

The Oracle logo, consisting of the word "ORACLE" in white, uppercase, sans-serif font, set against a red rectangular background. The background of the entire page is a low-angle, upward-looking view of a modern building's glass and steel facade, with a dark teal gradient overlay on the right side.

ORACLE®

Your Complete Guide to Modern ERP

A Handbook for Today's Innovative
Business Leaders

Handbooks for the Modern Enterprise | Volume 1 | Second Edition

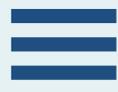


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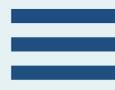
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The Clear Imperative for Cloud Applications

Research shows that legacy ERP 1.0 systems were not designed for usability and insight. More than three quarters of business leaders say their current ERP system doesn't meet their requirements, let alone future plans.¹ These systems lack modern best-practice capabilities needed to compete and grow. To enable today's data-driven organization, the very foundation from which you are operating needs to be re-established; it needs to be "modernized".

Oracle's goal is to help you navigate your own journey to modernization by sharing the knowledge we've gained working with many thousands of customers using both legacy and modern ERP systems. To that end, we've crafted this handbook series outlining the fundamental characteristics that define modern cloud enterprise applications.

59%

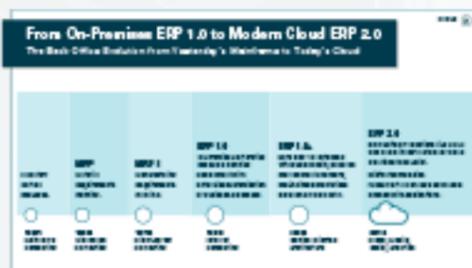
Of global companies report being burdened by ERP landscape complexity which creates challenges in their:

- IT systems
- Business processes
- Company policies
- Governance models
- Data management¹

¹Source: "ERP Complexity vs. Business Growth: Global Companies Facing a Rough Road", APOC 2015.

From ERP 1.0 to ERP 2.0

The rapid evolution of the cloud has dramatically altered the ERP landscape for companies of all sizes. Coupled with mobile platforms, our work anywhere/anytime culture requires modern cloud-based ERP systems not tied to yesterday's back office, on-premises environments. This next generation of ERP, or "ERP 2.0," builds upon the formidable history of "ERP 1.0," but eliminates the need for multi-year projects and heavy customization.



From On-Premises ERP 1.0 to Cloud ERP 2.0

[Learn More](#)



ERP 2.0 delivers solutions rapidly through the cloud so organizations can respond quickly to volatile markets and industry disruption, while supporting next-generation employees with security, insight and agility.

Business-critical collaboration and decision making depends upon both enterprise data access and analysis, and modern ERP systems deliver the infrastructure and tools required to do the job.

The world is far more complex and competitive than when ERP 1.0 first arrived on in-house mainframes. Finance and technology are inexorably linked, as growing volumes of data drive not just operations and reporting, but critical business decisions. Aligning ERP 2.0 with a company's people and products delivers digitally enabled business agility, which translates into greater operational and sales success.



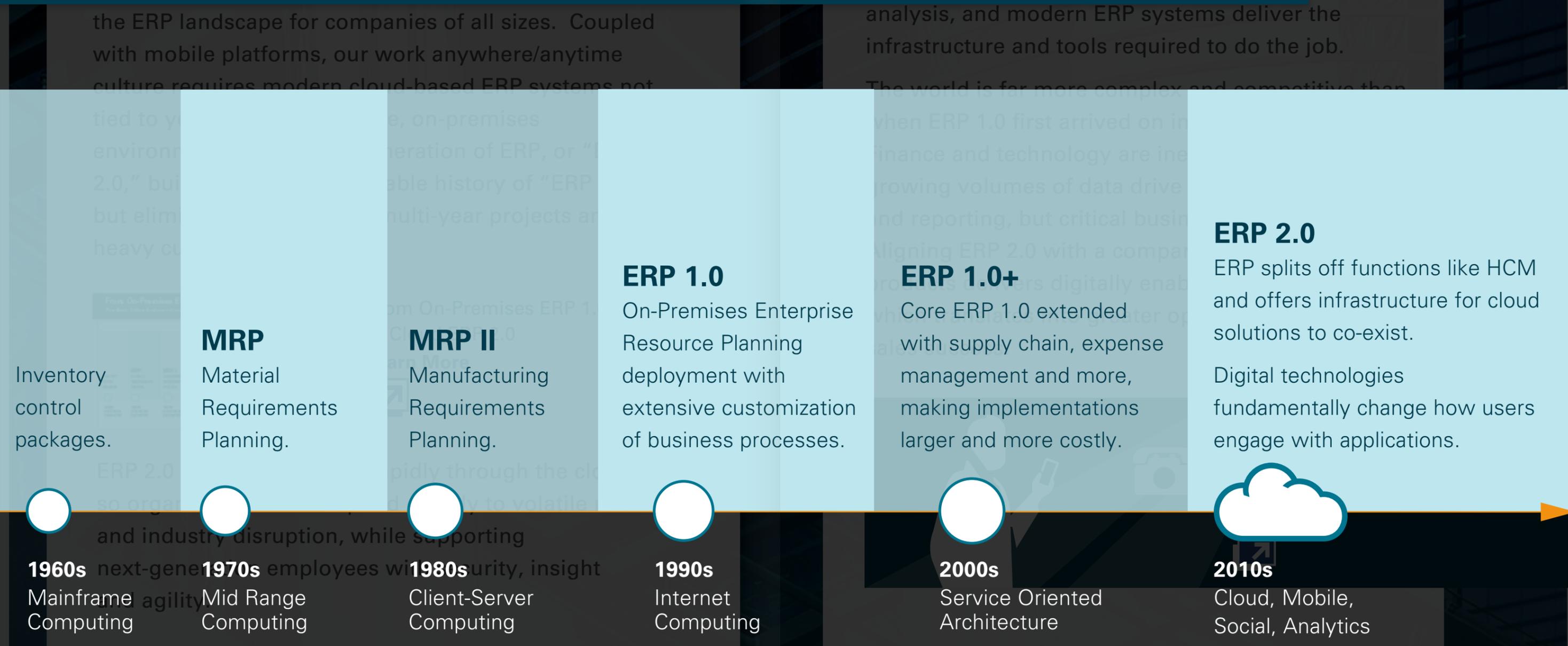
Remember these?

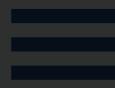
[Read More](#)



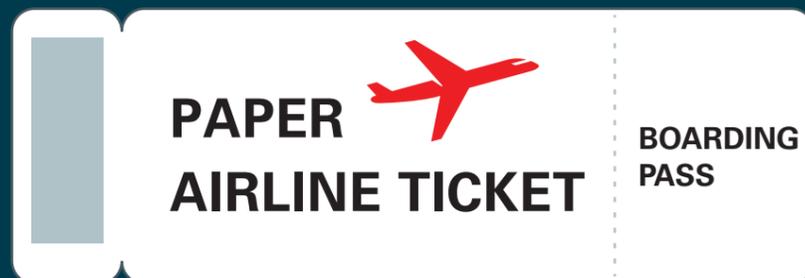
From On-Premises ERP 1.0 to Modern Cloud ERP 2.0

The Back Office Evolution from Yesterday's Mainframe to Today's Cloud





Close

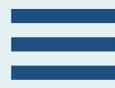


Paper Airline Tickets. Remember Those?

Remember when purchasing airline tickets meant working with a travel agent to determine times and fares, and then physically picking up printed tickets? Losing your paper ticket was a big problem, so you kept track of it like it was cash.

Today the process is one hundred percent digital, starting with researching fares, to purchasing tickets, to using your smartphone as a boarding pass. So, from ticket acquisition to real-time flight updates, it's all in the cloud.

Don't remember when you last used paper airline tickets? That means you are a digital native and ready for ERP Cloud 2.0.



Chapter 1:

Now is the Right Time to Modernize Your ERP

There is no argument that legacy ERP 1.0 systems deliver significant horsepower to run your organization, set customer experiences, and directly impact how you fare against competitors. However, you need to consider the technological and generational changes taking place in your business and how your current on-premises environment could be holding you back. Regardless of business size, there are three key inflection points where the need to modernize becomes apparent; most organizations are experiencing at least one point today:

01 Operational Efficiency—Does your current ERP support your operational goals? Consider if you've acquired a company using a different ERP; your legacy ERP is in need of an upgrade; you're launching a subsidiary; or you're moving to a shared-services model. If you are faced with any of these scenarios, achieving operational efficiency has become a priority; therefore, ERP modernization needs to be part of the conversation.

 Learn from Robert Loreto, Sr Director IT, Qualcomm

02

Digital Transformation—Today's users demand a level of collaboration and ease not previously expected from on-premises solutions. In addition, their expectations for ERP systems reflect the ubiquity of digital technology in their lives. They also require a single source of truth that cascades all operational functions; real-time analytics with customized role-based dashboards, plus mobile access, with social collaboration – all with ease and speed in upgrades.



Learn from Djamel Benallal Head, Finance Group Solutions, Orange Telecom

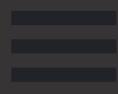
03

Growth and Confidence—Growth is often synonymous with global expansion, increasing financial complexity with distinct accounting, reporting and compliance requirements. Add in acquisitions, divestitures, new markets, customer growth or IPO preparations, and the need to model these opportunities and their impacts requires having the right systems with processes in place to support increased regulatory scrutiny.



Learn from Jeff Wollen, CIO, Wiggle

Whichever inflection point describes your organization, you need a modernization strategy that fits your needs, culture, budget, and timeline. Acknowledging where your current ERP does not support your business objectives is the first step in your ERP modernization journey.



Chapter 1:

Now is the Right Time to Modernize Your ERP

02

Digital Transformation—Today's users demand a level of collaboration and ease not previously expected from on-premises solutions. In addition, user expectations for ERP systems reflect the ubiquity of digital technology in their lives.

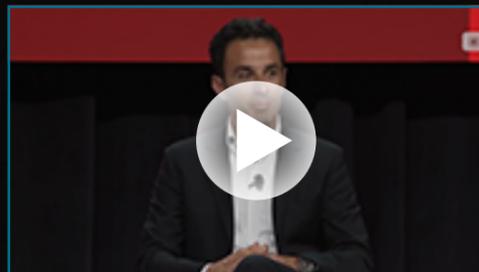
Close

There is no argument that significant horsepower, experiences, and direct impact. However, you need to consider the changes taking place in on-premises environments. For business size, there are key modernize becomes apparent, at least one point today:



“When the cloud came, with the fast speed of implementation, and standardization, non-custom, no back office, we knew the ROI was there ... we improved controls, innovated, and delivered cost efficiency” to Qualcomm’s business in 11 countries.

—Robert Loreto, Sr Director IT
Qualcomm



Video: Qualcomm Innovates and Charges into Oracle ERP Cloud

01

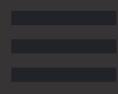
Operational Efficiency

operational goals, a different ERP; you launching a subsidiary model. If you are operational efficiency modernization needs



Quote: Stacy Pearson, VP Finance and Administration, Boise State University

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Digital Transformation—Today's users demand a level of collaboration and ease not previously expected from on-premises solutions. In addition, user expectations for ERP systems reflect the ubiquity of digital technology in their lives.

Close



“Digital acceleration means progress for everyone—customers and our back office—so we decided to move to cloud... cost is reduced 50 percent... but transformation of the company is now the key driver rather than cost.”

—**Djamel Benallal Head, Finance Group Solutions**
Orange Telecom



Video: Global French teleco company cuts finance management costs by 50 percent.



Quote: Stacy Pearson, VP Finance and Administration,
Boise State University

Chapter 1:

Now is the Right Time to Modernize Your ERP

There is no argument that significant horsepower, experiences, and directly impact how you fare. However, you need to consider the changes taking place in your business and on-premises environment could be holding you back. No matter your business size, there are three key inflection points where the need to modernize becomes apparent; most organizations are experiencing at least one point today:

01

Operational Efficiency – Does your current ERP support your operational goals? Consider if you are launching a subsidiary, or you are looking for a new business model. If you are faced with operational efficiency has become a priority, modernization needs to be part of the conversation.



Quote: Stacy Pearson, VP Finance and Administration, Boise State University



“We are a company in high hyper-growth – doubling in size every 18 months. You want scalability and someone who can support the journey with you. From ideas in slides to go-live was five and half months. I defy anybody to go faster than that.”

–Jeff Wollen, CIO, Wiggle



Video: Pure Play Online Sports Retailer Wiggle Grows with Oracle

02

Digital Transformation – Today’s users demand a level of collaboration and ease not previously expected from on-premises solutions. In addition, their expectations for ERP systems reflect the ubiquity of digital technology in their lives. They also require a single source of truth that cascades all operational functions; real-time analytics with customized plus mobile access, with social ease and speed in upgrades.

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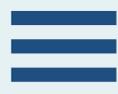
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Growth and Confidence – Growth is often synonymous with global expansion, increasing financial complexity with distinct accounting, reporting and compliance requirements. Add in acquisitions, divestitures, new markets, customer growth or IPO preparations, and the need to model these opportunities and systems with processes upon increased regulatory scrutiny.



Quote: Tyler Chapman, Director of Finance, Lumosity

Whichever inflection point describes your organization, you need a modernization strategy that fits your needs, culture, budget, and timeline. Acknowledging where your current ERP does not support your business objectives is the first step in your ERP modernization journey.



Top 10 Signs it is Time for

Modern ERP 2.0.

You need modern ERP when one or more of these conditions are present:

01 ERP Upgrade Required—Your on-premises system requires an expensive project as it ages past support dates.

02 Usability Dissatisfaction Increases—Employees complain about usability and ask why their ERP isn't like smartphone apps.

03 Reporting Challenges Increase—Management reporting is too cumbersome because of ERP 1.0 limitations.

04 ERP Requires New Hardware—Physical ERP 1.0 infrastructure is past due for an expensive capital replacement.

05 ERP Maintenance Costs Increasing—System fees and services costs increase annually.

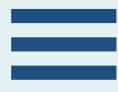
06 More Non-Integrated Systems and Disparate Data—Growth in disconnected systems and enterprise data give conflicting answers to key questions.

07 Rapid and Global Company Growth—International expansion, acquisitions, and core market growth are hampered by your ERP.

08 New Compliance Requirements—Increasing financial and compliance requirements impact your enterprise.

09 Business Demands Increase—Your business cannot keep up with increasing demands.

10 Time for an IPO—You are ready for a public offering which mandates stringent financial information and controls.



Chapter 2:

Characteristics of Today's Modern ERP

No matter which inflection point represents your organization, there are key components of a modern ERP that should address the **top concerns** most companies have when considering a move to the cloud. There are seven components that fall into two categories – modern platform parameters and modern business application design. Together, seven components define the standards of a modern ERP.

To establish a foundation for agility and growth, these three platform components should be considered:

01 Security—Your business data is your business. It needs to be in a **physically isolated environment** to mitigate risk, but you also want cloud advantages including hardware resource pooling and rapid elasticity to support rapid growth.

02 Integration—ERP cloud solutions must seamlessly connect your business, people and processes. Your solution must also connect to other clouds, to your on-premises ERP 1.0 systems, and to third-party solutions. Consider whether a solution uses a common framework based on industry standards to ensure compatibility and scalability.

03

Personalization (not customization)—With ERP 1.0, non-standard or customer specific business practices resulted in customizations increasing downstream maintenance and upgrade challenges. Cloud-based solutions built on a **standards-based platform** offer personalization and configuration within the application resulting in “upgrade safe” enhancements. If your on-premises customizations fall into areas such as workflows, integrations and reporting, there is a good chance your requirements will be addressed by cloud-based solutions.

In addition, modern cloud applications should scale with your business and support the latest digital technologies to meet the needs of your business, so should exhibit the following four design components:

04

Completeness—Built-in **best practices** permit standardization, which lowers costs and increases productivity. Even if your cloud transition is incremental, access to a complete suite of integrated best practice business processes delivers enterprise standardization. Consider whether a cloud ERP vendor supports a full suite of applications or if integration to other cloud solutions will be required. If you initially select a hybrid cloud/on-premises model – a common operational option – who ensures integrations between on-premises and cloud applications?

Common Cloud Concerns

It's normal to feel reluctant about moving on-premises ERP to the cloud. After all, it took years and extensive resources to deploy your current system.

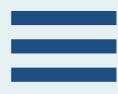
- Is the cloud secure?
- Can cloud and on-premises solutions be integrated?
- What about expensive customizations that currently support our business?
- Will a cloud implementation take too much time and cause major disruption?
- How do cloud solutions improve reporting and analytics from what I have today?
- Will user adoption and change management in the cloud be difficult?

The answers you want to these questions align with the key components of modern ERP systems and cover every aspect —from architecture and infrastructure, to adoption and security.

No matter which modern platform you choose, there are key concerns that you should address. Together, seven components should be considered. To establish a foundation, the following components should be addressed:

01 Security — You want cloud solutions that are secure and rapid to implement.

02 Integration — Your ERP system should connect to other systems and to third-party applications. Common frameworks for compatibility are also important.



05

Globalization—Entering emerging markets and new geographies creates complexity by requiring any ERP cloud solution to support multiple subsidiaries and country localizations. Often, local data centers must comply with data residency requirements. The right cloud ERP must enable sharing of enterprise information seamlessly across operations, business units and headquarters.

06

Insight-Driven Analysis—ERP cloud solutions must have secure, real-time data access at its financials core to provide a single source of truth across roles, reports and analysis. This ensures timely delivery of accurate KPIs to front-line managers, and dramatically simplifies a process once dependent on a period close or a separate data warehouse extract.

07

Digital Capabilities—For the modern back office, digital technologies must be integrated into business processes and transactions to create a seamless, productive and intuitive experience. The user experience needs to be engaging and include mobile accessibility for on-the-go employees, native social integration for secure in-context collaboration, and out-of-the-box optical character recognition for invoice imaging.

On-Premises ERP 1.0 vs Cloud ERP 2.0



Click here to compare On-Premises ERP 1.0 vs. Cloud ERP 2.0

Did you know?

Procure to Pay/Paper to Digital

59% of all invoices are paper-based.

Paper invoices are **60%** more expensive to process than electronic invoices.

Source: Aberdeen Group

On-Premises ERP 1.0 vs Modern Cloud ERP 2.0

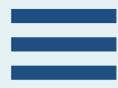
Comparing Financial Models and Costs of Ownership

	On-Premises ERP 1.0	Cloud ERP 2.0
Business Financial Model. Capital expenses for on-premises ERP systems divert funds from important business growth needs and often incur taxes.	Cap-Ex Up-front Purchase	Op-Ex Monthly Subscription
ERP Software. On-premises software requires up-front purchase and taxes; cloud ERP leverages operational expenses month to month.	\$	All Included. No additional or hidden costs.
ERP Software Maintenance. On-premises ERP requires annual maintenance fees to be current with security fixes, critical patches, and updates.	\$	
Hardware for ERP Software. On-premises ERP requires additional capital expenses; hardware typically needs physical uplift every 3 to 5 years.	\$	
Hardware Maintenance. On-premises ERP hardware often requires annual maintenance fees or contracts, high-cost space, utilities, and staff.	\$	
Database for ERP Software. On-premises ERP systems need an on-premises database which often requires staff and contractors for deployment.	\$	
Database Maintenance. On-premises ERP requires annual maintenance fees and staff to keep the ERP database secure, current, and optimized.	\$	
System Upgrades. On-premises ERP system upgrade projects cost \$100K to over \$1m per project every 3 to 5 years for software and hardware.	\$	
System Security. All on-premises ERP systems have additional costs for security software and monitoring with staff to monitor and maintain.	\$	
System Disaster and Recovery. All on-premises ERP systems have large costs for disaster and recovery plans, infrastructure, services, staff, and redundancy.	\$	

Other Important Factors

IT Resources for ERP Deployment and Management Required for customizations, integrations, reporting, maintenance, upgrades, and partner/subcontractor management.	Many Direct, subcontractor, and partner resources.	Minimal For business optimization and user assistance.
Deployment Speed * Length of time for project planning and deployment.	1 to 2 or more years	3 to 6 months

* Speed is dependent upon scope of implementation and may vary. Numbers presented are comparative for typical projects.



Chapter 3:

How Companies Deploy Modern ERP Systems

As you plan your modern ERP strategy, you should pull together a deployment team that includes potential partners as well as vendors. Consider the following elements of a modernization strategy, which apply regardless of technology and market size:

01 **Clearly Define Project Goals**—Establish KPIs that measure business benefits such as productivity, financial close speed, and infrastructure costs. Measurable items build project consensus and approval, keep track of your strategy build, and provide a baseline to assess success at milestones.

02 **Document Processes and Inventory Systems**—Map your complete IT infrastructure, including internal and third-party solutions and their integration points, plus redundant systems. Include your organizational structure to understand roles in conjunction with data ownership, management and use. It is also critical to define a single source of truth strategy before starting your project.

03 **Get Strong Executive Sponsorship**—Regardless of company size, **executive sponsorship is critical**. You need continuous executive support throughout your entire project. Coupled with ongoing employee communication, highlighting leadership commitment to your new cloud ERP system will help drive success.

04 **Select an Implementation Approach Aligned to the Organization**—A journey to cloud ERP will vary by customer, and does not require deploying cloud ERP applications simultaneously. Many companies choose to incrementally adopt high value cloud services that will exist alongside their on-premises solutions, resulting in a hybrid environment. While other companies start a **modernization** journey with core ERP applications, building towards a complete end-to-end transformation.



[5 Key Benefits of ERP in the Cloud](#)
[Learn More](#)



ERP Journey to Cloud

Close (X)

Executive Sponsorship—Regardless of company size, **executive sponsorship is critical**. You need continuous support throughout your entire project. Coupled with regular employee communication, highlighting the benefits of the new system, **leadership commitment to your new cloud ERP system will help drive success.**

should pull together a team that includes all relevant departments, as well as key stakeholders. This team should be aligned with your overall strategy,

04

Select an Implementation Approach Aligned to the Organization—A journey to cloud ERP will vary by customer, but there are some common approaches that can help you choose the right one for your organization.



Oracle Cloud



Grow Profitability



Strategic Planning and Budgeting



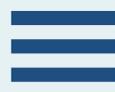
Optimize and Consolidate



Gain Transparency



Core transformation at GL



05

Embrace Standard Best Practices Present in the

Application—Modern best practices are built into cloud applications, so you can replace legacy software along with outdated processes and approaches. ERP 2.0 delivers more than 80 percent of common business processes you need with built-in standardization – the perfect place to start your project.

06

Study Reporting and Analytics Early

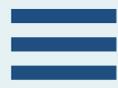
—With cloud ERP, users understand your business in real time, with advanced multidimensional analysis and data visualization providing insights quickly with no reliance on a data warehouse. Define reporting and analytics needs early in the project plan. Once live, you can quickly generate meaningful reports.

07

Involve Users and Process Owners from the Start

—End users of ERP systems determine the success of your project. Throughout your implementation, include demonstrations and tests at regular intervals.

With your strategy and roadmap in place, solution choices made and partner selection that supports your vision, you are ready to execute. Now it is time to plan a party...really. Moving your organization to a cloud ERP, even using small, incremental steps, will fundamentally change the way your people work. Celebrate the launch to nurture everyone's commitment and celebrate again when milestones are reached.



Chapter 4:

Assessing Cloud ERP Results after Deployment

When you are finished crafting a strategic and comprehensive ERP modernization strategy, with carefully documented KPIs, you have the baseline for assessing your business value results: you simply need to look back in order to look ahead.

When establishing KPIs, be realistic about measurement methods and values. Document status quo metrics upon implementation kick-off and set realistic intervals to assess results. A cloud platform makes it easier to configure features so action can be taken quickly based on assessment data.

Always establish baselines for priorities in a maturity model mapped to your organization by assessing and quantifying your status against goals. For example – a goal may be to reduce account receivables through rapid, automated invoicing with faster close and reporting processes, plus reduced IT costs. But a comprehensive assessment is not just about the technology. **People, governance, process and strategy** are also key factors for success.

For meaningful results, incorporate holistic measures related to these factors into your KPIs connected back to your original business case. Whatever your path, it's important to **craft a business case** to justify your approach. Leverage resources that help you understand cloud technologies, the positive impact they can deliver, and the financial advantages of modern cloud ERP 2.0.

Non-Technology Factors Drive Success

Four factors besides technology directly influence the success of every cloud ERP project.



People

Consensus shapes clear customer strategy



Governance

Proactive guidance lowers risk and cost



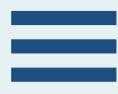
Process

Updated processes deliver desired results



Strategy

Proactive involvement drives adoption



Chapter 5:

Why Oracle is Your Best Choice for Modern ERP Cloud

Oracle delivers a single ERP cloud that is enterprise-grade and ready to grow your business today. It's built upon a robust union of platform, applications and approach utilizing financial, procurement, project portfolio, and enterprise performance management.

Our platform and applications characteristics are:

01 Modern Standards-Based Platform

Oracle leverages this fundamental, up-front design principle to deliver:

- Security and Scalability
- Integration and Connectivity
- Personalization
- Business Development Tools
- Global Capabilities

02

Modern Best Practice-Based Applications

ERP cloud applications combine modern technology, **best practices** and connectivity with knowledge from decades of on-premises ERP.

- 21st Century Global Accounting
- Embedded Analytics and Reporting
- Native Social Collaboration
- User Experience

03

Modern Innovative Approach

There is **economic benefit** when you modernize ERP in the cloud. Oracle and its partners offer tools to determine the financial advantages of a cloud ERP project and services to ensure a successful implementation.

- ROI Calculator
- Finance Self-Assessment Tool
- Guide, Plan and Stage (GPS) process with Oracle Consulting
- Cloud Marketplace Partner Solutions

In fact, Oracle ERP Cloud affords customers substantial savings in an operating expense rather than capital expense model.

Oracle Cloud GPS: Guide, Plan and Stage

Modern Best Practice-Based Applications
cloud applications combine modern technology,
practices and connectivity with knowledge
des of on-premises ERP.
1st Century Global Accounting
mbedded Analytics and Re

and ready to grow your business today. It's built upon a
robust union of platform, applications and approach utilizing
financial, procurement, project portfolio, and enterprise
performance management.

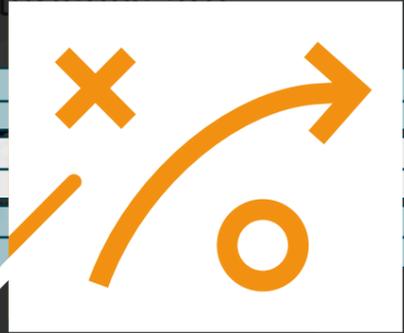
Our platform and applications characteristic are



Guide

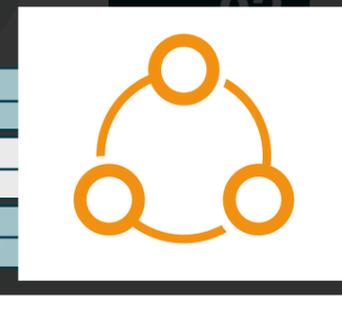
Define Scope and Strategy.
See Features and Functions.

- Security and Scalability
- Integration and Connectivity
- Business Development Tools
- Global Capabilities



Plan

From Current State
to Opportunities.



Stage

Architect Cloud Design.
Set Timelines and Budgets.



Oracle Cloud

In fact, Oracle ERP Cloud affords customers substantial savings in an operating expense rather than capital expense model.

Your Journey to the Oracle Cloud Starts Today

Every organization can leverage the Oracle Cloud. Our sales teams and partners will get you started on your journey to the modern cloud that is the foundation for growth and success. Plus, if you are already an Oracle on-premises applications customer, consider Oracle's unique Customer 2 Cloud program.



Cloud Demos



Request a Live Demo



Take a Guided Product Quick Tour



Chat with Oracle Sales



Customer 2 Cloud¹



Call Oracle Sales

One Oracle Cloud



¹ For Oracle JDE, PeopleSoft and E-Business Suite ERP Customers



This “Handbooks for the Modern Enterprise” eBook series includes:

 Volume 1: The Modern ERP Handbook

 Volume 2: The Modern Finance Handbook

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