"We still encounter lots of businesses who acknowledge their supply chains are a source of sustainability improve-

"Organisations in the supply chain will want to take charge of their own ESG destiny"

DAMIEN SMITH
ECODESK

"Look at provenance of products, what sort of mileage there is, in terms of getting raw materials"

JOHNATHON MARSHALL
PWC UK

"Boardrooms will look at the economics and threats to business… and realise the need for greater supplier transparency"

CARA HAFFEY
PWC

"Scope 3 calculations could be seen as just paying lip service to sustainability"

MARC NAIDOO
MCGUIREWOODS

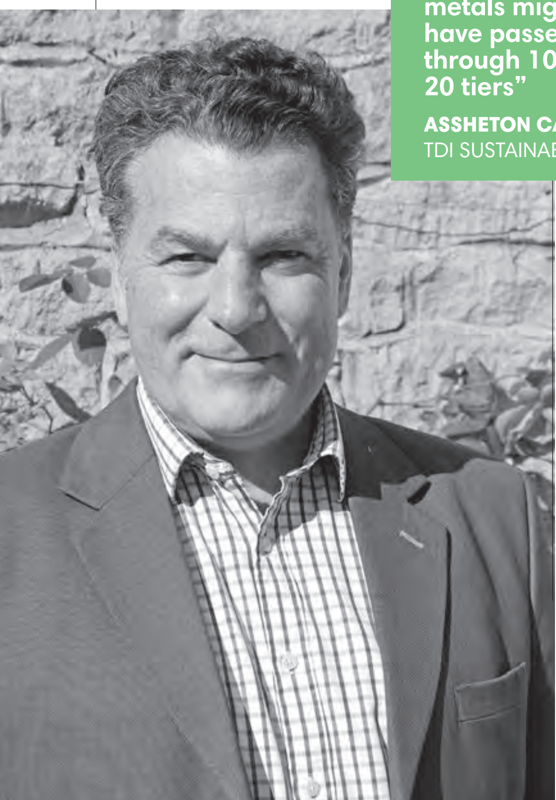
SUSTAINABILITY

ment but do not prioritise it as an action area," says Smith. "This is because they are not formally obliged to and it is still expensive to do it well."

In recent years, pioneers in measuring supply chain sustainability data have tended to use their influence as customers, to get suppliers to measure and report carbon. This peer-pressure approach has some merits but will only get you so far. Smith reckons that this 'do as I say' approach has perhaps reached its peak and we will start to see a shift in tactics as organisations become more educated on the financial and continuity value of having responsible suppliers.

"Organisations in the supply chain will want to take charge of their own ESG destiny and drive their own risk reduction/performance improvement," adds Smith. "That seems to have far more potential to create positive impact at scale and close the value-action gap - where customers continually impose their values on the procurement relationship and expect suppliers to respond with actions they may or may not identify with. That's why we've built ESG Lead to drive performance improvement from within the supply chain."

It's a good example of a tool dedicated to helping businesses investigate ESG data



"By the time they reach the factory these minerals and metals might have passed through 10 to 20 tiers"

ASSHETON CARTER
TDI SUSTAINABILITY

through their value chains and tackling the inevitable risk of survey fatigue. Technology needs to be the answer here but it also demands cultural change, something which Johnathon Marshall, partner at **PwC UK** for health industries, procurement and supply chain management, believes is already happening, thanks in some part to Brexit.

"It is vital to build and agree your internal policies and targets before engaging your wider value chain"

CHRIS MOSS
BEARINGPOINT

PwC has worked with most clients on building visibility of supply chains, not necessarily for measuring carbon but for reducing risk by understanding where potential issues may arise in terms of supply continuity. Marshall argues that this puts the UK in a good position when it comes to measuring provenance and impact of products.

"Know your suppliers. Know the products," says Marshall. "Then you can understand product flows, costs and risks…that means that when we start to look at provenance of products, what sort of mileage there is, in terms of getting raw materials and other components into the UK, we've got a lot more insight around the data sets."

Marshall adds that all companies will "have to get better" especially given new legislation coming in, such as the Plastic Packaging Tax but that there is a growing awareness of the value of supply chain transparency and having insight into which suppliers are responsible and which are not.

Demystify the process

The challenge many businesses face is where to start. Marc Naidoo, partner at law firm **McGuireWoods** says that while Scope 3 offers organisations downstream control over their carbon footprint, "the true value in Scope 3 lies in the methodology used to calculate the amount of hydrocarbons produced in the supply chain."

He adds that "without a sound methodology, uniformly applied to each step of the supply chain, Scope 3 calculations could be seen as just paying lip service to sustainability. Large emphasis would need to be placed on reporting requirements through each step of the supply chain, which could prove difficult."

Knowing where and how to start with Scope 3 is key but it is not without its complications. Assheton Carter, CEO at advisory firm **TDi Sustainability** says that clients are also currently facing 'a tsunami' of regulation on responsible sourcing, human rights due diligence, and conflict minerals.

He cites an example of clients in the electronics sector, OEMs such as **Fairphone**, where one manager is given the responsibility to 'clean, green and rid their supply chain of human rights allegations'. That manager has 40 to 60 different materials to consider, from tin, to cobalt, to copper, manganese, rare earth elements and plastics and glass. By the time they reach the factory, says Carter, these minerals and metals might have passed through 10 to 20 tiers, and transformed from a mineral, to a metal, to a compound and a battery or a magnet.

Carter adds that his job is to "demystify what is in the supply chain, sift through the perceived risk and find the actual impacts, prioritise action and demonstrate how companies not only comply to emergent legislation, but are one step ahead in contributing to a more sustainable world."

It can be a complex challenge. For Chris Moss, senior manager at independent management and technology consultancy, **BearingPoint**, this is where organisations need to prioritise key partners, to get the data and build on it, rather than trying to engage everyone on day one.

"The first step is to identify your Scope 1, 2 and 3 activities," says Moss. "You then need to engage across the whole business to design policies for data capture and agree science based targets. At the same time, you need to decide how you will report your performance, so you can track progress and share with stakeholders. Once this has been completed you can start to engage your external partners to capture their contributions to your overall sustainability performance. It is vital to build and agree your internal policies and targets before engaging your wider value chain."

This is where technology has to come in, to enable the capture and analysis of data. As Marshall at PwC points out, ERP providers such as **SAP**, **Oracle** and **Microsoft** already have a bill of materials, which he describes as "a recipe" adding that this recipe "needs enhancing to help capture consumables and energy provisions."

We are not quite there yet. The market does seem very fragmented and therefore confusing for any business looking for a tool to capture and report supply chain data. In July last year we saw the launch of Microsoft's Sustainability Platform, which included a scorecard provision for Scope 3 measurement and reporting. In December, **Morrisons** teamed up with the Manufacture 2030 platform to provide 400 of its own label suppliers with Scope 3 reporting capabilities. It's still a slow burn; supporting Smith's idea that more urgency is needed in Scope 3 to really get to grips with net zero targets.

While the drivers for Scope 3 are getting stronger, the waters are also being muddied by COVID-19 and a shortage in skills. As Ben Combes, director in **Deloitte**'s net zero transformation practice, suggests, demand for both supply chain and sustainability capabilities has meant a lack of skilled workers, hindering plans and progress to improve supply chain sustainability.

"There is a clear ambition across industries to improve supply chain sustainability," says Combes. "But organisations are currently lacking the capabilities and scale needed to meet their targets."

Marshall and Cara Haffey, head of manufacturing and automotive sectors at PwC agree that there is increasing pressure on skills threatening to bring any well-meaning Scope 3 project to a standstill. Haffey adds that boardrooms will no doubt look at the economics and threats to business - at the moment that means energy costs – and realise the need for greater supplier transparency to reduce risks and costs. Scope 3 data, in this sense, is increasingly relevant given the ongoing energy crisis.

As Efrat Nakibly, CMO, at **Priority Software** suggests, automation will be key. AI has a big role to play in helping manage the vast amounts of complex data required for Scope 3 but that too has a few caveats. So much is dependent on the industry, whether or not it is heavily regulated – Marshall at PwC cites pharma as being a good example of how material provenance is already built into the culture, for example.

Nakibly adds that only through the adoption of more digital technologies and smart, connected devices will we be able to reduce supply chain impacts. He has a point. The increased use of robots, 5G and IoT will, in theory, help to reduce waste and improve sustainability at scale but perhaps it's even more simple than that, at least for now. As **Gartner** outlines in its 'Supply Chain Top 25 for 2021', there are lessons to be learned from those that are doing it well, such as **Cisco**, **Colgate-Palmolive** and **Johnson & Johnson**, and one of those lessons is going 'digital first'.

It goes back to Moss at BearingPoint's comment that Scope 3 can be a huge, seemingly insurmountable task. It has to be boiled down, into achievable targets. Prioritisation is essential, as is education. While there is clearly an increase in awareness and willingness to measure Scope, is this being matched by investment?

"There is a serious lack of professional training on the subject," says Smith at Ecodesk. "That needs to change, so that responsible procurement becomes the fourth pillar (i.e. price, quality, delivery and sustainability), making it central to what gets bought and from whom."

The outlook for 2022 however, is promising, at least according to Gartner, which claimed that 84 percent of supply chain leaders plan to invest in climate adaptation and mitigation measures in the next 18 months. That's all well and good. Action, as the saying and Greta Thunberg goes, speaks louder than words. ■

"Organisations are currently lacking the capabilities and scale needed to meet their targets"

BEN COMBES
DELOITTE

SUSTAINABILITY

TAKING CONTROL OF YOUR SUPPLY CHAIN

Tackling Scope 3 emissions can seem like a daunting task - but it's a necessary aspect of any net zero plan.

BY CHRISTINE HORTON

Coming out of COP26, business leaders across all industries pledged to accelerate climate action throughout every aspect of their organisations. Customers, investors and regulators now expect clear, detailed plans for how organisations will achieve net zero. In the UK, the government required UK-listed companies to release net zero plans by 2023.

These plans should include carbon emissions targets for three 'scopes'. Scope 1 relates to direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the company.

A big focus, however, is on Scope 3. The hardest to meet, this group includes all other indirect emissions that occur in a company's value chain. Upstream emissions could include those generated by their distribution activities, and the production of raw materials or components bought by the company. Downstream, the term covers emissions generated by the use or disposal of the end product that the company sells, as well as all their business travel.

It is estimated that for many businesses, Scope 3 emissions account for more than 70 percent of their carbon footprint.

That means that tech companies must not only seek to make their own businesses more sustainable but must also consider how their products and services help their customers become greener. Moreover, they are compelled to act to reduce emissions in their upstream and downstream supply chains.

A focus on emissions of suppliers and their products

Many of the global tech companies have been trumpeting their sustainability credentials for years.

Two years ago, **Microsoft** committed to not only becoming carbon negative, zero waste and water positive by 2030, but also to removing all the historic carbon Microsoft has emitted since its founding by 2050.

"To reach these goals, we're taking a transparent approach, and we're not only focussing on reducing our carbon emissions, but also the removal of carbon directly from the atmosphere," says Hugh Milward, general manager of corporate, external and legal affairs at Microsoft UK. "Just last year, Microsoft purchased the removal of 1.3 million metric tons of carbon from projects around the world, the largest purchase made by any corporate to date."

However post-COP26, the momentum to ensure carbon reduction has increased.

When it comes to its supply chain, Microsoft has expanded its internal carbon tax to include Scope 3 emissions. "This decision has already encouraged teams to focus more closely on the emissions of their suppliers and their products," says Milward.

"We also want to help our customers on their own sustainability strategy and believe that the knowledge we gain from our own efforts should be shared to benefit others. Last year, we launched our most recent report, 'Accelerating the journey to net zero', that offers a blueprint to help organisations set their own sustainability and carbon reduction commitments. We also announced the preview of 'Microsoft Cloud for Sustainability' which is designed to offer tools to help our customers measure, understand and take charge of their carbon emissions."

"We're not only focussing on reducing our carbon emissions, but also the removal of carbon directly from the atmosphere"

HUGH MILWARD
MICROSOFT UK

"We are working with partners on alternatives that are made with different processes that result in lower emissions"

JAKE OSTER
AWS

"We believe the use of digital platforms can play a significant role in empowering a low carbon circular economic model"

CHEN LONG
ALIBABA GROUP

"Identifying, understanding, and sharing carbon footprint data, especially for Scope 3 emissions, is dizzyingly complex"

ANITA VARSHNEY
SAP

"Collaborating with customers needs to be central to our collective goal of creating a more sustainable world"

THOMAS REMY
GOOGLE CLOUD

Reducing carbon in construction

Like Microsoft, the other global public cloud providers have all been vocal in their efforts to achieve carbon neutrality.

Amazon says it is on a path to powering its operations with 100 percent renewable energy by 2025 -five years ahead of target. In fact, Amazon says it is the world's largest corporate buyer of renewable energy, reaching 65 percent renewable energy across the business in 2020.

When it comes to Scope 3, one of the largest sources of indirect emissions comes from constructing datacentres and the manufacturing of hardware, says Jake Oster, senior manager, public policy at **AWS** and **AWS ED**.

"To reduce our Scope 3 emissions, our sustainability, engineering, construction and procurement teams are looking into using recycled by-products from other industrial processes, like manufacturing iron and steel, to replace carbon-intensive materials in the cement we use in datacentre construction," he explains.

"We expect that increasing the amount of these replacement materials can reduce the embodied carbon of a datacentre by about 25 percent. Longer term, we continue to work to develop solutions beyond current substitutes, and we are working with partners on alternatives that are made with different processes that result in lower emissions."

Oster says AWS is also evaluating technologies that produce lower carbon concrete by utilising waste carbon dioxide during the manufacturing process. One example is **CarbonCure**, which injects carbon dioxide into concrete during production. This process can trap carbon dioxide in the concrete and reduce the cement content, which will further lower the embodied carbon in datacentres. Amazon is already incorporating CarbonCure into the construction of its HQ2 in Virginia.

Creating a holistic view of the supply chain

Elsewhere, **Alibaba Cloud** is ranked third globally in **Gartner**'s IaaS Market report, and first in APAC. At the end of 2021, Alibaba Group announced a pledge to achieve carbon neutrality in its own operations by 2030 and introduced a 'Scope 3+' target, to facilitate 1.5 gigatons of decarbonisation across its business ecosystem by 2035. On cloud, Alibaba Cloud is targeting Scope 1, 2 and 3 carbon neutrality by 2030 and will bear responsibility for a higher Scope 3 target.

At the same time, the company is committing to power its cloud computing with 100 percent clean energy in its datacentres by no later than 2030.

"We believe the use of digital platforms can play a significant role in empowering a low carbon circular economic model that can lead to achieving the 1.5 degree target of the Paris Agreement," said Dr. Chen Long, VP of Alibaba Group and chair of Alibaba's sustainability steering committee.

"The concept of 'Scope 3+' is based on the potential of leveraging our digital platforms to influence and advocate for low carbon products, services and behaviour among a wider group of stakeholders in our ecosystem and share our energy-efficient technologies and innovative business tools with customers and business partners to reduce the carbon footprint together."

Meanwhile, **Google Cloud** claims to be the only major cloud provider to purchase enough renewable energy to match its electricity consumption. Additionally, 81 percent of datacentre waste is currently diverted from landfills, and it has achieved a power usage effectiveness (PUE) of 1.10, compared to the global average of 1.59.

However, while the impact of tech companies reducing their own emissions is important, "collaborating with customers needs to be central to our collective goal of creating a more sustainable world," says Thomas Remy, director, UK/I, Google Cloud.

In 2021, the firm launched carbon footprint reporting for Google Cloud, which allows users of Google Cloud platform to measure and report the gross carbon emissions associated with their cloud usage. It also made Google Earth Engine available for select enterprise customers, enabling organisations to combine cloud computing, satellite imagery and AI to increase the sustainability of their operations.

Last September, Google Cloud announced its Supply Chain Digital Twin, a tool designed to provide businesses with a more comprehensive view of suppliers, inventory levels and operations.

"By closely connecting data from public domains such as weather, risk or sustainability-related data, the solution provides companies with a more holistic view of their supply chain's environmental impact, allowing them to optimise operations in real time," says Remy. "Cloud technology presents a tremendous opportunity to accelerate meaningful and positive environmental change."

Collecting sustainability data

Stepping outside of the realm of the public cloud giants, how are tech firms in the enterprise software space aiming to deliver on their sustainability objectives?

Christian Pedersen, chief product officer at enterprise software vendor **IFS**, believes there are currently two facets to sustainability.

"On the one hand there is the need to report sustainability data to stakeholders (either mandatory or non-mandatory). On the other is the requirement to use sustainability information to improve business efficiencies which attain ESG goals. At the core of both requirements is data identification, collation, calculation and summation," he says.

"Technology is a significant enabler toward maturing data into information for both the reporting and efficiency considerations, with the ability to link data from multiple sources, accelerated by process automation using RPA, pattern recognition using machine learning, and system interaction using artificial intelligence."

Pedersen says IFS is helping businesses collect the data needed to demonstrate their compliance and improve their performance against environmental sustainability standards. Specifically, IFS Cloud Sustainability Hub is now available and integrated inside Microsoft Teams, enabling customers to track and improve on their ESG measures.

> **"At the core of both requirements is data identification, collation, calculation, and summation"**
>
> **CHRISTIAN PEDERSEN**
> IFS

Sustainability specific products

At the same time, **SAP**'s global VP, strategy SAP S/4HANA sustainability, Anita Varshney, says the company is in close collaboration with partners, customers, market makers and standard bodies to jointly shape the future sustainability landscape.

In 2021, the vendor launched a portfolio of new sustainability-specific products. This includes SAP Product Footprint Management to let companies calculate carbon footprints for their products and across the value chain. SAP Responsible Design and Production helps product designers make sustainable choices from initial product concepts to production. Meanwhile, SAP Sustainability Control Tower helps companies collect real-time data on greenhouse gas emissions, socially responsible investing, and impact investing, organise it and then report it using transparent, standardised metrics.

More recently, it launched SAP Cloud for Sustainable Enterprises, a new cloud-based offering to help companies adopt holistic sustainability management capabilities.

"Looking specifically at the Scope 3 challenge is very important for us. Identifying, understanding, and sharing carbon footprint data, especially for Scope 3 emissions, is dizzyingly complex for our customers and often leads to incomplete or inconsistent action – or no action at all.

"That means making sustainability data visible and integrating it into business processes across all industries and all value chains is critical," said Varshney.

It is no longer enough for an organisation to ensure their own business practices are sustainable. Ensuring the sustainability of the supply chain will be a priority for all industries in 2022 and beyond. ■

Hot right now?

SIX KEY POINTS TO BUILD ESG INTO YOUR ERP

BY MATTHEW BELL

Most readers will need little persuading that sustainability is a hot topic for business leaders. This heat comes from a number of factors, including: the risk of fines and reputational damage from non-compliance with sustainability regulation; falling revenues if customers' growing environmental and ethical expectations are not met; and restricted access to capital as funding becomes increasingly driven by ESG factors.

The flip side - and a big one at that - is that sustainability, as Al Gore puts it, represents the 'single largest investment opportunity in history'.

This heady combination of pull and push factors has put sustainability right at the heart of commercial decision making. And given the role that ERP systems now play in supporting such decisions, it's clear that if your systems don't incorporate factors to support the ESG agenda, you may have a problem.

Yet while that argument is simple and hopefully, persuasive, the practicalities of addressing it can be challenging and often beg the question: where do I start? So, in response, here are six key points to consider:

1.Don't go it alone

Selecting and implementing enterprise software is both costly and time consuming. Add in the fact that sustainability is likely to reach into and impact every facet of your organisation and the clear message is that you will need to involve and gain support from multiple business functions, from operations to IT. This may indeed extend further to investors and even portfolio companies. Consider that each stakeholder will have their own specific requirements and agendas, which will need bespoke attention. Also, remember that even after implementation, your new system will be ineffective unless stakeholders are bought-in, supportive and actually use it. So, get them on board early.

2.Do build a business case

The good news here is that financial decision makers will be more open than ever to approving a new system that better measures, monitors and manages sustainability. But putting together a thorough business case which properly reflects the size of the task and scope of the benefits - from preserving assets, minimising risk, improving operational efficiency and boosting reputation - can be tricky, especially if it extends to taking non-financials into account. But don't think you have to reinvent the wheel, there are good examples out there, even in complex areas such as how to monetise stakeholder value. While it may be tempting to go for obvious, short-run financial benefits, helping the CFO to see the big, long-term picture will be worth the effort.

3.Don't get distracted by shiny things

Don't be dazzled by the latest tech capabilities on offer in the market, no matter how great they look and even if they come with immersive demos or a chance to spin-up your own prototypes. These can quickly lose momentum and are rarely operationalised unless they are tailored for your specific challenges and directly address the real business needs within your organisation. And, although this may sound like heresy to disciples of shiny things, do you need to buy new out of the box? Consider what the organisation already has in place - can it be extended, upgraded, improved or added to, rather than replaced? That applies to data as well; if you want to monitor diversity, for example, make sure you've linked up your existing HR monitoring systems because they may already be able to provide a lot of what you need.

4.Do start at the very beginning

That means getting to grips with the business problem that you're trying to solve in the context of your specific organisation. If you don't start with the right one at the outset, you're unlikely to get the right solution at the end. And start asking questions about data right from the beginning. Which data objects are the most important and relevant to the business? Are they available and in the same form right across your organisation or will you be in danger of comparing apples with pears? In the context of an organisation that needs to monitor the sustainability of its supply chain, from internal processes to hundreds of external companies, there may be significant work to do to be able to collect and compare the data effectively. But given that your new system or upgrade may likely have a shelf life of 15 years, the effort will be worthwhile.

5.Don't forget it's a marathon (as well as a sprint!)

Those familiar with continuous improvement programmes will know that a sharp sprint to get things done must be accompanied by an everlasting acceptance that there will always be room for improvement in the future. That duality is also true here. Yes, do ask what is the first, second and third priority? And what will get the biggest impact in the shortest timeframe? But one eye must always be on the big picture. Implementing new software isn't a one-time deal that acts as a panacea to solve all ESG problems. In a perpetually dynamic business environment, the day that technology is simply maintained is exactly when it starts to diverge from the business needs and begins to lose its value. Instead, it needs to be considered as a long-term journey with a focus on continuous improvement and investment so that it remains relevant. And key to that is governance, particularly around data. Keeping that data clean, reliable and consistent makes sure that your system will continue performing.

> **“ The good news is that some new players with great experience and insight are entering the market**

6.Do choose wisely

As a general rule, I don't usually defer to superstar singer Rita Ora for advice on sustainability but her words, 'You know you're only in it cuz it's hot right now, hot right now...' perfectly describe certain aspects of the current market for ESG technology solutions. The good news is that some new players with great experience and insight are entering the market. But others are rebadging existing systems to tap into the ESG boom and are not all fit for purpose. So, what is the best approach? Dive deep into complex use cases to understand the robustness of the tool and reveal any potential challenges further down the line. Accept that no system is perfect but, broadly speaking, choose one based on best fit and future potential.

Outlook: taking a cooler view

As someone who's been in this space long before it became visible, let alone 'hot right now,' I do wonder if some of the problems described above can be traced back to the days when sustainability was seen as something separate: a 'nice to have,' a cost, a small discrete department. While, intellectually, most have moved on, there's a danger that some of those old perceptions and silos remain. ERP systems have the potential to be the perfect antidote, bringing information together across the business to help inform decisions, create transparency, promote accountability and unlock the solution to sustainable business ahead. Ultimately ERP systems form the backbone of an organisation and all the data within it. The integrity and accuracy of that data is fundamental to overlay state-of-the-art analytical techniques to reveal inefficiencies, opportunities for improvement and inform decision making. Because after all, the whole objective of ESG is for organisations to reduce harmful impact and in an increasing number of cases, achieve the holy grail of making a positive difference to society and our planet. ■

Matthew is a partner at EY, leading its climate change and sustainability practice across the UK&I. All views are his own.

The backdrop: the forgotten and hidden ERP platform becomes an enterprise application platform (EAP)

Platforms matter in 2022

EAP is key for ERP success

Back in 2019, I had the pleasure to author a piece for ERP today on why platforms matter. Since, the industry has not stood still, and platforms have become stronger, broader and more important for all ERP vendors. Back then we looked at SAP, Oracle, Workday, Infor and Unit4 from a perspective of elasticity, compliance, innovation speed and total cost of ownership (TCO).

Vendors have realised that they need to support their customers better and enable the key three usage scenarios that form an EAP – the traditional extend and integrate use cases, but more importantly now the build use case. The latter emancipate the EAP offerings with the PaaS offerings in the market, albeit with a more limited scope, typically limited to the realm of the ERP system. BY HOLGER MUELLER

WHAT MATTERS FOR EAPS – SIX CRITERIA

> Maturity of offering

Like all other software, EAPs get better over time, and the novelty versus maturity of an EAP platform is an important differentiator for enterprises selecting one. The EAP needs to function reliably and well for the enterprise to succeed.

> Completeness of EAP portfolio

Enterprises need to know that their EAP platform supports all three key EAP usage scenarios: extend, integrate and build. Moreover, the need for portfolio completeness also extends to the singular functions of an EAP; those functions need to be workable, complete and finished. Half-baked automation and functionality are not acceptable in enterprise solutions.

> Innovation track record

Software is not fixed in its capabilities, and the speed of innovation as well as a track record of successful innovation matters. Enterprises should try to project the future innovation of an EAP vendor based on its record of past innovations.

> Expected total cost of ownership

Enterprises always need to look at the cost of software holistically - in this case, the TCO of an EAP platform.

> Availability of services

Enterprises cannot do it all alone: they need help from professional services vendors and system integrators. The availability of these services defined by capacity and talent is crucial for the success of an EAP platform.

> CxO comfort factor

People buy from people and each selection situation is unique. But CxO buyers must be comfortable with the vendor overall as well as being comfortable with the vendor's offerings.

FIGURE 1

Six criteria for EAP offerings

EAP Solution Potential	Employee Scarcity and Skills Shortage	Return on Subscription
Innovation Imperative	Contractual Challenges	Global Business

SOURCE: HMCC & CONSTELLATION RESEARCH, INC.

SAP

CAN BTP TRANSFORM SAP CLIENT'S SYSTEM LANDSCAPES?

SAP has abandoned the SAP cloud platform (CP) branding in favour of business transformation platform (BTP) - only the future will be able to tell if the marketing gurus have been right. Under the hood BTP runs existing former CP and even **NetWeaver** capabilities as proven capabilities to run both *extend* and *integrate* use cases. With the acquisition of **AppGyver** early in 2021, SAP has bolstered its capabilities in the important no code/low code field and with that the *build* use case. More recently it has also beefed up its advanced business application programming (ABAP) capabilities at TechEd. The combination gives enterprises the key capabilities to build their necessary application. Overall SAP has been consumed with bringing together its previous cloud acquisition on the SAP BTP platform, starting with single sign-on, a common portal, more common UX etc. The price has been a lot of internal focus, but it is for the benefit of SAP customers as they expect and deserve a better integrated automation portfolio. SAP has made substantial progress supporting its multi-cloud offerings, as now almost all of its applications are running across the major cloud infrastructure providers. They all like SAP workloads, as due to SAP's in-memory database HANA, these SAP instances are all powerful and with that revenue generators for the cloud infrastructure vendors.

ORACLE
IT IS GOOD TO BE ON TOP – EASY TO GET THERE, HARD TO STAY THERE?

Larry Ellison's vision of the integrated 'chip to click' stack has been proven and is now delivering its benefits. More specifically, customers have realised that the integrated technology stack, from the silicon on the chip to the user click in application has massive TCO and agility advantages. More importantly though, customers are upgrading their Oracle database and moving to the Oracle Cloud, which has ambitious expansion plans for 2022. It is now likely that Oracle can convert most of its on-premise database workloads to workloads that will run in the Oracle Cloud. For Oracle ERP customers this is a key development, because it means their applications will run on a major cloud. With its deep tradition in tools and application development, not to mention the ownership of Java and MySQL, Oracle is a strong player on the PaaS side as well, allowing its customer to utilise its full PaaS arsenal to be used for extension, integration and build use cases. Long term functional 'treasure' like Oracle APEX emerge to power the *build* use case. Given the overall lead of Oracle applications in terms of both functionality and maturity, Oracle is in a very good, if not in the top position across the ERP competitors when it comes to EAP capabilities. But it is one thing to get to the top - it is another to stay on top.

WORKDAY
AS THE NEW PLATFORM TAKES FORM, WHEN WILL CUSTOMERS BE ON IT?

Workday has scaled back its large-scale vision of a Workday Cloud Platform with strong *build* scenario support to a focus

on *integrate* and *extend* use cases. The latter recently was significantly better supported with the release of Workday Extend. Workday has shown it can run its technology stack on AWS and has several customers live on AWS. In 2021, Workday embraced a multi-cloud strategy as well, offering customers support for **Google** Cloud. That makes Azure the only major cloud infrastructure player not supported, but it will only be a question of time from my expectation when support will be announced. The big development to watch is how Workday will be able to convert its existing customers to the public cloud platforms. This is key for leveraging the elasticity of the public cloud for AI/ML processes, and elasticity is what the existing environments of customers do not have.

INFOR
HAVE A PLATFORM, CAN WE SELL IT?

Infor has the most mature EAP platform across the five vendors we highlight here, starting out with its Ion platform for integration more than a decade ago. Infor is as well the only vendor to feature a full data lake to support analytical and AI/ML processes. The biggest challenge for Infor's EAP platform is less the platform itself than the vendor itself – which understands itself as an applications vendor first and foremost. The sooner Infor understands that it is a platform powered application vendor and that its platform is a differentiator, the better for customers and the vendor. But for now, much of Infor's EAP platform is the vendor's best kept secret – 'hiding' in plain sight. It needs a multi-cloud strategy though, and while its partnership with AWS was the right start and is doing well, customers have data gravity and other considerations which make them use other cloud infrastructure vendors.

UNIT4
HAS A PLATFORM, HOW LONG DOES IT TAKE TO BUILD THE APPS?

Like Infor, Unit4 has one of the most modern EAP platforms in the market. Using and leveraging Azure early, creating a services mesh to power its ERP applications, enabling extension and integration services, its assistant Wanda and more, Unit4 is extraordinarily strong when it comes to EAP capabilities. Ironically, it is taking the vendor a long time to build its new ERP offerings, which also affects the success of its EAP. But overall Unit4 has done platform the right way – starting with the creation of an EAP platform which is modern and future-proof, and then building its ERP applications. At its recent user conference, X4U, Unit4 strengthened the EAP use case of *Integrate*, going a step further on integration; with vendor-supported vendor integration, the result is an acceleration of go live dates. Given the SMB and vertical focus, Unit4 may be able to pull off its future with only Azure as its support public cloud platform.

THE TAKEAWAYS

Platforms matter for enterprise application success in general and especially for ERP platforms. They are at the heart of all value creation of an enterprise, and need to be well integrated with modern integration technologies. They cannot fit perfectly out of the box; therefore, extension capabilities are crucial for overall people and customer experience. But most importantly they need to be able to create the automation an enterprise needs in the era of business best practice uncertainty in order to become and stay successful. The result is evolution of ERP platforms into enterprise application platforms. CxOs are well advised to pay attention to both the trend and the roadmaps that evolve these platforms. ■

HOW MUCH DATA IS TOO MUCH DATA? THAT IS THE QUESTION.

THE IOT SWEET SPOT

The Internet of Things (IoT) is no longer news. The Gartners of the world have made their predictions about the billions of connected devices and sensors that are on their way to run our world – and most of those predictions have come true.

BY ALAN EARLS

IoT

However, it is not always clear whether those IoT buildouts are delivering value now – or if they ever will. It's a problem of too much of a good thing. No one questions that data is good and more data is generally even better. But with the cost and complexity of creating huge IoT networks, there has to be a substantial payback to make it worthwhile. Furthermore, there is the question of whether every last bit of data is really going to be worth collecting and analysing. Maybe it's a case of more garbage in, produces even more garbage out.

To be sure, IoT is producing data like nothing else in history. A recent article, sourcing the information to the **International Data Corporation**, says total data generated by 2025 is expected to be around 175 zettabytes (ZB) with about 80 ZB attributable just to IoT devices.

And there are certainly many examples of IoT success – preventative maintenance for capital equipment being one of the most frequently cited. But not every IoT project produces gold.

In some cases, IoT is introduced as a solution in search of a problem. "By focussing on collecting as much data as possible and then analysing it, many companies end up drowning in their 'data lake' as it is difficult to extract value if you do not know what you are looking for," says Mats Samuelsson, the chief technology officer for **Triotos**, a provider of IoT reference solutions that help companies build IoT capabilities.

"Start by focussing on events of interest and then collect data associated with them"

MATS SAMUELSSON TRIOTOS

"A better way is to start by focussing on events of interest and then collect data associated with them. This focusses the 'data analytics' task on meaningful results instead of wild goose chases," Samuelsson adds.

Evolving IoT

So, where to start? Consider how we got here, says Greg Schulz. He is a senior advisory analyst at **StorageIO** and he suggests looking at what IoT has evolved from and where it is going. He says some IoT is built on the classic IoT-type activities that have been around for decades, such as SCADA systems. These systems integrate control activities and information, and were traditionally comparatively limited in scope and scale. Then there is the more modern IoT which focusses on collecting and controlling, as well as gaining insights. Modern IoT also offers tremendous scalability. "The problem is that the modern technology has become so much more affordable and ubiquitous that there is a tendency to go looking for things to apply it to," says Schulz.

"In other words, we have gone from unlocking the potential of processes, many of which were being done manually for years, to now looking for totally new ways to apply the technology," he says.

And, notes Schulz, this begs the question: what are you going to do with all that data?

It's not always the first question asked when companies are rushing headlong towards something that is sometimes pitched as a cure-all. "Are you processing data and leveraging it successfully?" Schulz continues.

"Are you doing it for the sake of doing it or are you leveraging it to actually unlock some better potential," he asks. Too often, in a quest to apply IoT to achieve cost savings and betterment, companies may actually be increasing backend costs, he warns. "Is that really saving money or is it just a wash?" These are the questions that Schulz says must be asked.

Of course, no strategic initiative or investment should be judged on its ability to provide immediate return on investment. "If it is just a 'wash' financially, it may still be worth doing if it enables something that couldn't be done before," he says. For example, using IoT may get you to results and insights faster. Therefore, from an opportunity cost standpoint, it could be worthwhile even if there is no direct or obvious savings. It needs to be looked at from a broader perspective or longer timescale.

But another aspect of IoT that can go wrong has nothing to do with the soundness of the concept and everything to do with the real world. Rich Karpinski, senior research analyst, **451 Research**, part of **S&P Global Market Intelligence**, says while the desire to leverage IoT data to help transform an organisation is valuable, it must be accompanied by the ability to deliver: "There is often a tipping point where projects move to production scale and things get real and then get challenging." He says that's because the number of endpoints and the amount of data generated by IoT deployments can be massive, "so you need a plan".

As projects grow, that is where the associated costs appear, he says. Those are the costs related to moving, storing, and analysing data. "You really want to make sure you are analysing the right data for the right reasons and in the right location within the right cost structure," he explains.

Specifically, he says, organisations need a strategy for determining which data is most important and an IT approach to help manage it all. "That includes sensors and machine endpoints, both for how much data they send as well as being able to keep them secure," he says.

The edge is typically the key. In other words, addressing all the issues around data generation typically needs to be engineered into the edge, close to the sources of data.

"We often hear about edge computing in the context of IoT because it can support characteristics such as high performance and low latency, but its ability to help to manage the amount of data that needs to be digested and the cost of that data is just as important," says Karpinski. The key job of edge computing, he says, is aggregating and filtering data and only keeping what you really need. "That is probably the biggest thing you need to get right," he adds.

Plan for success

If you want to avoid the pain, you need to have a plan in place from the start. "You need the right people internally and at your vendors, and you need to start thinking about those scaling issues from the start," says Karpinski.

Fortunately, you don't have to start entirely tabula rasa. According to Karpinski, there are definitely several broad categories of deployment types, typically related to how they handle edge computing issues. "You can also characterise applications by the amount of data they handle and the type of analysis that's needed," he said.

"Are you doing it for the sake of doing it or are you leveraging it to actually unlock some better potential"

GREG SCHULZ STORAGEIO

"You have to take the architecture challenges seriously from the start because it will be the biggest challenge you face"

RICH KARPINSKI 451 RESEARCH

The scale of the company and its technical readiness also need to weigh into decisions, because these will determine much about how successfully ambitious plans can be pursued.

In some instances, cloud can provide a short cut. "You can do some IoT with SaaS and by depending on vendors and systems integrators, even if your organisation is not tech savvy, you can still get things done," he said. However, he notes, large organisations that want to make a big difference in their operations have found "you have to take the architecture challenges seriously from the start because it will be the biggest challenge you face," says Karpinski.

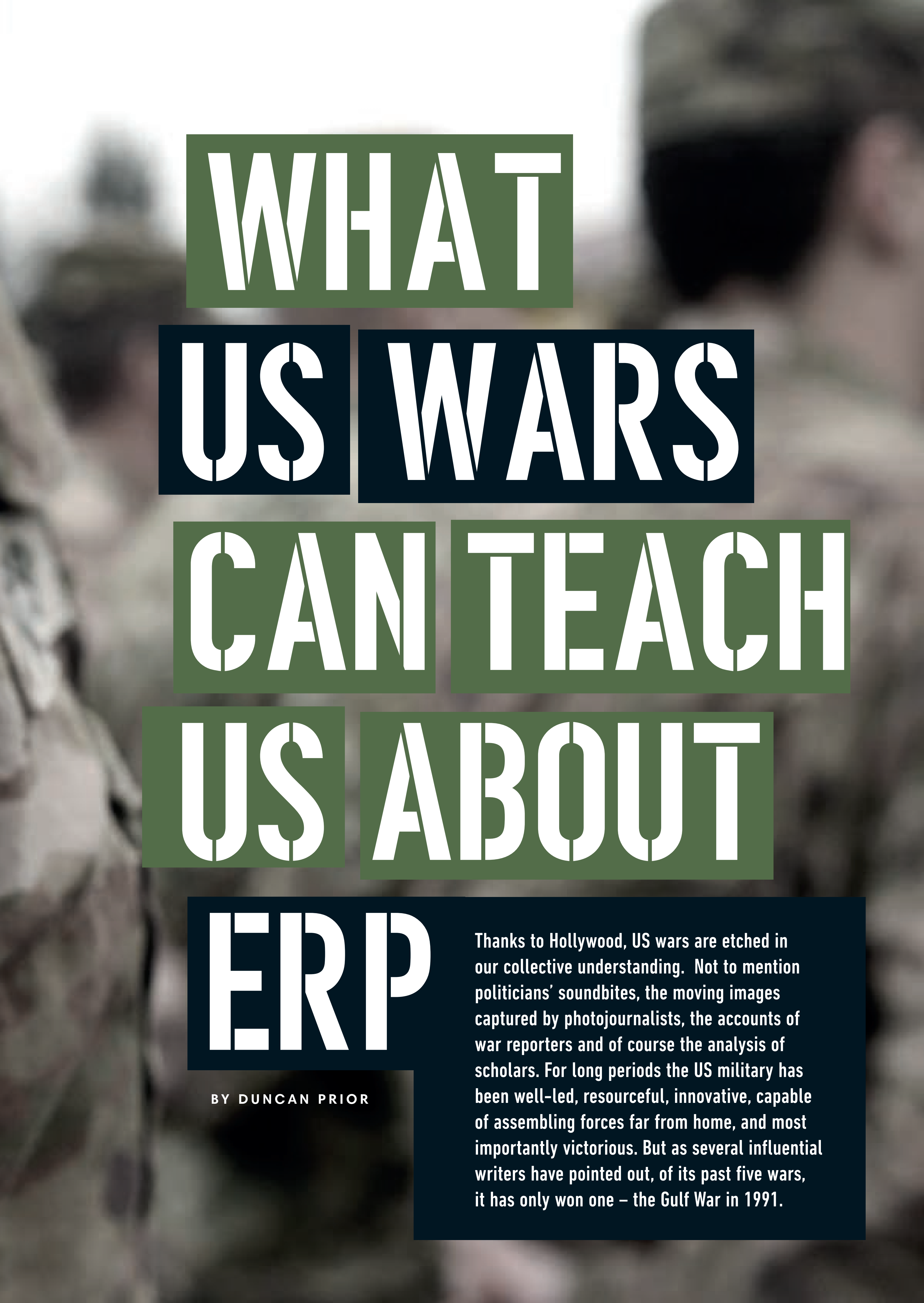
And, at any size firm, there will be orchestration issues, especially when cloud is involved, and that is where IT should focus. And the business or operations side of the organisation should be recognising and describing what they need so that IT will know what it should be building," he says.

Keeping the right perspective on IoT

So, the takeaway is the need to get past the dazzle and buzzwords and make sure you are clearly understanding how IoT can benefit you – and then build accordingly. Schulz says companies naturally want to be 'first and best' and can be tempted to see IoT investments as a way to fulfill that goal. But, even if they can justify the investment, they also need to be aware of the risks, particularly with cyber security. "Can you actually accomplish your goals in a safe and secure manner?" he asks.

You need to keep that perspective as you scale up from small to large and increase the complexity of what you are doing. How are your tools helping with that and with security? In your quest to save money, are you opening yourself to new costs through cyberthreats and ransomware?

Ultimately, you need to make sure your IoT initiative is either solving a business problem or creating a genuine business opportunity, says Schulz. ■



WHAT US WARS CAN TEACH US ABOUT ERP

BY DUNCAN PRIOR

Thanks to Hollywood, US wars are etched in our collective understanding. Not to mention politicians' soundbites, the moving images captured by photojournalists, the accounts of war reporters and of course the analysis of scholars. For long periods the US military has been well-led, resourceful, innovative, capable of assembling forces far from home, and most importantly victorious. But as several influential writers have pointed out, of its past five wars, it has only won one – the Gulf War in 1991.

OPINION

ERP IS AN ALTOGETHER MORE PROSAIC AFFAIR WITHOUT THE LIFE, DEATH AND FATE OF MILLIONS DEPENDENT ON IT. ON THE OTHER HAND, LEADERS IN BOTH FIELDS FACE SIMILARITIES IN DECISION MAKING:

- *Whether to launch or not*
- *The need for clarity of objectives*
- *Consideration of the scale of operations*
- *How best to manage the latest technologies*
- *Focus on the biggest challenges and on strategic objectives*
- *The criticality of alliances*
- *How to deploy resources on a large-scale*
- *Delegation of command*
- *Management of local impact and of uncertainty itself*
- *Finally the exit strategy*

We ERP managers are hungry for ongoing success and are (usually at least) keen to learn from experience. So, where better to look than at lessons in US military history?

Before we start, I should caution the reader, who might rush to a hasty conclusion based on chronology, something like: 'well, large-scale ERP deployments could be compared to the large-scale global conflicts decades ago that the US mastered, but now we face an equivalent set of fragmented and fluid challenges similar to those with which the US is struggling. So, the conclusion is clear – it is no longer relevant'.

This is inappropriate for two reasons. Firstly, lessons from right across history apply today. Secondly, the US' principles of liberalism, capitalism and freedom from tyranny, (however tarnished and poorly represented by some leaders) are still part of the solution to the world's problems. ERP has suffered a similarly poor reputation at times (albeit on a smaller scale) – bloated, overly complex, inflexible – but its principles of integration, consistent best practice, and single version of the truth are as relevant in today's organisations as they ever were. It is easy to argue that in both cases the core values are preferable than the alternatives, but (and it's a big but) only if they are applied wisely to local circumstances and for achievable objectives.

Consequently, a better framework for this analysis is the sequence of questions to shape and manage your ERP strategy, drawing lessons from US wars (successful and not so successful) relevant to each question.
And with that mind, I chose the following questions:
1. How should I assess the current situation and near future and bring stakeholders on board?
2. How do I bring business stakeholders with me?
3. Once the objectives have been defined, what are the key means to achieve them?
4. What is the programme approach from start to finish?

1 HOW SHOULD I ASSESS THE CURRENT SITUATION, NEAR FUTURE AND BRING STAKEHOLDERS ON BOARD?

How to do it well: the US entry into World War II. By late 1940, President Roosevelt was all too aware that the situation overseas was untenable, and that the biggest challenge was to educate the electorate that a policy of do-nothing would be fatal. Nazi rule was extended over most of Europe and the Japanese had extended their hegemony throughout much of East China and French Indochina (more on that region later). Both had become unassailably domineering and the US could not ignore the threats they posed any more. In August 1941 (before entering the war), he and Churchill set out eight principles of a post-war world. Having laid out the objectives clearly and concisely, he could focus on finalising the internal support needed for successful execution. This took time, patience, diplomacy, flexibility and luck (just as is required to construct and manage an alliance to move forward with ERP).

So, as you review your imperfect legacy ERP with all its bespoke code, technical debt and user dissatisfaction, you should consider the point of view of external competition. Could these systems enable a challenge from a new, agile and ambitious competitor or from tougher regulation? Could they provide the flexibility and information required for your managers to respond? If not, it's time to proactively do something about it and to start working out how to bring business managers on board by illustrating both the drag on performance your legacy systems engender and the benefits of a digital alternative. At the right time, draw up your objectives that are clear and aligned to the overall strategy of your organisation, and you will secure sufficient support. Don't drift and stagnate, letting the competition overtake you.

Another lesson (with the need to point out recent specifics) is the need to weigh up carefully the alternatives before committing 'boots on the ground'. After all, the US has found that not only is war costly but also there is no guarantee the initial objectives will be achieved.

This analogy applies to the question of how to go to S/4. Ok, so your current ERP solution isn't great – lots of bespoke objects and so on - but might it be more practical and less costly to sort this out gradually rather than a full-blown risky reimplementation? I am still surprised by some companies that embark on an S/4 greenfield re-implementation without conducting a thorough analysis of the alternatives, even though there are already plenty of examples of companies who committed a lot of money on that particular grand revolution only to be forced later to write the costs off and reconsider their approach. It is as though the advocates of greenfield are sometimes IT's equivalent to sabre rattlers – grand gestures and bravado rather than objective inquiry and analysis.

2 HOW DO I BRING BUSINESS STAKEHOLDERS WITH ME?

This is the most important question and one for which US history throws up the most illuminating examples.

How to do it well: the early years of the Cold War. Immediately after World War II, Germany posed the greatest set of questions for the victors and, as a result, exposed the fundamental differences of their ideologies and strategic objectives. After four years of devastating struggle, the Soviet Union, perhaps understandably, was more focussed on retribution and control over Germany. Also it became apparent that it had no intention of cooperating in establishing post war recovery in Europe. When the Russian leader, Stalin, decided to blockade West Berlin, the US and UK acted and launched thousands of flights to feed and supply the hard-pressed population. The enormous goodwill that blossomed across West German society meant that the country became a loyal and reliable ally for decades. Then as the Marshall Plan was launched to provide all manner of provisions and infrastructure for a hard-pressed Western Europe, this sense of solidarity flourished further and crystallised with the formation of **NATO**, a coordinated defence strategy. So decisive action brought on board not only 50 million German citizens but also swathes of society across the

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continent. The US had its wider stakeholders on board and if that lesson doesn't apply to ERP, then what does?

There are three clear positive lessons here for an ERP roll-out:

1. Seize any opportunity for positive impacts that are entirely consistent with the underlying principles of your emerging solution and facilitate the development of goodwill towards your programme.

2. Lay the foundations for the next decade or so. Have faith that the underlying strength of ERP can do that.

3. Work with local conditions and respected local managers.

Whereas the bureaucratic, stifling, and inflexible communism of East Germany proved impossible to reform and became a relic of history; the Stalinist alternative of doing it to them, not with them, doesn't work!

3 ONCE THE OBJECTIVES HAVE BEEN DEFINED, WHAT ARE THE KEY MEANS TO ACHIEVE THEM?

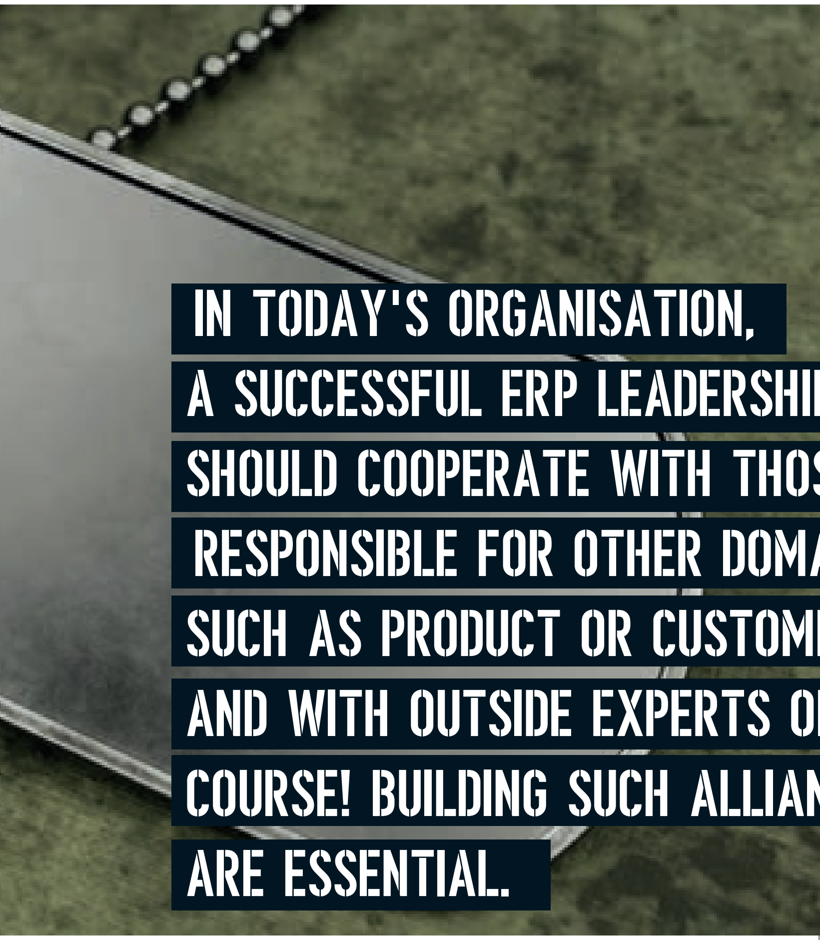
How to do it well: the War of Independence. Once armed insurrection broke out against the British in 1775, the course to the declaration of independence the following year was inevitable. Easy so far, but now the hard part: how would these scattered and untrained militia defeat the greatest global military power of the time, and what lessons does this provide those of us working in ERP?

There are three answers to these questions, each pertinent to successful ERP:

1. Mastery of the whole country, not of an individual area. The war was fought on a vast geographic sweep and while the revolutionaries understood that, their opposition did not. ERP remains the only solution that can perform similarly across the swathe of business functions, and although a specific point solution will offer benefits in a particular area, the value of integration should still triumph.

2. Work closely with allies. As hard as it may be for some to admit, independence would not have been won without the assistance of the French, Spanish and Dutch. They supplied and trained the revolutionaries and harassed British maritime supply lines. In today's organisation, a successful ERP leadership team should cooperate with those responsible for other domains such as Product or Customer and with outside experts of course! Building such alliances are essential.

3. Financing. Fighting wars (just like ERP programmes) are costly and can spark bitter political infighting. Alexander Hamilton merits a multi-award-winning musical given the wonders he achieved. He secured the necessary agreement across a squabbling gaggle of colonies to finance a continental war and to preserve the fledgling republic. As you embark on an ERP transformation, do not shy away from the equivalent of this challenge because it's essential you secure a sufficient war chest to finance your central project services and local financing of variations to the templated solution. Sadly though, don't expect a Broadway smash heralding your success!



IN TODAY'S ORGANISATION, A SUCCESSFUL ERP LEADERSHIP TEAM SHOULD COOPERATE WITH THOSE RESPONSIBLE FOR OTHER DOMAINS SUCH AS PRODUCT OR CUSTOMER AND WITH OUTSIDE EXPERTS OF COURSE! BUILDING SUCH ALLIANCES ARE ESSENTIAL.

4 WHAT IS THE PROGRAMME APPROACH FROM START TO FINISH?

Having committed resources and decided on the objectives, the approach or methodology is critical. Consider questions such as:

- Waterfall or agile
- A maxim of adopt standard or first establish critical user requirements
- Top-down transformation vs resolution of day-to-day pain points

Lesson for consideration: Vietnam. This war was lost neither in the US newsrooms, nor liberal university campuses but in the local conditions in South Vietnam because of the approach the US chose to adopt. The objective was clear – to preserve the newly formed country of South Vietnam from communism thereby preventing the spread of that much feared ideology across the region. But in terms of execution, there are two clear and very painful lessons:

1. Try to understand local priorities and work on hearts and minds. By and large in the early 1960s, the South Vietnamese wished for independence having dispensed with French colonial rule. The US should have realised this given their own history (see above) and should have had enough faith in their own principles of economic and political liberalism to encourage essential reforms - just as it did previously in South Korea and West Germany. But here it threw its weight behind a series of corrupt and short-sighted leaders. So, for your new ERP solution, set up a framework for empowered business ownership of the essentials such as master data, analytics tools and priority setting for new functionality.

2. Smaller focussed teams achieve more than large-scale armies. We have all seen the films (from the US point of view) – camera sweeps through dense jungle scanning for elusive enemy fighters, and massive and fruitless aerial bombardment. Whereas the smaller agile forces in the contemporaneous Malaya Emergency did quash the violent threat there. The equivalent in ERP is now possible – you can deploy agile, focussed teams in a DevOps environment to work with local users and co-create solutions. But only if this approach is right for your business environment and objectives.

CONCLUSION

For many organisations ERP is as relevant today as it ever was. Business users demand greater digitalisation, comprehensive analytics and flexible solutions. This provides us all with a welcome challenge, but we should have faith in the underlying virtues of ERP. We can work with business leadership, to assess the requirements objectively and work out the right approach. The rewards are clear. Yes, there will be difficulties and we must be flexible and pragmatic, as it is perfectly possible to succeed and nimbly avoid the equivalent of the jungles of South East Asia. ■

Duncan Prior is head of ERP advisory services at Capgemini

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The
Data
Migration
Minefield

BY JOHN SMITH

Data is the foundation on which all modern businesses are built and the importance of accurate and timely data has never been more important to inform critical decision making. It is therefore curious that data migration (the process of moving data from one system to another) is often neglected and resigned to the bottom of the priority list during ERP projects. Ask any seasoned ERPer what caused the biggest headache on their last project and you are sure to be told one thing: data migration.

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Reasons for project failure

The foundation for the systems that run your business is the data they store. If you neglect this foundation, you risk your business, and this is never more evident than when you embark on improvements in your business processes and therefore need to upgrade your systems. Managing the move of the data from your old systems to new is a critical part of the business change, and ensuring their accuracy, completeness and correctness should be a given. While the improvements in the user experience in the new system may be eye catching and the changes in business processes may deliver big benefits, if the data in the system is not complete and correct then it is bound to fail. It is just as important to focus resources and effort on getting the data right as it is on the user interface or business change. The changes are driven by the business and so should be managed by the business.

Data migration (DM) projects are notorious for overrunning on both time and budget, although senior management of organisations undertaking major change programmes may not be aware of this reputation. Or at least that is how it seems to DM professionals who are regularly called in to rescue programmes that are delayed because the data isn't ready. So why is it that DM, which appears simple to those not experienced in doing it, causes so many problems?

It often relates to the lack of understanding among the senior management who therefore don't allow sufficient time, resource or expertise to do it properly. Among the more common issues to be encountered in failed projects are:

- No clear ownership of the data
- Unclear acceptance criteria/inability to reconcile and sign off results
- Lack of senior support for the DM project
- Starting too late waiting for decisions in main programme
- Overly optimistic programme plans after no involvement of migration experts in planning

So let's run through these and see why they cause the projects to fail.

Too many executive teams think that the IT department owns their data, and even worse too many IT departments agree with them. They would never consider that the maintenance department owned the machinery in the factory or the computers in the offices, but they are happy to delegate ownership of the data that drives their business to the IT department that manages it for them. This lack of ownership results in them not accepting responsibility for the quality or cleanliness of the data in their existing systems, which are fundamental to any successful migration. This is the basis of the successful implementation of a new system and the business change that has justified it. They then try to blame the IT department for the failure, when they are the only people able to sort the issues out.

This has been further complicated by the trend for large organisations to set up shared service centres (SSCs) to carry out the transactional processing for their systems. This may get the IT department off the hook, however just because the SSC physically updates the data this is only done on instructions from the business, so the ultimate responsibility for the accuracy, completeness and correctness of the data still lies with the business that owns them.

When, late in the day, the problems with the data become apparent, this lack of clarity of ownership leads to the different groups playing the blame game rather than collaborating to fix them and so extending the inevitable delay. The ownership should be established at the very beginning of the programme. While all the stakeholders, IT, the SSC, and the systems integrator have a role to play in getting the data in a fit state to be loaded to the new system, the ultimate authority and responsibility must lie with the business.

This leads onto the next issue where clear and measurable criteria for the acceptance of the migrated data have not been established. Most programmes will have a series of phases with a quality gate at the end of each to identify if the deliverables of the phase are complete so that the programme can move on to the next phase, confident that it is doing so on firm foundations. The state of the data must be one of the deliverables that is included in this check and the users of the new system must make plain what

"Data migration (DM) projects are notorious for overrunning on both time and budget, although senior management of organisations undertaking major change programmes may not be aware of this reputation"

is considered acceptable in terms of accuracy, completeness and correctness of the data at each stage. If this isn't done then it is not until the very late stages of testing, if at all, that any attention is paid to whether the new system, when populated with data from the migration, will actually work.

The acceptability criteria for the data must be clear and measurable, but it is never possible to achieve 100 percent correctness or a complete history of data, so the business must work out what the cost of incomplete or incorrect data is. Then, an informed decision can be made as to how much resource should be committed to fixing data quality problems. Without clear criteria as to what is acceptable it can be difficult to establish exactly what is required to correct the situation, and again the disputes and finger pointing that ensue just delay the corrections even more. However, you would be surprised how often this fundamental step is overlooked in setting up the governance for a programme, usually with the result described above.

"You need the support of the business users, but they have a business as usual job to do so are not necessarily too keen on taking on the additional workload of correcting historical data"

Now, if you have established ownership and acceptance criteria you should hopefully be able to plan and resource your DM project with confidence. However this does not guarantee success as, if you do not have support from your executive management, you will never get the support of the business to address the issues you find with the data. It is critical that the business management, who are the owners of the data, are clear that they will be held accountable by their executive management for the success of the migration and therefore the programme as a whole. Executive management's support should be visible to the whole organisation; without this business as usual, priorities will override the data migration requirements in decision making throughout.

Without the appropriate motivation by executive management, the business will not find the time to help identify the causes of the data quality problems and change their processes to avoid compounding the problems or help the corrective action required to fix the existing incorrect data. The best way of fixing problems with incorrect or incomplete data is in the existing system, as it is a familiar environment for the staff and they will remain fixed going forward rather than having to be

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corrected each time the data is processed. To do this you need the support of the business users, but they have a business as usual job to do so are not necessarily too keen on taking on the additional workload of correcting historical data. This will only happen if it is clear that they are being measured on achieving this alongside their normal targets, hopefully with some of their normal targets relaxed a little to allow for this additional workload, or additional resource being provided.

Another common problem for the DM project is that it is not kicked off early enough in the programme. It is not possible to complete the necessary analysis, design and processing to deliver good quality data if you wait until the new system has been selected and the design completed. Especially as the new system design and configuration is likely to change right up to the final testing phase; even if you wait until it seems reasonably stable, you may have to cope with changes that cause rework at the last minute. It is more important to have the capability to react to these changes than to wait until you believe the design is fixed.

In many cases where the DM element of the programme has been delayed until the design was ready, the result is that fatal quality problems with the data in the legacy systems aren't discovered until it is too late to correct them in time for the planned implementation date. This leaves the programme with the choice of delaying the implementation or continuing and attempting to correct the data in the new system. If the latter has to be attempted it means that the users are put in a position where they not only have to cope with an unfamiliar system and processes but also try and correct data issues that may be months, if not years, old. This inevitably tends to colour the early experience of the new system by the users and they may never overcome the negative impression they receive.

"This leaves the programme with the choice of delaying the implementation or continuing and attempting to correct the data in the new system"

Indeed with the advance of cloud based systems, and the reduction in the time necessary to implement them, it is even more important to kick off the DM project even before a vendor has been selected. Or possibly you could consider an ongoing data quality programme so that when it is decided to make such a change there is less likelihood of issues with the data.

It may seem that you can't start to design your migration until you have a clear view of the target system design, but in most cases the logical view of the data in the new system will not be altered greatly by the actual software selected. The mapping from the logical view to the physical requirements of the new system can be a step undertaken later in the schedule once the design has begun to settle down.

It would seem that in a desire to satisfy the wishes of the customer for an aggressive delivery date, the pro-


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gramme plans developed during the selection process for a new system can often be described as optimistic at best. This may be due to a lack of expertise on the part of the planners; in most cases no DM specialist is engaged until after the overall programme timescales have been developed, and so the timeline and resources allocated to DM are commonly inadequate. Being faced with a plan that has two or three test loads before the live cutover and an elapsed time of a few months is a common experience and in more cases than not the first task of the newly appointed DM project manager is to argue either for a replanning exercise and a delay to the implementation date or a significant increase in the resources allocated to the task.

The initial planning phase is usually carried out before a number of key decisions about the migration have been made, such as:

- What tools are to be used
- How much historical data should be migrated
- What the acceptance criteria is for a successful migration
- What the archive strategy will be for data not migrated
- What the cutover strategy will be

In this case it is not surprising that the initial plans are inaccurate and need to be reworked once these decisions have been made. Programme planners and, dare I say it, salespeople are always more likely to err on the side of optimism in their initial plans and it is up to the business to take a view as to how optimistic they are being and so decide on a realistic target date. The strategy and tactics for the migration need to be put in place at this stage so that the planning is based on firm foundations. Thinking that your existing IT department will be able to carry out a successful migration using spreadsheets, with little or no business support, is a recipe for disaster. Make sure you have engaged the right people, can provide them with the right tools and resources, and that you can plan confidently.

The key learnings in all this are, I believe:

- Ensure the ownership of the data lies clearly with senior business management
- Establish clear and measurable acceptance criteria for the migration
- Get the C-level management to visibly support the migration
- Start your DM work as soon as you decide you are going to implement a new system
- Engage DM professionals early to inform the planning process and give the migration a fast start
- Employ a professional toolset; don't just use spreadsheets etc.
- And finally expect it take at least 50 percent longer than you think it should

If you pay attention to these learnings and find a good team, you are well on the way to a successful implementation. ■

CASE STUDY

Is poor master data management holding you back?

Irrespective of your system of record, if the data contained within it is poorly managed, inaccessible or cumbersome, it is unlikely you will reap the rewards promised by your investment in ERP. Many customers develop manual work-arounds and tasks like simple approvals can lead to errors and duplication of effort. Embedding master data management (MDM) tools can deliver significant benefits including improved accuracy, more efficient workflows and generally improving the user experience for employees.

One company that has taken MDM to the next level is **Upfield** – the largest plant-based product company in the world that operates in 95 countries and runs SAP S/4HANA as the backbone of its global operations.

THE CHALLENGES

Complexity and variety of processes and business scenarios

Upfield's standard process of master data governance was clear but lacked the supporting tools required to make the process efficient. Everything from request to approval,

communications and processing was manual and relied on extensive email flows. Lack of automation exposed Upfield to human error and required many master data adjustments, decreasing overall data quality.
Upfield also wanted to cover all accompanying objects required for purchasing, costing, manufacturing, distribution and sales at least to a level where they could track if essential tasks were completed or not.

Material master. Upfield needed to ensure that all production items (raw, packaging, semi-finished and finished goods) were under control and delivered on time and in full.

Vendors. Upfield needed to streamline the overall onboarding process of vendors, creating a workflow eliminating the need to use multiple systems.

Customers. Upfield needed to improve new customer creation and master data management. The process of approval requests required changes to ensure that the business could actively participate in the process.

Lack of process harmoniation between regions. Upfield runs businesses on six continents, using separate SAP systems, running a slightly different data model and requiring a specific set of rules. Each region has a slightly different organisational structure which impacts ownership of both process steps and data.

Definition of roles and responsibilities. Upfield discovered many gaps in roles and responsibilities in the MDM process. Finding an owner for each data object and each master data view or field became a challenge that needed to be resolved for the process to work.

SOLUTION OVERVIEW

Upfield looked at numerous MDM and governance solutions. They eventually selected Maextro after a successful pilot project. The initial Maextro objects delivered to Upfield were material, customer and vendor (business partner). The project was managed and delivered by the Upfield master data team with support from Bluestonex.

Material master. Encompassing the creation, extend and change functionality of four material types across all Upfield plants and sales orgs. There was extensive use of the Maextro rule functionality and high governance of process.

Business partner. Maextro's Business Partner object was deployed for the maintenance of both vendor and customer business partners in Upfield's S/4HANA environment.
The workflow capabilities of Maextro were used extensively to direct tasks to different users based on geography, departmental functions and vendor types. Additionally, multiple linked customers could be processed together, within a single Maextro request.
From the end user perspective, the look and feel of the Maextro Business Partner screens is consistent with screens for other Maextro objects (such as Material Master), thus insulating the user from the complexity of the SAP standard BP transaction.

User experience. The user experience was further simplified using SAP Screen Personas Slipstream UI5 engine apps covering create request, approve request, task list, data log/audit. Maextro's core UI apps meant zero development was required and worked 'out of the box', using data and screens defined in the back-end ABAP system.

The results. Transparency and ease of use were flagged as obvious benefits. Additionally, the fact that users now need provide only the data they actually own rather than having to query multiple teams to collect all of the data required. The significant decrease in offline communication was also noted as a big advantage.
The business rules adopted by Maextro not only improve the quality and consistency of the data, but also to reduce manual effort. In many tasks, users simply review pre-populated data and only occasionally adjust where required.

Business partner master data. The implementation of Maextro was a huge success and more than 300 potential users of the system participated in the training provided. The number of e-mail communications between users of the system decreased significantly. Data quality improved due to the way Maextro enforces Upfield's business rules. And the time needed to create a customer account has also been shortened and the requestor now has full visibility of progress.

Skills & knowledge transfer. Upfield benefitted from the quality of knowledge transfer and support received from the Bluestonex team, which greatly helped in understanding how Maextro works and how it can be shaped to requirements. The tool is very flexible and opens up vast opportunities for process simplification and improvements in the future. ■

> "Bluestonex has been incredibly supportive and agile in getting us over the line for three major data objects – product, customer and vendor. Their passion, knowledge and experience has been immensely appreciated by our Associates, who have learnt a lot and gained new skills and capabilities. We are now building on this good foundation to deliver further process and UX improvements for our business."
>
> **JAROSLAW CHRUPEK**
> Global director master data & head of finance shared services

‘RISE WITH SAP’ one year on

Why PMC plays a pivotal role

BY DAVID PENNY

2020 was a year of ups and downs with a big impact on S/4HANA

SAP started 2020 with growing customer pressure from users, facing an End of Maintenance date of 2025, that were demanding more time to move away from Business Suite 7. This led to SAP extending the date [yet again] to 2027, with an option of support until 2030.

The global COVID-19 pandemic followed shortly afterwards, delaying and indefinitely stalling many digital transformation projects around the world. This put the brakes on many S/4HANA deployments that involved business process changes as well as a change of ERP being considered more of a re-implementation than a migration.

Boardroom scuffles in the summer kept SAP in the headlines with the market responding with share price volatility during this time. Despite all of this, SAP ended their 2020 financial year rather well, considering everything that had happened, SAP achieved growth in both revenue and profits. However, reported increases in their cloud backlog did mask a significant reduction in new S/4HANA sales in 2020, compared to the previous year.

The SAP user community views on S/4HANA, also changed significantly in 2020 crystalising to one of three distinctive positions: (1) those that embraced and could easily implement a new S/4 ERP. (2) those with complex landscapes (often having multiple instances with many years of customisations) facing a difficult move and (3) a big growth in the number of ‘wait and see’ users whose current ERP broadly met their needs, had already depreciated their purchase costs and were struggling with a compelling business case to buy a new ERP system that were often reliant on other business changes and difficult to quantify.

‘RISE with SAP’

To address the drop in S/4HANA sales, overcome some of the known hurdles moving over, and provide a way to promote SAP’s own subscription services, SAP launched ‘RISE with SAP’ in January 2021. SAP described it as 'a simplified pathway for customers to transition their mission critical systems to the cloud and transform their business, delivered as a holistic commercial package with one subscription fee'.

Many ECC organisations post-pandemic will not have the time or money to implement long ERP transformation projects (average duration being 20 months according to UKISUG surveys). To avoid this and preserve current processes and ECC customisations for a new S/4HANA deployment, users need a low cost/risk route using ‘lift & shift.’

> **A simplified pathway for customers to transition their mission critical systems to the cloud and transform their business**

To accommodate this, SAP needed a big overhaul of its cloud services with as much flexibility as the on-prem version of S4HANA. Limited functionality/customisation capabilities of the original SAP S/4HANA Cloud service led to it being renamed ‘SAP S/4HANA Cloud, public edition’ and repositioned as ideal for

OPINION

greenfield implementations and subsidiary offices when part of a two -tier ERP.

A new modern service was built with the top three hyperscalers and launched as 'SAP S/4HANA Cloud, private edition.' This service has the functionality and flexibility required for ECC users choosing brownfield migrations. It will replace the HANA Enterprise Cloud (HEC) single -tenancy solution that has been in service since 2013.

RISE bundled various tools and services to ease migration and refine business processes that would clarify the business case. SAP Cloud services are mandatory within the RISE offer and billed on a recurring 'per user per month' subscription model rather than the traditional Cap-ex perpetual software licence purchase with annual maintenance charges.

'RISE with SAP' one year on

RISE has proved popular with many new mid-market companies keen to adopt SAP's new ERP solutions. The Public Cloud variant of S/4HANA in the RISE portfolio is a web service with leading automation and machine learning technology and is very competitively priced.

However, for SAP Business Suite users whose current landscape is on-prem and managed by an SI or MSP Partner, several challenges still exist. RISE promoted 'one handshake one contract' that combines hosting, maintenance and licences, doesn't really provide simplicity for the user. RISE services still require an additional partner contract for the implementation and ongoing application management services. RISE has no connection with their wider application landscape of SAP legacy and non-SAP apps that may also need future cloud hosting. RISE being a separate part of all this could add complexity.

Separation of old and new SAP services could also create conflict for partners that currently host and manage all the client's software and systems with the adoption of SAP direct RISE managed services taking business away.

The role of SAP PMC

[PMC] Partner Managed Cloud programme was launched five years ago when software services were in high growth and SAP needed a way for partners to offer SAP Software as a Service [SaaS]. SAP partners with MSP or SI interests (usually those with SAP Centre of Excellence accreditations) adopted PMC agreements to lease software licences for the duration of SaaS contracts.

At the time, SAP did not offer any pay monthly subscription services, so it was the perfect way for PMC partners to obtain software for third party cloud environments that could be billed on a recurring monthly (Op Ex) basis.

Any clients who already owned on-prem software licences could use them instead of leasing new ones. PMC offered customised SaaS with flexibility to protect previous licence investment with the choices of BYO licences or hire through PMC.

Users with a multi-cloud strategy could spread their landscape risks using different services that best met their business needs. For example, business critical applications on High Availability services. Low latency apps delivered by local private cloud and the rest on lower cost plans.

SAP has expanded the role of their PMC with a new remit that allows them to also offer solutions with RISE under a single partner contract

'RISE with PMC'

Today SAP have many cloud services including multiple SAP S/4HANA Cloud variants, Success Factors, Ariba, Concur, SAP Analytics Cloud [SAC] etc. With SAP's desire to accelerate their customers' transformation to the cloud using their own services.

SAP has expanded the role of their PMC [custom partner SaaS] with a new remit that allows them to also offer solutions with RISE [custom SAP SaaS] under a single partner contract

With Cloud subscription services being a component of all SaaS consumption models it will minimise potential competition tensions as well as encourage partner promotion of RISE services.

Most PMC providers are the System Integrators/MSPs managing entire client landscapes today. Offering a future landscape that comprises a mix of SAP RISE, Partner SaaS, legacy SAP and non-SAP apps are in a position to offer a 'one handshake one contract'.

Customised managed services around RISE will include both service wraps and bespoke commercial terms. Providers of the relatively unknown PMC programme could now be more relevant than ever before in the future. ■

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TECH TRENDS

The Deloitte Tech Trends report is in its thirteenth year and looks at current, emerging and future technology trends. It is essential reading for any digital leader and is widely regarded as one of the most comprehensive and thorough reports of its kind. The report utilises Deloitte's history in working with global organisations across industries and a combination of unique business and technology expertise to predict the trends and opportunities that are most likely to impact businesses in the next 18 to 24 months.

BY PAUL ESHERWOOD

REPORT 2022

This year's report shows that, as organisations continue to build on their resilience from responding to COVID-19, new challenges such as global supply chain shortages and fierce competition for talent are forcing companies to become smarter and nimbler. Those that challenge orthodoxies, apply new approaches, and engineer a tech-forward future can drive innovation, gain advantage and differentiate themselves both inside and outside the enterprise. To give the report some additional context, I sat down with Mike Bechtel, chief futurist, Deloitte Consulting LLP, to ask him some questions on the key findings.

Tech Trends 2022 is categorised into three main areas: optimising IT, advancing the enterprise and projecting the possible.

Optimising IT
By applying automation, AI and machine learning to internal processes, lean IT talent can focus on strategic, value-add projects while enhancing operations. Trends discussed in this category of Tech Trends 2022 include:
- IT, disrupt thyself: automating at scale
- Cyber AI: real defence
- The tech stack goes physical

Advancing the enterprise
Utilising powerful technology tools such as data, cloud and security, organisations can create powerful new business models to meet customer demands and gain competitive advantage. The three trends include:
- Data-sharing made easy
- Cloud goes vertical
- Blockchain: ready for business

Projecting the possible
Field notes from the future looks at technology and trends that stand to take hold in the next five to 10 years including quantum technologies, exponential intelligence and ambient computing.

On cyber and trust

As data becomes more distributed across multiple platforms, are we making it harder for business leaders to trust that their data is safe and secure? The sheer volume of data, 5G technologies (soon to be 6G), sophistication of cyber attacks, increase in data sharing and the proliferation of algorithms making decisions all amount to uncertainty for CIOs. Is the industry doing enough to ensure that the solutions they bring to market are reliable and secure? Is cyber and trust a board level concern or just for the CIO/CDO?

MB Automation, abstraction and acceleration are godsends to the degree that they free up human capacity to focus on higher order opportunities. That said, it's important to acknowledge that 'good' outcomes do not arise from turbo-charging 'bad' processes. For example, small cyber vulnerabilities, automated and accelerated, become big ones. Similarly, AI/ML models, trained on data with small tacit biases, can end up amplifying inequity. Our research suggests that a key piece in realising the benefits of automation at scale is to ensure that you're inventorying and understanding those processes you intend to automate. Done correctly, these journeys force important discussions between tech leaders and business leaders which result in more clarity, more explicit goals, and more intentionality. In summary, automation done right doubles as an IT hygiene check-up.

We consider cyber and trust one of our enduring 'macro technology forces', which means that it's always been an IT concern and always will be. For all the optimism inherent in emerging technology work, it's important for leaders - yes, CxO's and boards of directors (BoD) too - to realise that there's always a risk dimension resident in every reward. Our Deloitte Global Technology Leadership study reminds us that technology leaders typically serve in their roles for three to four years. Their incentives are tuned towards 'nurturing now' as opposed to 'enabling new' let alone 'exploring next'. Interestingly, boards are the ones charged with the long view. As stewards and guides for the long haul, boards should certainly be conversant in matters of cyber and trust, which together are just another name for 'risk management', which is very much part of a typical BoD remit.

Core modernisation

Where is the appetite for core modernisation? Business leaders are being bombarded with new opportunities - new solutions for employee and customer experience,

digital workflows, to name just a few - has the importance of a clean stable core been forgotten and how do you see enterprises continuing to invest in core modernisation whilst maintaining appropriate investment levels in new opportunities?

MB The reason we consider core modernisation an enduring macro technology force: today's shiny innovation will inevitably become our successors' rusty legacy application renewal project. Core modernisation is rarely sexy, but it has one of the best business cases around insofar as every creaky legacy tech that's replaced, remediated or put to pasture lowers the interest rate we pay on our technical debt. Less abstractly, less resources nursing old systems means more resources available to pursue new opportunities. One of our trends this year, 'Automation at scale: IT disrupt thyself,' is a recognition that less to operate means more to innovate. In short, I wouldn't pitch a core modernisation project to my business leader as a dowdy standalone maintenance project. I'd pitch it as the first step in whatever innovative business-led programme we're out to accomplish next.

Experience and digital reality

As we all expect consumer-grade experiences at work, can employers keep up with the demands and expectations of their workforces? What are the areas (other than HR) that business leaders can focus on to deliver digital experiences for their workforce? And how ready are they to embrace the 'enterprise metaverse' with new technologies like mixed reality? Is there sufficient business benefit to investing in these technologies? The trend seems to be capability-led rather than consumer-led?

MB Having worked in all things newfangled for nearly 25 years, I agree that few technologies have felt quite as capability-led or supply-side as virtual reality (VR).

As a futurist, I'm secretly an historian, which is why I can't help but look beyond the breathless faddishness around the metaverse and instead take the long view. Our research reminds us that the whole history of human-computer interaction has be a surprisingly straightforward evolution of ever more sophisticated interfaces deliver-

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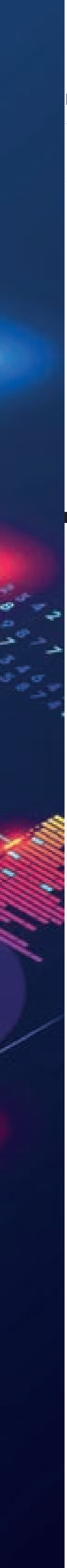

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ing us ever simpler experiences. The punch-card era presumed users had PhD's. The command line era, night school. For a generation, we've seen graphical user interfaces evolve from click and type to touch and swipe on ever smaller screens. The one thing we know is that the next evolution of the interface won't be something smaller than a smartwatch screen. Instead, evidence points to the next frontier for simplicity being anything and everything 'beyond the glass'.

VR and virtual worlds are certainly part of that future, but so are quieter ambient experiences like conversational voice (think smart speakers), spatial computing (think smart glasses), and predictive/proactive interfaces that infer your next need. Together, all these ambient assistants work together as a team of helpers, creating a sort of 'digital Downton Abbey'. That's the consumer-led, or demand-led angle: who wouldn't want their own butler and staff at home and at work?

Data, AI and analytics

Are business leaders ready to trust their mission-critical data-led decision to algorithms? What are the key trends in data and analytics and how can business leaders keep up with the volumes of data they are producing?

MB One of the things we've seen in our research is that the current generation of business and technology leaders grew up hearing the trope 'computers never make mistakes'. We think of computers as calculators that give us the right answer every time. Period.

AI/ML ushers in an entirely different paradigm. As we move from 'telling' machines what to do via deterministic code, to 'teaching' machines what to do via machine learning, business leaders need to recognise that, just like humans, mechanical minds make mistakes. This doesn't mean we reject machine intelligence outright. It means we need, as leaders, to lower our standard from perfection to merely very useful - or more accurately - more useful than the humans who used to do this.

Take call-centre applications as an example. Organisations are beginning to implement symbolic AIs that can detect and emulate human emotions and infer human needs. These algorithms don't need to be as charming as a movie star or as empathic as your therapist. They simply need to be more charming and empathic than your least effective call centre representative.

Cloud

We are on our fourth big cloud shift already: first the move to private cloud, then public cloud, then hybrid and multi-cloud, then industry cloud - do you get a sense from business leaders that we are building more and more complexity into our cloud architecture without the associated benefit? Most so-called vertical clouds are not much more than a vanilla public cloud with some industry specific bolt-ons - will the cloud providers be able to continue to sell this story without genuine industry depth across multiple domains?

MB Regarding cloud complexity, our research counterintuitively suggests the inverse: the more you cloud-source, the smaller your core, and the smaller your core, the quicker you can respond to fluid markets.

In talking with enterprise CIO's, they sometimes lament their size. We hear stories about how scrappy start-ups, with no business being in their business, are threatening to put them out of business, in part because of their comparative agility. The notion is that their size is an encumbrance - aircraft carriers vs speedboat fleets, etc.

We don't see industry clouds or vertical clouds as an à la carte revolution so much as the recognition that even sector-specific functions (say, reservations logic for a hospitality company, or claims-management logic for an insurer) can increasingly be cloud-sourced. And not just to hyper-scalers.

Traditional ERP and open-source software solutions are also starting to offer sector-specific menus.

As geeky as anything with the term API tends to sound, this is honestly as much a business trend as a tech trend. Knowing that we'll eventually be able to cloud-source just about all our business logic forces a discussion between tech and business leaders about where we'll compete and where we'll win. The old Michael Porter quote is new again: "The essence of strategy is knowing what not to do."

By hard-circling differentiated capabilities, and cloud-sourcing the rest, firms can focus their precious, scarce development talent on signal as opposed to noise. Or, as my grandma's favourite crooner Bing Crosby used to sing: 'Accentuate the positive, eliminate the negative, and don't mess with Mr In-between.' And by don't mess with, I suspect he meant cloud-source. ■

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MAKING A GENUINE DIFFERENCE IN BUILDING A Sustainable future

BY OLIVER PILGERSTORFER

At the end of 2021, IFS hosted its Change for Good awards at COP26 in Glasgow to celebrate the difference and impact our customers are having within the communities they serve. Winners spanned from a global jet engine maker radically improving efficiency for all its commercial aviation customers, through to a manufacturer now using recycled shoes as a main ingredient of its supply chain.

Most companies recognise that sustainability is a journey; operating a more sustainable business must be the place to start and these examples are tangible and are making a real difference today to the environments we live in, and there are lessons we can take from our industry too.

Whilst COP26 may get remembered for the 'blah blah blah', it did see major countries make hard commitments - arguably with some questionably long-time frames. But the process of making commitments that you are then accountable for is an important step in driving change.

I put it to you that all companies in our world of enterprise software need to be making a difference on three fundamental levels:

"One vendor's pledge was to plant a tree for every one of their customers - forgive me but we need accountability and this is not it

Call ourselves to account

At a company-wide level, functionally and personally, there is no justification for an organisation not to be reducing its carbon emissions by optimising office footprints, changing travel policies and sourcing responsibly throughout its supply chain. Individual departments can make a difference by questioning processes and habits too (from printing and posting, to flying). And individually, there are day-to-day choices we can all make that ultimately have a profound collective impact.

Empower customers

How fortunate are we to work in a sector where we can exponentially empower hundreds of thousands of businesses, our customers, with the right insights and controls to measure, manage and report on sustainability change? We all know technology can have a profound effect so the question is: how can you empower all your customers, at pace, with the right tools and capabilities so we can together achieve a multiplier effect? This might involve some tough short-term commercial decisions and resource prioritisation, but the long-term benefit is powerful.

Collaborate at an industry level

It's just not good enough for us to tolerate fickle 'sustainability initiatives' that are created to tick a box so that business as usual can carry on. One vendor's pledge was to plant a tree for every one of their customers - forgive me but we need accountability, and this is not it. No matter the size of our businesses, we must aspire to more and better. There is a groundswell of appetite for change from employees, customers and partners alike - not embracing it would be foolish.

The economist Milton Friedman, published a famous article in The New York Times in 1970 titled 'A Friedman Doctrine: The Social Responsibility of Business is to Increase its Profits.' It was a model that underpinned the business world for the best part of 50 years. Whilst its power is fading as businesses increasingly decide to focus on environmental, social and governance (ESG) endeavours, the premise behind sustainability building long-term growth remains. Now more than ever it makes business sense to drive this change - the compelling commercial benefits are adding up too: be it access to capital at more attractive rates, the ability to reduce expenditure, or optimising your supply chain.

But ultimately don't fall short of valuing the cost of being able to attract and retain more customers and employees because of your actions. Doing the right thing makes sense on every level. ■


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