

CHANGE IS THE NEW CONSTANT.

*An AI-Enabled ERP Can
Help You Keep Up.*



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Is your ERP up to the challenges of the modern supply chain?

Over the past five years, ongoing struggles have forced the supply chain industry to transition drastically. Spurred by the global pandemic, geopolitical tensions, and continuous labor shortages, organizations worldwide have had to learn how to adapt, overcome and pivot quickly in the face of new challenges. However, some still find themselves struggling against the tide.

With the proliferation of digital solutions in recent years, organizations have found that upgrading outdated legacy systems is a potent method of optimizing and future-proofing operations. One of the most prevalent implementations — a modern ERP that can integrate with innovative technologies like generative AI and product lifecycle management (PLM) — can augment a diminished workforce to get more done and with less stress. Adopting such an effective and efficient system is an excellent first step for organizations looking to level up their supply chain.

If you already have an ERP within your infrastructure, consider its age. Did you invest in it 10 years ago? If so, Eric Sluss, a CIO with Net at Work's Fractional CIO & Advisory group, suggests it could be behind the times.

“Some of those recently implemented systems were developed in the late 80s — so the solution you bought 10 years ago might be based on 30-year-old technology.”

Eric Sluss

CIO, Net at Work's Fractional CIO & Advisory group

Upgrading to a next-gen ERP can be an extensive and costly process, but sticking to antiquated systems is far more dangerous to your competitiveness, bottom line and long-term success. The initial outlay, while expensive, will set your business up to be more agile and resilient in the face of supply chain challenges, resulting in substantial cost savings further down the line. Here's what you need to know:



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CHALLENGES OF AN OUTDATED ERP

With a heavy focus on current budgets and profits, some businesses neglect to consider the long-term efficacy of their current infrastructure. In favor of short-term gain and happy stakeholders, there is often willful shortsightedness. But the reality is that by failing to invest in up-to-date systems, legacy ERP, which operates on outdated software and requires more manual input, eventually hinders a company's ability to adapt quickly to changing business environments and creates cost inefficiencies.

Chris Cleary, Acumatica Practice Director at Net at Work, points out one of the biggest challenges in working with a legacy system: inventory management. "The inability to do accurate cycle counts, store inventory by warehouse location, or freeze warehouse locations for cycle counting while still selling and picking product," he says, "are all major challenges for companies on legacy systems."

Cleary notes that sales reps at client sites rely on accurate, real-time inventory levels to confidently inform customers. If warehouse teams, dependent on legacy systems, haven't yet updated their figures, customers may get an unpleasant surprise when they are notified of order delays caused by sudden stockouts.

It's not just inventory accuracy that suffers on old systems, either. Legacy ERPs, often built for specific core functions, struggle to adapt to evolving business needs. Expanding their functionality becomes difficult, if not impossible, hindering your ability to innovate and capitalize on new opportunities.

As your company's supply chain grows, collaboration with partners — manufacturers, vendors, service providers, etc. — becomes a necessity. However, legacy systems often lack the flexibility to integrate with external applications, which can lead to missed revenue opportunities and operational inefficiencies. While custom coding might enable some connections, it's a costly and time-consuming solution, often requiring additional workarounds due to inherent functionality gaps.

Even if you can get those connections to work with your partners' systems, outdated software can be dangerous: **It may be phased out. If the protocol you're using for your integrations becomes obsolete, you'll have to rebuild those connections at considerable expense.**

That said, the technology's longevity isn't the only issue. As outdated technology becomes obsolete, so too do the data formats that it supports. This often creates a back-and-forth struggle in exchanging information, eventually straining partnerships. "It essentially passes some of your operational burden on to them," says Daniel Edwards, NetSuite Practice Director at Net at Work. "It makes you less attractive as a business partner."

SOURCES OF DATA



Other challenges you'll face as your legacy ERP ages include:

- **Compromised security.** Older ERP solutions were typically built on-premise. These systems, especially in small- to mid-sized companies without a big IT team, are far less secure than modern cloud-based platforms.
- **Lack of PCI compliance.** Banks rate your PCI compliance based on your software security environment. The lower your security level (and therefore your PCI compliance rating), the higher your credit card fees will be. Over time, these costs can quickly become a major part of the “loss” side of your P&L calculation.
- **Difficulty keeping up with, let alone staying ahead of, competition.** If your competitors use new technology that can integrate easily with partners, your legacy system will make it much more difficult to make new partnerships.
- **Difficulty attracting and retaining talent.** While veteran employees are accustomed to legacy systems, the new generation thrives on the efficiency and accessibility of cloud-based solutions. Today's talent pool prioritizes not just compensation and benefits but also a dynamic company culture and cutting-edge technology.

For these new hires, workplace technology directly impacts their experience. Antiquated ERPs that lack real-time data, data analysis capabilities and quick decision-making support can quickly lead to frustration and stress. This, in turn, can lead to higher employee churn and the associated costs of constant recruitment and training.





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BENEFITS AND CAPABILITIES OF A NEXT-GEN ERP

If you're still running a legacy ERP and haven't paid attention to newer alternatives, you won't know what you're missing. Modern solutions can make revolutionary changes to your operations — especially if you add AI capabilities to the mix.

First, a modern ERP solves the problems listed above. Integration is far more accessible, especially with partners using modern software. New ERPs also come with an ecosystem of applications and third-party solutions that are almost plug-and-play, so as your organization grows, you can easily add components to suit your evolving needs. Even better, modern cloud-based ERPs facilitate more robust security, improved compliance and real-time data analysis and reporting.

A particularly notable benefit of a new ERP is its ability to prepare your P&L statement. Companies that use legacy systems often have to run their P&L up to two weeks after a month's end for all data to be updated. At that point, when it comes to analysis, you're acting on information that can be up to six weeks old and errors can be difficult to rectify.

A modern ERP updates data in real time. If a sales rep enters a line on a sales order that's below an acceptable gross margin level, you get an alert immediately — instead of at the end of the day when it's too late to do anything about it.

Artificial intelligence functionality is another compelling reason to update your ERP system. When AI is built into an ERP solution, it can automate many of the traditional manual tasks, easing the burden on employees and reducing the risk of error, and spot and flag errors in transactions so you can fix them immediately.

However, Eric Sluss points out that there is one caveat: “Workflows are different from AI,” Sluss says. “Modern ERP solutions support advanced workflow mechanisms without the need for AI, so you need to be clear going in what you want AI to do for you.”

Edwards echoes that sentiment. “AI functionality is important, but you have to determine up-front what you want to get from it. Just implementing the latest technology without a plan for taking full advantage of it can lead to failure.”

Data processing and analysis are among the best use cases for AI in an ERP environment. Compiling and analyzing the last 10 years of business data would require a lot of human work hours, but AI can perform that same analysis in a fraction of the time and cost and provide actionable predictions to help your company get and stay ahead. That frees employees to focus on tasks that can’t be automated, like managing vendors and handling operations.

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CIO, Net at Work’s Fractional CIO & Advisory group

AI in supply chain operations can:

- ✓ Improve productivity by up to **30%**
- ✓ Reduce supply chain risks by **50%**
- ✓ Increase demand forecasting accuracy by **40%**
- ✓ Reduce supplier lead times by **25%**

Source: [“Study: AI in Supply Chain Statistics Revealed: Cuts Costs, Boosts ROI,” ZipDo](#)



A modern SaaS ERP solution is typically two to three times less expensive than legacy software in the long run.

COST COMPARISON: LEGACY VS. MODERN ERP

According to Edwards, a modern SaaS ERP solution is typically two to three times less expensive than legacy software in the long run. These savings come from both tangible and intangible sources.

Tangible savings include reduced energy use, lower management and maintenance costs, and improved security, as exemplified by PCI compliance. Additionally, you'll see cost reductions in partner onboarding and IT spending and workflow optimization that lead to higher productivity across teams.

However, the most significant cost advantages may be harder to quantify. Edwards illustrates this with a compelling example: "We're onboarding a new client who until now has had to retain 60 offshore resources to process invoices due to their extremely high transaction volume. By upgrading to a modern system, they'll be able to drop that to just five resources."

Many companies are shifting their focus from a one-time return on investment (ROI) to continuous ROI driven by ongoing optimization. This translates to a shift from large, infrequent tech investments every five to seven years to an annual operational expense focused on ongoing system improvement.



Upgrading a legacy ERP to a modern solution isn't a small matter — but the benefits of making the change far outweigh the costs

HOW TO UPGRADE WITH THE LEAST AMOUNT OF FRICTION

Deciding you need to update your ERP and getting it done are two different things. Ensuring success for your new ERP project begins before you choose a solution or provider.

First, you need to examine your current operations and determine what you want to do differently. As Sluss points out, “Bringing all your old processes and issues into a new system so you can do things the same old way isn’t going to bring you the benefits you’re looking for.”

He also notes that many businesses choose solutions based on how they operate today, but what about how your business will look in the future? In which countries will you operate in the next 15 to 20 years?

If you’re operating solely in the U.S. today but plan to expand into other markets, will the ERP you’re considering be able to handle those international locations, infrastructure and regulations?

All three experts agree that choosing the right ERP partner is crucial. “ERP success is 50% choosing the right product and 50% choosing the right partner,” Cleary says. That partner needs to align with your strategic goals. For example, if you don’t want to invest too heavily in a solution right now, the provider should understand your needs, implement how you wish and offer ongoing support.



On the other hand, if you're part of the group that intends to continuously invest in your tech stack, your partner should share the same strategic vision and offer a roadmap to support your phase two, three and four initiatives.

"A good partner comes in with a good plan and can show you how to do everything in the system," Edwards adds. "Make sure the partner you choose won't leave you high and dry to figure things out after the implementation is done."

The final but equally important consideration on your list should be change management. The vast majority of ERP implementations fail, and one of the most common reasons for those failures is a lack of internal buy-in for the project. You can't rely only on a single member of your C-Suite to champion the upgrade. You must communicate constantly throughout the process with employees, clarifying why you're making this change and how it will benefit them.

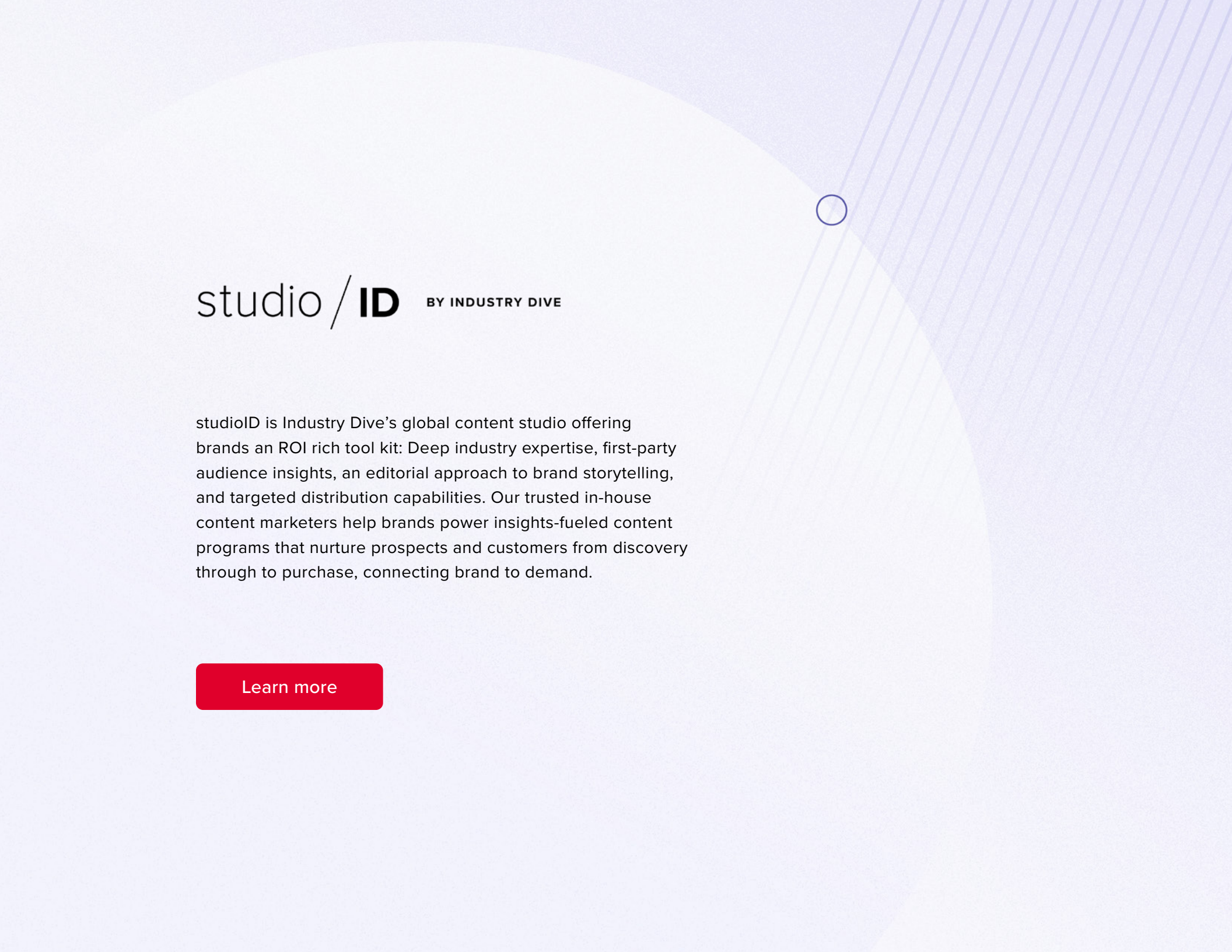
Upgrading a legacy ERP to a modern solution isn't a small matter — but the benefits of making the change far outweigh the costs. With the current pace of change in the supply chain, making this investment now, before your older system becomes entirely obsolete, may make the difference between your business's long-term success or failure.

Ready to make the switch? [Contact Net at Work](#) today for experienced help building an ERP solution to meet your unique business needs.



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