From user friendliness to cloud enablement, applications such as ERP and CRM are getting innovative—but challenges remain in embracing innovation.

By Jasmine Desai

The moment the word “innovation” pops up these days, one of the most dominant images that comes to the mind is that of Apple. Nevertheless, there is innovation happening even in the traditionally stodgy but critical field of enterprise applications like ERP and CRM.

The global macro-economic situation, compounded with increased pressure on a faster-decision making process, has compelled enterprise application vendors to introduce smarter and innovative technologies. CIOs are trying to embrace these latest technologies and also address their immediate needs of meeting customer expectations to enhance business profitability.

According to IDC, the enterprise application market...
Innovative ERP

Enterprise applications have seen themselves go through a major metamorphosis and IT vendors are constantly innovating to offer products and solutions meeting enterprise needs and expectations. A Gartner report suggests that on-premise ERP market in India is expected to touch USD 538 million by 2017 from USD 178 million in 2013, growing at a CAGR of 17%.

According to Forbes, the overall market growth of just 2.2% and the top ten vendors owning 64% of the worldwide ERP market is leading Gartner to predict further consolidation of the industry.

Major efforts are under way to address this market requirement around cloud, mobility solutions and big data and analytics. Cloud solutions are being hosted for enterprises to keep the flexibility to configure different class of enterprise applications either in a publicly hosted cloud or a private cloud. Cloud-based services today are available in several varieties like Software as a Service (SaaS), Computing as a Service (CaaS), Platform as a Service (PaaS), Desktop as a Service (DaaS), Infrastructure as a Service (IaaS), and Business Process as a Service (BpaaS) and all vendors do have their applications cloud-enabled.

Mentions Rajamani Srinivasan, Vice President - Application Sales, SAP India Subcontinent, ”We are following cloud first approach where we are offering our solutions on cloud. Thus, customers can have it on-premise or on cloud.” However, cloud will have its own set of challenges.

Vivek Iyer, National Sales Manager – Teradata Applications, Teradata India Pvt. Ltd. says, “In a cloud environment, application vendors have to ensure customer data privacy and security in a multi-tenant environment and keep up the service SLAs.”

In Forrester report ‘Global, Industry, And Technology ForcesShape’: The ERP Landscape mentions that ERP is changing in response to growing user demands for improvements in usability and accessibility. Vendors are also starting to rethink the underlying infrastructure for ERP applications to enable more real-time data access and accelerate processing of vast amounts of information. More and more firms will find themselves making hybrid investments in a mix of on-premises, hosted, and SaaS ERP deployments for their global operations, with a core suite complemented by components from a partner ecosystem.

“In the next five years, SaaS ERP is expected to grow by 28% CAGR in India. In line with the global trend, end users in India deploy SaaS ERP because of the benefits of faster deployment and the perception that it is cost effective,” says Sunil Padmanabh, Research Director, Gartner India. Today, SaaS ERP adoption is clearly in the SMB segment, but large enterprises, including multinationals, have been gradually considering SaaS for their dealer/distributor networks.

ERP is in the early stages of major changes at all levels of the application — from the look and feel of the user interface to the database and the underlying architecture. As these changes take effect, ERP will evolve to provide more focused core functionality supplemented by a wide range of plug-in components and cloud services. Each plug-in will deliver elements of a particular ERP business process and will originate from ERP suite vendors or best-of-breed players or application development partners. In time, ERP suite
Vendors will develop application ecosystems comprising their own and their partners’ components.

Innovations in critical applications are targeted mainly towards two areas, which is improving productivity and decision making using technologies like mobility and in-memory computing. These innovations need to be non-obtrusive to the business. They need to be piloted with care so that existing business operations are not disrupted. The other major challenge is to make the correct product/platform choice as areas like big data, mobility and cloud that are evolving rapidly. It is important to sift through the hype. For example, there are multiple mobile enterprise application platforms (MEAP). Some have been developed by the large ERP vendors and there are also native platforms (iOS, Android) and best of breed options like Kony, Sencha, etc.

As per Arun Rangaraju, Senior Vice President and Head, Package Solutions, Mindtree Limited, “One of the important innovations in ERP is to combine OLTP and OLAP. This is primarily being driven by advances in in-memory computing (SAP HANA and Oracle EXADATA).”

Srinivasan of SAP says, “Market doesn’t look at it as ERP, but as a business application. The entire application suite is now available on big data or in-memory database HANA. The innovation driven here is that have merged analytical and OLTP capability into one infrastructure. With one installation, customers can drive not only OLTP applications but can get capability of driving analytical coding merged into one infrastructure. It drives an optimized IT infrastructure.”

There is also built-in analytics, which can drive real-time business management across organizations. They can run real-time material requirement planning, real-time sales and operations, real-time inventory management. All these things are possible today because of in-memory database that can crunch GB and TB of data. We are following cloud first approach where we are offering our solutions on cloud. They can have it on-premise or on cloud.

Tim Moylan, President, Asia-Pacific, Infor mentions, “The ERP scenario in India is witnessing a rapid growth. Going beyond a one-size fits all model ERP solutions both in India and globally, have now evolved to tailor-made and specialized versions by industry type.”

**Age of innovation in CRM**

When it comes to CRM applications, they have been able to go through innovation phase most easily as they are driven by customer needs. In Forrester report ‘Navigate The Future Of CRM In 2013’ by William Band says, “The strong demand for CRM technology solutions has prompted leading vendors to continue to invest in improving their solutions and make acquisitions to fill out their solution portfolios. In 2013, social CRM use cases spotlighting demonstrable business value will become more common.

For example, field technicians and engineers being able to service to customer complaints without having to step into the office, being able to replace...
parts and record the same, file the report and also bill the customer, all using the mobile application. Mobility will accentuate the impact of big data on both customer intelligence and operational efficiency by making everything immediately actionable and adding mobility to big data means enabling frontline employees with real-time insights, when and where they need them.

The key to value-added social customer engagement is to be clear about your objectives. In 2013, mobile CRM solution support will continue to evolve rapidly. Technology vendors are rushing to provide solutions that work across all mobility technology platforms and support all device form factors. Also, more enterprises will embrace emerging CRM solution governance best practices to better capitalize on the value of on-demand solutions.

Mentions Raju Vegesna, Chief Evangelist, Zoho, “Mobile is changing a lot of things in the market. Mobile computing devices today exceed the total number of laptops and desktops we have in the market. The mobility factor adds a new dimension to software providers.”

Says V Sreenivasan, Senior VP, ITC Infotech, “Social media integration with marketing and campaign management systems, aimed at identifying customer needs and providing tailor made messages and offers is core to the ‘customer centric’ theme of most organizations. In the CRM space, Cx (customer experience) is growing, with the need to ensure that the most profitable customers stay loyal.”
From a product standpoint, there is a strong push towards creating industry-specific solutions like trade promotion management, channel management and price protection. How will enterprise data integrate with geo-spatial map, where visual representation, where ERP and CRM data is available on a map which is easy to interpret. Innovation in that space will transform the usability of enterprise applications and will symmetrically transom the way end-users access their enterprise application information.

The users of Analytical CRM applications are mainly the marketing department. The marketing department would like to create and run their own campaigns, with minimum dependency on IT. There is constant innovation in this area to make the applications easy to use for non-IT users.

According to Darshana Pai, Vice President & Head – delivery, Hyderabad Delivery Center, Virtusa, “With increasing cost of third party logistics i.e. production and operation, effective management of forecasting and predicting (what is needed, where, and how much) has been driving major innovation in this space.”

What is driving innovation?
It can be safely said that it is eco-system of innovation which is happening. The lines dividing the technology will be blurring. Even critical applications will be more customer centric and not technology centric. Enhancing customer experience will be more important than customer relationship.

Nexus of forces as mentioned by Gartner like social media, big data, mobility and analytics that is driving innovation majorly. Gamification experience required by customers and end-users is also leading up to this change. When an organization is trying to adopt all these technology trends, innovation is inevitable.

Pai of Virtusa says, “With cloud and cloud based infrastructure reaching maturity, it is likely that many applications will make the transition sooner than later especially with the cost of computing and size of database going up. simplification and scalability.

According to Padmanabah of Gartner, “The customer facing applications are constantly innovating. But back-end applications are stagnating because lack of cost, initiative etc.” Big data technology is likely to change how enterprise applications are built, how companies are able to process and use data for quicker decision making. Also, to improve operation effectiveness of employees in customer services function. It can be used to analyze consumer patterns and behavior and quickly allow CRM systems to package offers that are targeted on that single consumer.

Sudhir Rao, Chief Technology Officer, Enterprise Services, HP India, “Lot of customers want to drive their innovation agenda. However, to do that business factors need to be taken into consideration before getting on directly with innovation, its effectiveness etc. Innovation for different organizations is different. It is more of a process that has to be defined and make sure that goals are achieved.”

The way organizations are operating businesses is also leading to innovation. Enterprises are researching as to what information if they had, would change the way they operate across multiple domains in business.

Innovation challenges
“It’s tough when markets change and your people within the company don’t,” mentions Harvard Business Review that sums up the sentiment of challenges in innovation very well. Mentions Ramki Ramanurthy, Vice President -EAS, ADM, AMS, Testing, Dell Services-Apps & BPO, “The customer part of barrier is

Podar Group of Schools, an 86-year-old education network, deployed Ramco ERP on Cloud with HR and Talent Management for its growing network of educational institutions across India, including a wide spectrum of brands for pre-primary, primary and secondary schools, junior colleges, part-time courses and teacher training courses.

The group was looking for a comprehensive and integrated solution that would connect their network of schools, standardize business operations and help them get a better control over their operations. After evaluating multiple players, they decided to implement Ramco ERP on Cloud with HR and Talent Management. Under the agreement, Ramco ERP on Cloud will be addressing all business processes including Finance, Procurement, Inventory, HR and Payroll.

Says Gaurav Podar, Managing Director, Podar Education Network, “What started as a modest beginning has today grown to seven schools and 56 Podar International Schools across the country.”

“As we continue to grow this network, managing the SBUs centrally from our Head Office at Mumbai was becoming difficult. We needed a robust and functionally rich ERP solution that would provide a strong technology backbone to our growth plans. Ramco ERP on Cloud was a perfect fit as it blended functionality with the benefits and efficiency of Cloud. We are looking forward to a quick go-live to reap the benefits of an integrated solution.”

ONE OF THE MOST IMPORTANT INNOVATIONS IN ERP IS TO COMBINE OLTP AND OLAP. THIS IS PRIMARILY BEING DRIVEN BY ADVANCES IN IN-MEMORY COMPUTING
change management or making business case out of technology that they want to re-deploy and how much they want to standardize.” However, that is not the only challenge.

Mentions V Balasubramaniam, VP & Head - Enterprise Technology Solutions at Mphasis, “Privacy of data and security are sometimes biggest challenge towards innovating. Also, some organizations for critical applications are unstable and do not want to bring about innovation because they are worried about follow-up cost and if it will work in production environment.” Also, critical applications like ERP have a much larger impact on the overall organization and that is why businesses tend to experiment less here.

According to Santosh Sawant, Sr. VP & Head - Enterprise Solutions Practice, iGate, “The cost of ERP is very high. Thus, customer ability to make changes is low. In ERP and SCM, the user community is not so tech-savvy and they are quite resistant to any sort of change, which acts as a major barrier towards innovating.” Innovation here is evolutionary rather than revolutionary. It is more about adding ad-hoc capabilities rather than creating something completely new.

Sunil Bhave, Vice President, Fujitsu Consulting India mentions, “Customers are also looking at quicker ROI. In essence, some of the key elements that are acting as a barrier for innovation today are lack of clear articulation of value proposition, expectation of quick ROI and prohibitive costs involved in ‘big-thinking’ innovation. While there is field innovation or incremental innovation that happens more frequently, in Indian industry big innovation has suffered due to these factors.”

One of the major barriers is also that companies focus too much on their analysis of ‘Consumer Needs’, which sometimes tend to be short sighted. With the pressure on ROI, fulfilling ‘customer needs’ tends to take the top priority. This may cause incremental improvement or innovation as opposed to a major innovative approach.

Says Padmanabh of Gartner, “Integration is a key challenge for innovation. Most organizations having multiple vendor offerings feel challenged for consolidating applications. Any multi-vendor application is a big challenge unless it is cloud-enabled.”

The biggest barrier is also how organizations are structured and how people are rewarded within organizations. It is important to create a conducive environment for fostering a culture of innovation in any organization. Innovation amongst Indian enterprises is happening, but not as an initiative as it ideally should be. It is more out of necessity.

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