SINAPSE

Digital Core

# SINAPSE

## WHAT IS ERP

# SINAPSE COMPANY SNAPSHOT

**Sinapse is a management, organisational effectiveness and digital consulting services company providing products and services to a range of clients across Australia, New Zealand, Asia Pacific and the Americas.**

## SERVICES

- Manufacturing Systems
- Change & Digital Transformation
- ERP Strategy & Advisory
- ERP implementation
- Application Support
- Program Management

## TECHNOLOGY

- SAP Business One
- Boyum BEAS Manufacturing
- SAP S/4HANA
- Salesforce

## EXPERIENCE

**Deep industry experience through transformation projects in:**

**Chemicals / Defence / Automotive / Industrial Machinery / Bio-tech Plastics / Construction & Engineering / Resources / Wholesale Distribution / Pharmaceuticals**

## PEOPLE + STRATEGY + TECHNOLOGY

**15**

**Years in operation**

**85+**

**Clients across 6 continents**

**600+**

**Completed projects**

**90+**

**Staff & long standing Contractors**

# CONTENTS




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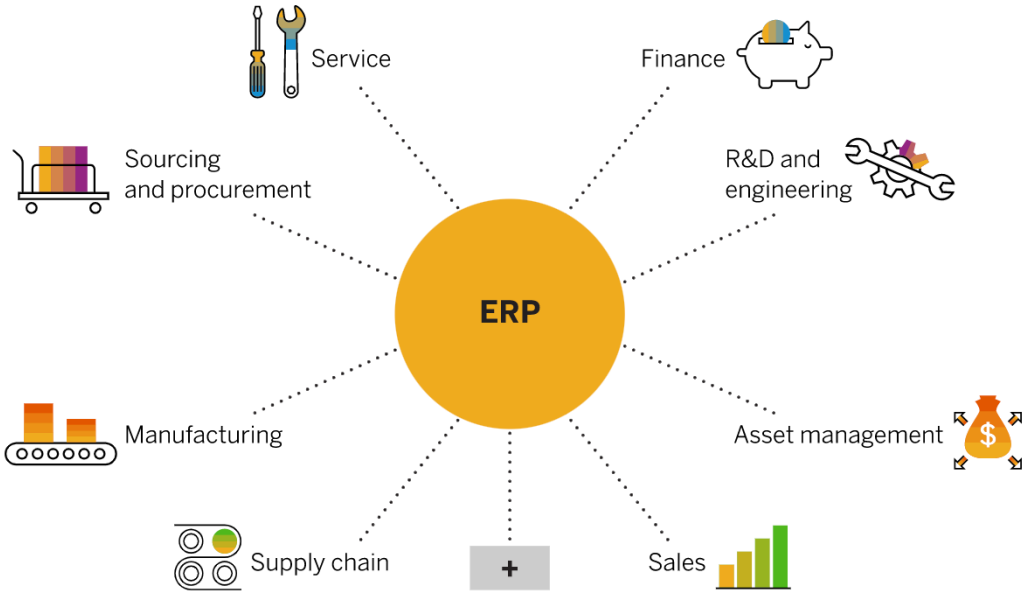
# WHAT IS ERP

## ERP stands for enterprise resource planning,
### but what does ERP mean?

Enterprise resource planning (ERP) is a software system that helps you run your entire business, supporting automation and processes in finance, human resources, manufacturing, supply chain, services, procurement, asset management and more.




Components of an enterprise resource planning system

- ☑ ERP systems use a common database and common computing platform (cloud, on premise or hybrid)
- ☑ ERP systems consolidate all business operations into a uniform and enterprise wide system environment.
- ☑ They are integrated and operate in real-time.
- ☑ All applications / modules access one database to prevent redundant data and multiple data definitions (one source of the truth)
- ☑ All modules have the same look and feel (and hopefully easy to use)
- ☑ Users should be able to access any information in the system without integration or technical IT support

# RAPID EVOLUTION OF ERP

*ERP development has its foundations in manufacturing. History started with material requirements planning (MRP) systems in the 1960s, when J.I. Case, a manufacturer of tractor and construction machinery, worked with IBM to develop what is believed to be the first MRP system.*

**History of ERP**

**2022 Revenue AUD$ 50b**

| 1960s | 1970s | 1980s | 1990s | 2000s | 2010s |
|---|---|---|---|---|---|
| Mainframe computers | Distributed computing | Industry applications | Client-server | Web applications | Cloud computing |
| **Inventory, Finance & Accounting** | **Stand Alone Applications** | **MRP II for Manufacturers** | **Introduction of ERP** | **Adoption of internet** | **Adoption of Cloud** |
| • General ledger<br>• Accounts payable<br>• Accounts receivable<br>• Financial reporting | • Finance and accounting<br>• Sales order processing<br>• Purchasing<br>• Inventory<br>• Material planning | Introduction of material requirements planning (MRP) and integration with:<br>• Finance and accounting<br>• Sales order processing<br>• Purchasing and inventory | • Extension of MRP II<br>• Human resources<br>• Project accounting<br>• CRM<br>• Real-time visibility<br>• Multinational | • Enhanced ERP<br>• KPIs and analytics<br>• Mobile devices<br>• Field services<br>• Alerts and dashboards<br>• Customer-facing Web sites | • Full cloud ERP<br>• Full mobility<br>• E-commerce<br>• Internet of Things<br>• Introduction of ML and AI<br>• Document management |

**Digital transformation is speeding up – and ERP is at the core. As enterprises adopt digital technologies in every part of the business, they are fundamentally changing the way they operate. The ERP system is the foundation of the digital core – the technology backbone that provides the operational and transactional systems that power a company's business processes.**

# FUTURE OF ERP

## Following are major trends that build on the momentum we see today:

1. **Businesses continue moving to cloud ERP:** Preference for cloud ERP will continue to intensify as more and more companies discover the benefits – including "anywhere" access, reduced cost of hardware and technical support, greater security, and integration with other systems, to name just a few.
2. **Two-tiered ERP:** Many companies tried to deploy a single ERP system for both the headquarters and all regional offices and subsidiaries. They have generally met with failure and are costly and extremely challenging to implement; subsidiaries often had specialized requirements, didn't need the full functionality of the corporate system and struggled with the one-size-fits-all approach. Two-tier ERP is a strategy that enables organizations to leverage their investment in existing ERP systems at the corporate level (tier 1), while subsidiaries and divisions operate using a different ERP solution (tier 2), which is often cloud-based. Larger companies may continue to use their core ERP system for financials and other core processes, while smaller business units turn to solutions that address their specialized needs.
3. **Artificial intelligence (AI), and specifically machine learning,** help optimize more business processes, provide new insights and create personalized customer interactions. Robotic process automation (RPA) will become more common in ERP systems and is a software technology that makes it easy to build, deploy, and manage software robots that emulate humans actions interacting with digital systems and software.
4. **ERP is further integrating with other technologies**, such as internet of things (IoT) devices and social media, to automate even more and provide greater visibility and a better customer experience. Best of breed is not dead yet with sophisticated integration technologies improving with low code solutions to deliver superior functionality outside of the ERP. MES systems are also challenging some ERP systems with factory floor functionality.
5. **User personalization**: Staff, customers, and suppliers all want content and functionality that matches their specifc needs or interests and makes them more productive. The changing demographics of the workforce, particularly in industries such as manufacturing, are also driving interest in low-code, no-code platforms. These platforms allow users to get the experience they want, rather than having to adapt to the software. Users can also expect customized dashboards, AI-driven search, personalized chat, and personalized workflows across devices.
6. **Predictive analytics:** more AI infused analysis of future trends rather than past. Focus on leading KPI's rather than historical.
7. **Mobile ERP** apps designed with a user-friendly interface can help users get work done when they're not in front of a computer. A solution that can support remote work has become critical as organizations increasingly rely on distributed workforces in the wake of the coronavirus

# NEEDING AN ERP?

## HOW DO YOU KNOW YOU NEED AN ERP?

Count how many separate systems you use across your business. What's your number? 10? 20? 50? You might think those numbers seem high, but when you consider the tools used by every team in your organization, they add up quickly !

Disparate systems are often the root cause of the pain you're experiencing. **But here are some of the tell-tale signs that you need to consider implementing ERP.**

**You can't answer key questions about your business performance.**

**Management meetings argue about the data not the results**

**Reporting requires manually compiling data from multiple sources.**

**Your processes are highly manual across the entire business.**

**You're constantly importing and exporting data between systems.**

**Onboarding new employees is painful – there's so many systems to learn and your processes are complicated.**

**Most of the business is run on spreadsheets or Access databases**

**Your sales and service teams don't have visibility into customer account status.**

**You're making important business decisions based on your gut.**

**Your team complains about inefficiency.**

**Finding information takes too much time**

**You don't trust your data**

# NEEDING AN ERP?

## HAVE AN ERP AND NEED A NEW ONE?

The average lifespan of an ERP system is 7 to 10 years. As they get older newer "best of breed" systems start to enter the organization because the current ERP isn't good enough

Few businesses remain the same year after year. Operating procedures change, staff change, and new lines of business are added.

The big draw of ERP software is that it grows with your business. You can often accommodate changes in your business by implementing new functionality in your existing ERP. Or sometimes a simple change in your process will do the trick.

But, there does come a time when replacing your system is the best option. As you consider new solutions, look at the big picture. Where is your business headed? What will you need to scale up effectively? To adapt to growing competition? For staff to remain efficient?

### Here's how you'll know it's time.

- **Your current ERP system is unsupported or will be sunset in the next couple years.**
- **New "best of breed" systems creep into the organization**
- **You need new functionality to support changes in your business.**
- **You're implementing workarounds for key processes in the business.**
- **Your legacy ERP can't support your future growth.**
- **User interface is old and tired**
- **Staff start abandoning parts of the system and using manual processes**
- **Reporting process is too cumbersome**

# NEEDING AN ERP?

## BUSINESS DIAGNOSTICS

Sinapse has a **business diagnostic service** that can evaluate the readiness for an ERP and the size of the benefits that may be achieved.

We also have a **manufacturing or factory systems effectiveness assessment** that examines the effectiveness of manufacturing processes and systems

**Both diagnostics can develop the business case to implement or upgrade to a new ERP**

# WHEN TO MOVE TO ERP?

## ARE YOU BIG ENOUGH TO USE ERP?

In the past, full fledged ERP functionality was beyond the reach of the small to mid-size business. But in recent years, ERP has become increasingly affordable with advanced capabilities that can make a big difference to your bottom line.

If your company is in that $10 to $50 million revenue range (or more), you're a perfect candidate for ERP. This is typically the size where you're seeing the need for increased efficiency and greater visibility to help you scale.

**Your business is less than $10 million...does that mean you're too small to need ERP?**

Absolutely not. Even small companies with relatively simple processes will feel the weight of disjointed systems. If your productivity is down, you don't have visibility into performance or you're just struggling to manage the mess of systems you use, it's time to consider ERP.

Even at $3 million in revenue, an ERP system could have significant impact. Size is only part of the equation.

# SELECTING AN ERP

## SUCCESSFULLY SELECTING AN ERP

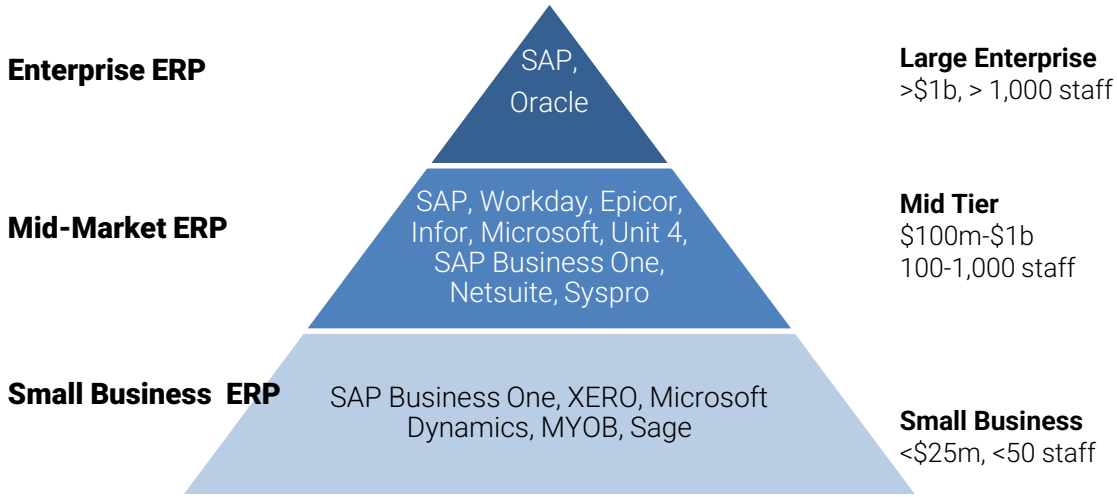
Selecting and implementing an ERP is one of the most expensive and time-consuming technology transformations an organization can undertake. ERP projects are notorious for time and budget overruns, with only a margin of the anticipated benefits being realized. Making the wrong technology selection or failing to plan for an ERP implementation has significant implications.

The ERP technology market is so vast that it is nearly impossible to know where to start or how to differentiate between vendors and products.

There are over 170 different ERP products on the market ranging from open source to proprietary products to cloud SaaS based to on-premise solutions.

Depending on your organization's size and needs there are a number of enterprise resource planning software vendors to choose from in the large enterprise, mid-market and the small business ERP market.

### ERP Market Segments




Sinapse has tools to help organisations work out the right size ERP solution for their current and future growth based on business size and complexity and value.

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# SELECTING AN ERP

## 10 things to look for in an ERP

Any modern ERP system will have a long list of capabilities based on the industry they serve and the modules they offer.

**However, there are 10 fundamental features that all enterprise resource management systems should have:**

1. **A common database**: Centralized information and single version of the truth – providing consistent, shared data and a cross-functional view of the company.
2. **Embedded analytics:** Built-in analytics, self-service BI, reporting, and compliance tools that can deliver intelligent insight for any area of the business.
3. **Data visualization:** Visual presentation of key information with dashboards, KPIs, and point-and-click analytics to assist in quick and informed decision- making.
4. **Automation.** Automation of repetitive tasks as well as advanced RPA powered by AI and machine learning.
5. **Consistent UI/UX**: The same look and feel across modules – as well as easy-to-use confguration and personalization tools for processes, users (including customers and suppliers), business units, locations, and product lines, for example.
6. **Integration:** Seamless integration of business processes and workflows – as well as open and easy integration with other software solutions and data sources, including from third parties.
7. **New technologies**: Support for AI and machine learning, digital assistants, the IoT, RPA, security and privacy, and mobile.
8. **Technology platform:** A fast, proven, and stable technology stack for this long-term investment – including a low-code/no-code platform, iPaaS, data management, and more.
9. **Multinational support**: Including for languages, currencies, and local business practices and regulations – as well as technical support for cloud services, training, help desk, and implementation.
10. **Choice of deployment:** Cloud, on-premise, or hybrid.

# SELECTING AN ERP

## Product & Supplier Assessment Approach

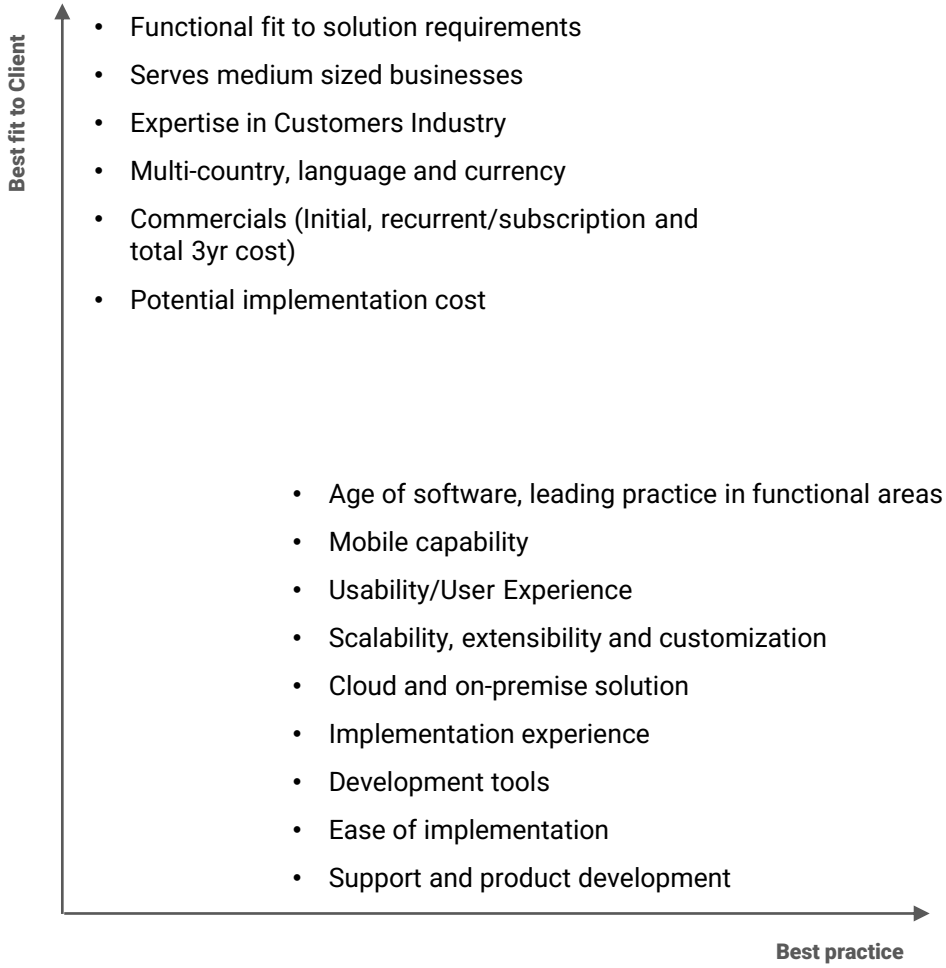
The Assessment approach Sinapse uses to evaluate potential ERP products and vendors for our clients is based on mapping the product and vendor evaluation against an evaluation grid with the axis of Best fit of Product against an evaluation of Best Practice Technology.

This is supported through vendor and product capability scoring.

Our product evaluation is validated by analysis undertaken by specialist IT research firms that we subscribed to.

We assess products and vendors have assessed by:

- Overall capability assessment based on 14 key criteria
- Product Functionality assessment based on functional requirements
- Product / Vendor Scorecards
- Mapping to Evaluation Grid



# SELECTING AN ERP

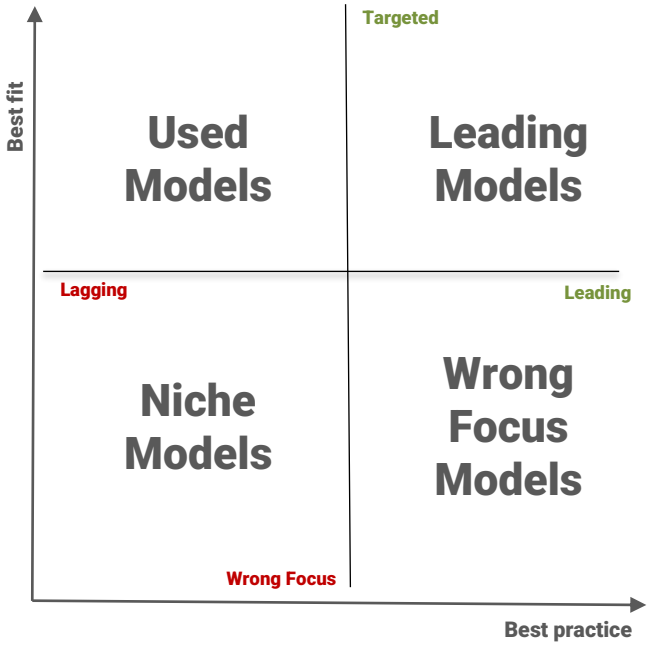
## Product & Supplier Assessment Approach

Each of the software vendors are rated using the Assessment Criteria and mapped to an evaluation grid.

The 4 quadrants of the grid show the relative comparison of the software in terms of its functional depth for the cost vs how advanced the product is.

The grids are categorised as:

- **Leading Models Suitable for Customer**
  These products are leading edge thought leadership that are very scalable and extensible and have been extensively deployed..
- **Wrong Focus Models**
  These frameworks are leading edge models but have the wrong focus for the customer. There are elements of these models that can be used in other applications.
- **Used Models**
  These frameworks are tried and true having been implemented extensively and can be considered for the customer but are older, less flexible or more difficult to customise
- **Niche Models**
  These frameworks are either outdated, wrong focus, incomplete or lacking critical components for the cusomter




Software Evaluation Grid

# TOTAL COST OF ERP

- The cost of ERP depends on the software vendor, the modules selected, and the deployment method.

- Cloud based ERP has lower costs than on-premise ERP because there is no hardware that needs to be purchased – and no expensive in-house IT experts that need to be hired. The vendor handles the maintenance and charges the customer an annual or monthly subscription fee, usually based on the number of users.

- When calculating the return on investment (ROI) and total cost of ownership (TCO) of a new ERP implementation, the initial and ongoing workforce costs are just as important as the software selection and deployment costs.

- With cloud and hybrid options, new factors must be evaluated. For example, software maintenance, facility, computer capacity, downtime, recovery, security, privacy, and IT staff costs are all important considerations.

- Cloud options significantly reduce both capital and operating costs – improving both ROI and TCO.

# TOTAL COST OF ERP

## ERP COST ANALYSIS - UNDERSTANDING ERP COSTS

| | | Upfront Costs | Recurring Costs |
|---|---|---|---|
| **Perpetual License** | An upfront sum for the license to own the software and use it in perpetuity. This is the more traditional model and is most common with on-premise applications. | ↑ | ↓ |
| **Subscription** | A monthly fee to use the software for a specific amount of time. Subscription pricing became popular with the advent of Software as a Service (SaaS). | ↓ | ↑ |
| **Open Source** | Licenses are usually free of charge, which reduces upfront costs. Implementation, integration and ongoing maintenance, however, can be major expenses. | ↓ | → |

**Other Costs**

All require costs for design, configuration and implementation of the system. Key other costs include data migration, project management, change management and training, hardware & IT (on premise) and maintenance costs.

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# UNDERSTANDING ERP COSTS

## Perpetual License COSTS

### Upfront Costs

- Perpetual license fee
- Customisations
- Installation/Implementation
- Integration with existing systems

### Annual Recurring Costs

- Maintenance (updates, patches & upgrades)
- Premium support services

## Subscription COSTS

### Upfront Costs

- Customizations
- Installation/setup
- Integration with existing systems

### Monthly Recurring Costs

- Subscription fee
- Premium support services

*Customization and integration costs can be significant—often as much or more than the software—if you choose to change the software substantially.*

# TOTAL COST OF ERP

## DEVELOPING AN ROI FOR NEW ERP OR UPGRADE ERP

**There are three major steps to calculating the ROI of an ERP upgrade:**

- **Calculate the costs**
- **Estimate the benefits**
- **Calculate the ROI**

**Sinapse has developed a template and worksheet to assist our clients in this approach.**

### 1. Calculate the ERP costs

- **How will your ERP system will be deployed?**
- **Calculate the ERP cost of both systems**
  - ERP infrastructure costs
  - ERP software costs – business and productivity applications
  - ERP implementation costs
  - Ongoing ERP personnel costs
- **Determine the total cost of your legacy ERP vs new ERP system**

### 2. Estimate ERP Benefits

- **ERP benefit areas**
  - People productivity
  - Decision-making
  - Finance and accounting
  - Operations improvement
  - Business technology
- **Document the ERP improvements**
- **Summarize all ERP Benefits (by business area over 5 years)**

### 3. Calculate ROI

### 4. Prepare Business Case

SINAPSE

# Digital Core

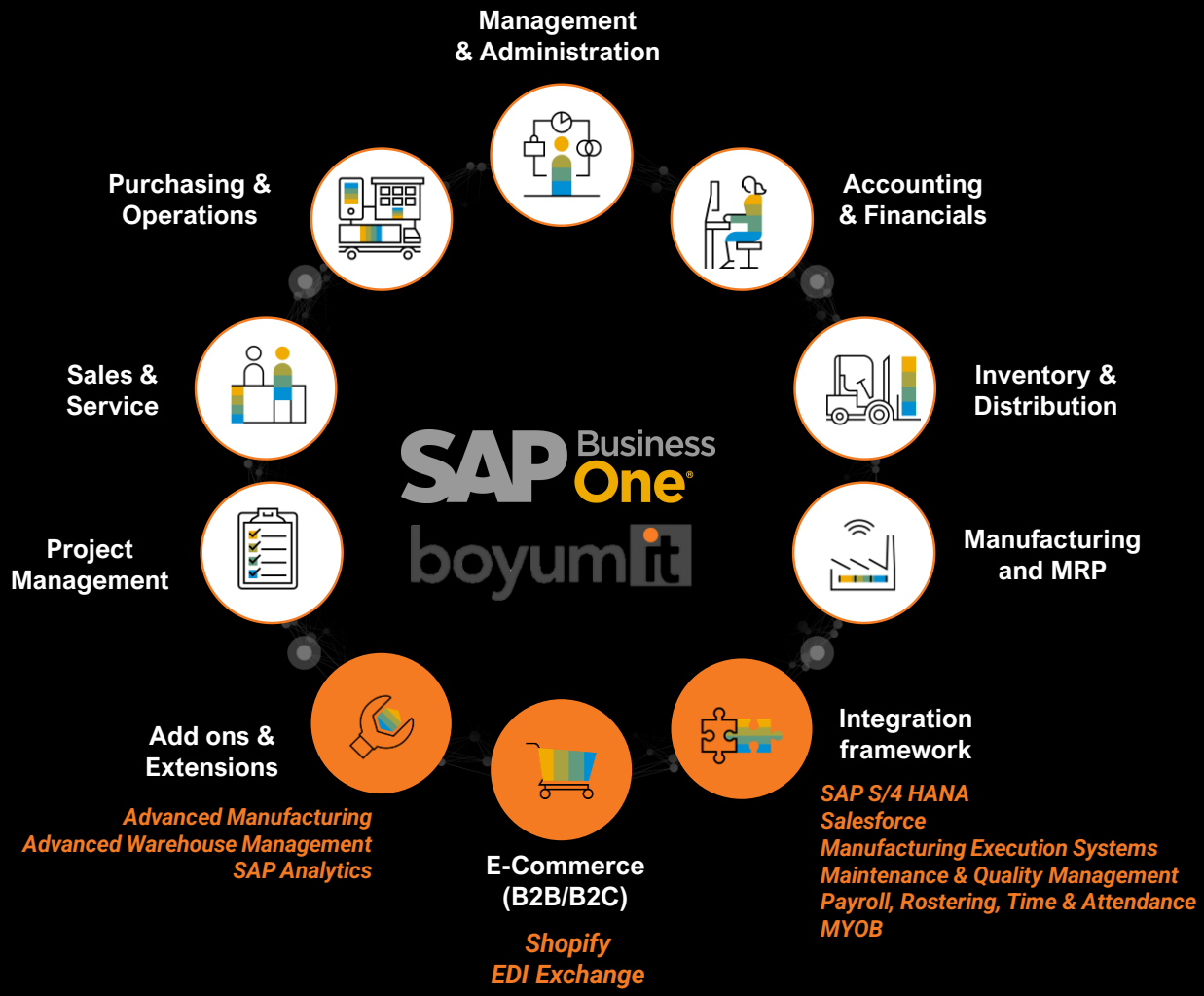
SAP Business One®

## Sinapse Digital Services for Smart Manufacturing

SAP Business One®

SINAPSE

# Digital Core for small & medium (SME) manufacturing organisations
# Sinapse extensions and integration to popular products



SAP Business One®

SINAPSE

# Easy to Set Up, Use and Optimize
# Get started quickly and see results
# Trusted implementation partner

### Complete and Integrated

- All essential business functions – from accounting and sales to purchasing and inventory
- Available “out of the box”
- Gain complete visibility and control
- Integration with other systems using standard packages including Salesforce & Shopify
- Office 365 integration.

### Fast Time to Value

- Intuitive and easy for your employees to adopt and use
- Implement in a short time period
- Embedded implementation tools based on the proven Accelerated Implementation Program

### Simple and Affordable

- Quick to set up and optimize
- Easy to use
- Get the latest technology priced for small and growing businesses

### Scalable & Flexible

- Built for growth.
- Application extension with 500 add-on solutions.
- Available globally with 50 localizations.
- Mobile app to do business anywhere.
- On premise or in the cloud.

SAP Business One®

SINAPSE

# SAP's best-selling ERP solution by number of customers

Used by **75,000+** customers, with **1.2+** million users

Available as **50** country localizations and in **28** languages

**~300** partners with **500+** solutions

Implemented by more than **850** value-added resellers worldwide

SAP Business One used in **>170** countries

**360+** large enterprises running SAP Business One in **7,000+** subsidiaries

# Manufacturing software for small to medium enterprises

- Complete view of your business “out of the box”
- Simple & Powerful production planning & control
- Real-time Inventory Management
- Smart procurement
- Mobile applications
- FX business transactions & reporting


- Replace paper & spreadsheets
- Advanced Dashboards & Business Cockpit
- Cloud Based
- Run Industry Best Practices
- Simple & Affordable
- Fast time to value

Integration Services

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## SERVICES

- Manufacturing Systems
- Change & Transformation
- Digital Strategy
- ERP Systems
- Customer Cloud

## INDUSTRIES

- Defence
- Resources
- Health & Pharmaceutical
- Automotive
- Packaging
- Plastics
- Chemicals
- Industrial Machinery
- Bio-Tech
- AEC

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