

Agile ERPs: Driving Data-Driven Decision Making and Revenue Opportunities





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Like every business, ERP software is evolving in the face of constant change, and staying competitive means leveraging every available advantage. Today's ERP systems are anything but basic and have little resemblance to the ERP of decades ago. Most are now delivered via the cloud and are changing how organizations operate by offering unprecedented agility, data-driven insights, and new revenue opportunities.

The adoption of innovative, cloud-based ERP systems is a critical path to not just survive but to thrive. Yet, a recent Microsoft [survey](#) revealed that only 58 percent of business leaders believe they are sufficiently equipped with the cloud-based business operation software they need to streamline their business processes, efficiently manage data, enhance operational efficiency, scale their infrastructure, and adapt quickly to changing market demands.

It's time to get moving. The decision to modernize your ERP is a prime opportunity to assess the broader possibilities and transformative impact of change. In other words, replace legacy thinking along with the legacy system.

Legacy is a Dead-End Road

The vast majority of legacy ERP systems have often been cobbled together with years-old, highly customized technology. The time has come when they can't adapt to new business processes, incorporate new integrations, or scale dynamically. Additionally, many traditional ERP products are no longer supported by a vendor, which increases system risks and limits options for making improvements. Staff who know how to keep the system working are retiring and younger employees are not interested in maintaining old technology. That's a lot to deal with.

Another drawback of legacy ERP: these systems typically cannot provide the flexible and timely reporting that allows for responsive decision-making. In a world that moves at digital speed, information delays can significantly impair a company's responsiveness to changes and new opportunities.

Finally, most legacy systems were designed to provide a corporate-level ERP for the entire company. They cannot meet the distinct needs of some operations like manufacturing, where integrated capabilities for operations and reporting are crucial across multiple business lines, subsidiaries, and locations.



What we're hearing

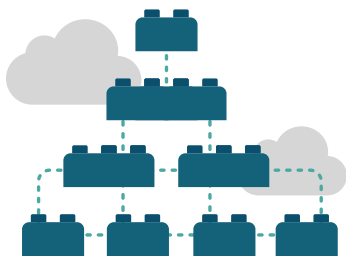
- "We lack a centralized system to support different divisions/entities in our business"
- "Our productivity is limited by our systems; Integrating data and processes across our business is complex and time consuming"
- "We do not have the resources to manage, maintain, and upgrade our systems in-house"
- "We waste too much time dealing with multiple systems that don't share data"
- "We face challenges in accessing tools remotely, limiting our work flexibility"
- "Our systems feel fragmented and make it difficult to automate processes across operations"

Mapping Your Way to a Modern ERP Ecosystem



According to a Gartner study, 91 percent of all organizations are searching for new capabilities to better integrate and streamline their ERP systems so they can leverage robust capabilities, select from deployment options that align with their technology infrastructure, and optimize processes to manage multidimensional projects. For this reason, the best way to future-proof your organization and keep pace with changes is to update your firm's tech stack with a next generation ERP.

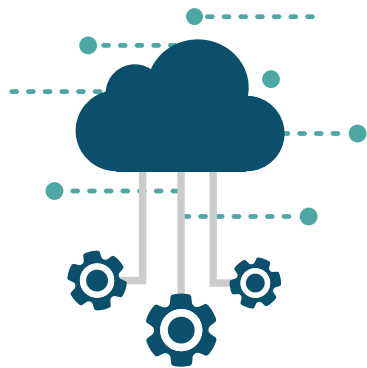
A modern ERP ecosystem incorporates all the tools, applications and services that ensure the ERP operates efficiently, complies with regulations and provides valuable business insights. Any modern ERP system will have a long list of capabilities but here's a list of some of the most important ones:



Modular Composable Architecture

A modern ERP solution should be a broad set of modular components, applications and tools— like CRM and supply chain systems, BI tools, manufacturing execution systems, project management systems and e-commerce sites. Solutions that provide modular services that can be extended allow users to adapt and continue to build new value while providing a similar experience across all functions.

A cloud ERP should tie together virtually any systems your company requires. A key advantage of modern ERPs is their ability to leverage advanced technologies within an open architecture, facilitating integration with of business processes and workflows with other software solutions and data sources, including data from third parties.



Versatile Deployment Platform

A modern ERP system should give you the flexibility to move to the cloud using a deployment model that best fits your business needs: public, private or hybrid (a combination of the two). Cloud migrations often lead to hybrid cloud implementations as organizations often have to transition applications and data at a speed and cost structure that works best for them. Hybrid cloud environments allow you to continue using on-premises services while taking advantage of the flexible options for storing and accessing data and applications.



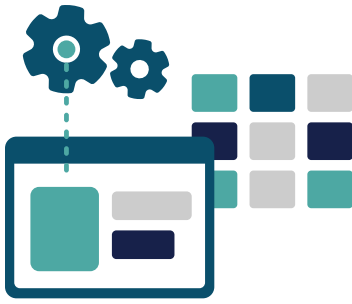
Support for New Technologies

Automation is increasingly required for ERP to automate repetitive tasks such as data entry, invoice processing, and payroll. When combined with AI, automation expands analytics capabilities making it easier to gather and analyze data across different business functions. A modern ERP system should be able to interface with these technologies seamlessly.



Data Analytics and Visualization

Due to the accelerating pace of business, leaders now look for quick and engaging visual representations of project progress and performance, and users want to see information in eye-catching graphs, charts or visualizations—not reports. The visual presentation of key information is critical and should include functionality like dashboards, KPIs, and point-and-click analytics to assist in quick and informed decision-making.

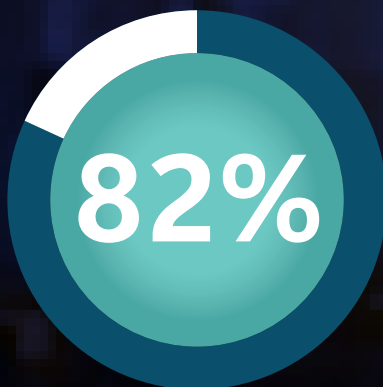


User-friendly Interfaces

Modern ERPs should have user-friendly interfaces that enhance engagement and reduce the learning curve for new users. With the same look and feel across modules – as well as easy-to-use configuration and personalization tools— user adoption will be much higher; without it, adoption will suffer.

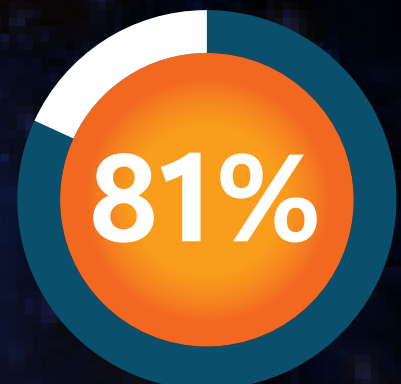
The cloud-based, modern ERP solution [Microsoft Dynamics 365](#), hits all of the above marks, and does so securely and efficiently. Based on the Azure Cloud, it's a full suite of ERP technology from customer experience, service, supply chain, finance, ISV solutions, low-code innovation, insights & analytics, and productivity and collaboration applications. Best yet, it's built on an open architecture, so it can easily handle any integrations to the systems and tools you already use.

The market is tough, yet companies are continuing to commit to digital transformation.



In Forrester's Business And Technology Services Survey, 2023, **82 percent** indicated that their organization had increased their digital transformation budget in the past 12 months.

81 percent plan to increase their budget in the next 12 months as well. This reflects organizations' commitment to transformation efforts, and that organizations view the potential value gained from a transformation as worthy of the upfront investment.



Many Roads Lead to the Cloud



As a first foray into a modern ERP system, many companies have simply moved existing applications to the cloud (lift and shifted) but they haven't changed the application architecture much, if at all. In those instances, it's impossible to take true advantage of the benefits of cloud computing. This isn't meant to suggest that cloud migration is no longer relevant; it increasingly serves as a prelude to further modernization.

The end goal for an optimal cloud ecosystem is to have all apps architected, designed, developed, packaged, and managed for the cloud. According to the CNCF's [latest survey](#), the use of

cloud native technologies has grown approximately 200 percent in the past year alone. To get the true benefits of the cloud, applications need to be built from the ground up (rearchitected as cloud native) or moved and then modernized over time (refactored).

Dynamics 365 is a cloud-native ERP, meaning it was built on the cloud from the start and not adapted piece-meal over time. With a cloud-native ERP application, you can drive innovation with continuous updates and enable new features with its composable architecture, all while ensuring your data is secure.

Here's a quick primer into what the various migration options look like:

Migration Option	Details
'Lift and shift' or rehost 	Changing the platform on which the application runs, typically to another hosting service, without making changes or adding functionality to the existing application. It's commonly referred to as lift and shift because servers or applications are lifted from the current hosting environment and moved to the public cloud.
Rearchitect 	Completely rearchitect applications to better suit the new cloud environment. This approach involves modifying your existing applications, or a large chunk of the codebase to take advantage of the cloud and the extra flexibility that comes with it. New functionalities can be added, features introduced, and processes optimized.
Replace 	Replacing can include several options, from re-writing from scratch, to migrating to SaaS services. Many common business workloads (such as Exchange or SharePoint) have equivalent SaaS offerings and can be an alternative to running application infrastructure in the cloud, typically with higher availability and lower TCO.
Retain on-premises 	For some applications, running on-premises may be the only realistic option, for example, if regulatory requirements require data to reside within national borders and no local Azure region is available.

Hitachi Solutions' Azure cloud enablement services include the full breadth of cloud roadmap and strategy assessments, cloud application migration services, and custom web and cloud-scale applications development so you can identify and prioritize the right applications to migrate or build new for Azure, as well as understand which applications should be refactored to take full advantage of the cloud.

All Roads Start & End with Data

An essential building block of cloud modernization is a **modern data and analytics platform** — because optimized data fuels modern ERP operations. Hitachi Solutions focuses on a **data-first strategy** that is flexible and scalable to manage the large number of processes, templates, and integrations that must be improved then deployed at scale in an ERP migration. These services streamline and standardize business processes, prioritize functionality, remove customizations, and eliminate technical debt.

Consolidating systems under a modern data platform that takes advantage of all ERP data is what needs to happen to leverage the full potential data. It also reduces the number of systems required for users to access the data they need. In a best-case scenario, an organization's entire data infrastructure would be available through a single portal. In reality the average organization currently uses five different systems to access their data.

A common but flawed approach is to focus on migrating the ERP with all data as is, which just moves old data problems onto a new system without any resolution. At Hitachi Solutions we use a proprietary tool to create the new ERP data model, specifically for Microsoft Dynamics 365 with cloud storage in a Microsoft Azure Data Lake. Prebuilt data models help with new data ingestion and cleanup, ongoing governance, then eventual archiving.

The Chief Technology Officer at a construction and service company we recently worked with to implement Dynamics 365 said one of the most positive outcomes he's seen with cloud-based Dynamics 365 is the availability of data. *"In our legacy system, employees spent an inordinate amount of time exporting and manipulating data in Excel, only to have that data become stale quickly. With a modern data warehouse built on Azure, our output is more real-time, more robust, and more reliable,"* he said.



What we're hearing

- "We rely on manual data extraction and manipulation, it's too time consuming"
- "I feel like I'm running my business using the rearview mirror; We have to rely on periodic, sometimes outdated reports"
- "We have to manually format and transform our data before we can use it"
- "We struggle with data accuracy across departments; we lack a single source of truth"

AI-Driven Acceleration: Efficiency & Automation



One of the business benefits of cloud migration is the ability to enable new scenarios that would be impossible (or at least, prohibitively expensive) previously. This concept is at the heart of digital transformation because ERPs work better than ever when they integrate advanced technology like generative AI and machine learning.

Today's business landscape is rapidly and continuously evolving, making it more critical than ever to identify ways to stay ahead of the competition. One way to drive faster growth is to use the most up-to-date technology, like an AI-powered ERP. **We're already seeing ERP modernization as a priority for many business with:**



15% of CIOs reporting they will deploy AI in the next year



80% of IT developers believing that AI and machine learning will soon replace a significant amount of ERP processes



CIOs considering AI and machine learning the most crucial ERP technologies to gain competitive edge.

With the software as a service (SaaS) model, in many cases, enterprises won't even need to purchase or integrate additional solutions to harness AI features. Take [Microsoft Dynamics 365 Copilot](#), for example. Earlier this year, Microsoft introduced Copilot, the world's first AI digital assistant natively built-in to Dynamics 365 Finance and

Operations and Dynamics 365 Sales and Customer Service.

Powered by generative AI, Copilot can be used in every line of business by users to streamline and automate their daily tasks and help reduce the time spent on activities that don't generate or support revenue building.



Journey From Legacy to Leading Edge: A Case Study

Hitachi Solutions recently worked with a growing and ambitious sales, service and construction provider, Lee Company, that urgently needed to modernize its ERP. The company knew it had to update its 20-year-old, on-premises system and digitally transform its entire organization across all business units to **set a new standard in customer and employee experience while building a solid, flexible foundation for future growth.**

The cloud implementation standardized the company's culture, processes, and data streams providing the connectivity, data visibility, and business intelligence it needed to operate more efficiently and effectively, all using a sleek, new data platform that unifies data across all the company's business units. Along with that, the solution can scale broadly, allowing for sustainable growth in the future.

The company is also on a path toward reorienting its managers from decision-making based on intuition to decision-making based on data. "People make a lot of assumptions that aren't rooted in data,

facts or analysis," the CTO said. We're changing the culture of the company from 'managing by feel' to managing based on data analytics. It not only makes the decision making better in real-time, but it also allows for predictive analytics."

Secondly, he sees AI and IoT as core technologies the company will leverage extensively in the near future, and predicts they will become the cornerstone to optimize operations, reduce costs, and make more informed decisions. "We're excited about what we can do, and how we can use our scale combined with good data and analytics to drive ROI. It's changing our mindset from being limited by technology to a mindset of exploring and being excited about the possibilities of technology."

Read the [full case study](#) to learn how Hitachi Solutions and Lee Company built a partnership that will last long into the future, solved the company's modernization challenges, improved service management efficiency, enhanced business intelligence and visibility, increased productivity, and more.

In the manufacturing industry, a health and safety protection equipment provider was struggling with multiple on-premises, disparate ERP systems that lacked interoperability, process standardization, and cloud functionality—all of which were critical to meeting increasing production demands. The systems were also producing siloed data, resulting in data delays and the company's inability to generate timely reporting.

With a digital [transformation initiative](#) that include moving all ERP to the Microsoft Dynamics 365 Cloud, the company has been able to automate and streamline processes; connect and standardize operations for improved efficiency, collaboration, and data collection; and better serve users and customers. Of particular note, employees are now able to access Dynamics 365 plant data in near real time, so everyone has the needed

Dynamics 365 Superpowers Company's Acquisition Strategy

A major waste facility and service company is moving at lightning speed through diversification and strategic acquisitions. Onboarding a new company every month, its outdated on-premises ERP technology just couldn't keep up with expansion plans. And because acquisitions were non-stop, they wanted to complete the Dynamics implementation and cloud migration in under six months.

Hitachi Solutions replaced the system with Dynamics 365 that was a critical part of their business strategy and digital transformation initiative. The new ERP platform facilitates the rapid onboarding of acquired companies, reducing the time required from several months to less than 30 days. And, with the unified cloud solution, the company can integrate new entities seamlessly into its daily operations and has realized significant productivity and efficiency gains.





Charting the Modernization Journey

Modernization needs to be a carefully considered initiative, based on a solid strategy that includes where an organization is headed and why. While technology can be incredibly beneficial, its effectiveness ultimately relies on the individuals using it. You could buy and deploy the most innovative ERP system, but without strong stakeholder buy-in and user adoption, its capabilities won't be fully realized. This points to the importance of educating all company stakeholders on cloud computing and system management—that includes the human aspects of the implementation to ensure that technical deployment and user adoption work together.

Although it may seem like a formality, documenting your cloud strategy and roadmap is powerful. It reinforces and communicates your guiding principles and establishes the basics of your company's cloud approach. "You have to understand where you're going. You need to have a strategic vision for the project, understand the scope and how the pieces come together— independent of technologies. We come in and help you put that vision together first," said Jan Nelson, Vice President, Hitachi Solutions Modern Solutions.

The digital transformation journey of an organization usually involves various phases and levels of maturity. A green field implementation could start with a pilot or even a minimum viable product (MVP) targeted at a specific business process, then incrementally expanded with more capabilities for the users and additional business processes. Rather than striving for perfection from the outset, organizations can prioritize incremental progress, iteratively refining processes and fine-tuning system capabilities.

A Cloud Foundation Leads to New Opportunities



For growing companies, the transition to cloud is an inevitable step in taking their businesses to the next level. Most of all, new technologies including big data, IoT, machine learning, and AI empower the insight and customer focus upon which digital transformation depends. These technologies are often only available in the cloud or are prohibitively expensive on-premises.



Ask yourself:

- Is our current hardware infrastructure performing up to standards, or is it obsolete?
- Would our system capabilities be improved by moving to a cloud-based service?
- Are our employees able to securely connect from anywhere and deliver consistent service?
- Are we delivering a cost effective, cohesive customer service across all our channels?
- Is there valuable data we're either not using correctly or are missing out on?
- Is our UX consistent and user-friendly for our customers and our employees?

If you answered 'yes' to any of the questions we've asked throughout this eBook, you are in a position to learn more about ERP modernization in the cloud and how your organization can benefit exponentially. Every organization needs a unified cloud ERP with flexibility and ongoing innovation built in. At Hitachi Solutions, we engineer our Dynamics 365 solutions to run your entire organization. You get consistent, integrated data and process flows across every line of business—and the technology is always up to date. You can implement process changes faster, and build and extend your applications better. That's the ultimate synergy of a cloud-based, integrated platform.

Check out the following offers related to kickstarting your app modernization efforts:

[Dynamics 365 Roadmap Assessment](#)

[ERP Ground to Cloud Migration Assessment](#)



How Do You Envision the Future State of Your Supply Chain?

Hitachi Solutions and Microsoft can help. As the [Microsoft Finance and Supply Chain and Customer Service/Field Service Partner of the Year](#), Hitachi Solutions brings deep industry, technology, and advisory expertise to create integrated solutions leveraging Microsoft Dynamics 365 Supply Chain Management, Azure, Teams, and Power Platform. With those tools, we build the smart solutions manufacturers, retailers, distributors, and CPG companies around the world need to fuel growth and profitability, retain customers, and meet current and emerging needs.

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