



EXECUTIVE BRIEF

Why automotive OEMs and tier suppliers should invest in a modern ERP

Modern enterprise resource planning (ERP) systems help businesses around the globe (including your competitors) revolutionize their operations. Automotive manufacturing and suppliers of all sizes are adopting ERP technology designed to better manage business processes on an integrated and real-time basis.

Technologically advanced ERP systems are a worthy investment in your company's operations, efficiency, intelligence, and productivity. Every feature of a modern ERP ultimately ties back to these improvements, enabling your organization to become more productive, more competitive, and better positioned to meet your customers' needs.

What is modern ERP?

ERP systems have origins that date back more than 100 years to around the same time Henry Ford brought assembly line manufacturing to the car industry. Known as economic order quantity (EOQ)—the systems acted as a decision tool for optimizing inventory costs. This eventually morphed into material requirements planning (MRP)—a system for managing manufacturing processes, including planning, scheduling, and inventory control. Over time, additional functionality was added, like modules to manage finances and customer orders.

Unfortunately, as the solutions grew, they tended to become unwieldy, complex, and difficult for the average business user to manage. Heavily modified solutions made upgrades difficult, further holding back progress.

Then and now, ERP solutions play an important role connecting day-to-day business activities, end-to-end, from procurement to shop floor operations. ERP systems can also automate tedious or manual tasks and help sort and track data, from long lists of SKUs to current inventory. The goal of an ERP system is to improve business productivity throughout the complete vehicle lifecycle, from engineering and design to collaboration between makers of sub-assemblies, inventory of small parts, and shipments to dealers.

Today's ERP systems might be better named digital operations platforms (DOP) to reflect their advanced capabilities, such as augmented analytics, internet of things (IoT), and even integrations with robotics, and autonomous vehicles in the warehouse. ERP systems continually evolve to meet digital business needs, and when deployed in the cloud these solutions offer even more benefits. For example, your organization gains the ability to store vast amounts of data and scale quickly to meet industry changes.

Emerging digital technologies like artificial intelligence (AI), machine learning (ML), and the internet of things (IoT) have enhanced what an ERP solution can do for your organization. Modern ERP systems, with AI-driven analytics built in, give you a real-time view into what is happening across the enterprise, with the ability to drill into influencing factors and likely outcomes, such as available resources, asset performance, forecasted sales, and projected profitability.

Why are some businesses delaying ERP modernization?

There are a few misconceptions that hold business leaders back from modernization and from moving an ERP system into the cloud. These include the belief that the cloud isn't secure, that it's more expensive, that outages occur more frequently, and that a cloud-based ERP is one-size-fits-all. Some business leaders may also be concerned that an ERP implementation will cause massive disruption, interfering with serving customers and meeting financial goals.

There's no doubt: An ERP upgrade is a large undertaking. But proven change management strategies, implementation tools, and out-of-the-box industry-specific functionality help eliminate risks. Controlling project scope, bringing the right team together to manage the process, and executive-level buy-in will also help keep the tasks on schedule with the priority goals in focus.

Achieve more in today's automotive Industry

For companies in the auto industry, the benefits of modern ERP solutions are especially significant. As vehicles become more high-tech, hyper-connected, and focused on the user experience, manufacturers and suppliers must keep pace with product innovation. Sourcing new suppliers and partnerships as well as standing up geographic inventory hubs are other current market demands which call for highly flexible ERP solutions. The disruption caused by the **severe shortage of microchips**, though, is likely the most dramatic example of the need for visibility and flexibility. Companies with cloud-enabled supply chain planning solutions can better face the volatility, predict delays of shipments, and collaborate with alternative suppliers. Automotive businesses, from OEMs to component suppliers, can use real-time data, global views of common shipping routes, and AI-supported analytics to manage risk and mitigate disruption. With the impact caused by the chip shortage expected to last into 2023, investing in this technology now will help control potential revenue losses.

Why Infor® for modern ERP?

Easier to adopt

- Pre-bundled capabilities go beyond financials and HR in industry CloudSuite™ solutions for enterprise workflows
- Multiple core engines provide for agile development of new capabilities tailored by industry group
- Agile deployment process with implementation accelerators and best practices built in to drive time to value
- Just the software you need for your business without a bloated code-base
- Scalability to add-on capacity and capabilities as needs evolve

Industry-specific capabilities

- Best-in-class collaboration across suppliers and customers, configuration, and design
- 90% of industry-specific capabilities are built-in/configurable
- Continuous cloud upgrades deliver new capabilities delivered with ability to toggle-on as needed
- Minimize customizations for future flexibility and cost management and risk management

Cloud and technology ecosystem

- Multi-tenant cloud platform for integration, workflows, contextual BI, extensibility, IoT, and AI
- Standards-based middleware for API integration between Infor apps, third-party apps, and IoT
- Data and analytics services for in-context and enterprise-level insights
- Global cloud infrastructure with Amazon® Web Services (AWS®) for agility, scalability, and security

See the top gains from investing in modern ERP

Forward-thinking enterprises who want to stay on the cutting-edge of innovation are moving ahead with investing in modern ERP systems, deployed in the cloud. The productivity gains and process improvements far outweigh the disruption. Modernization has a strategic impact on your business.

Experience the major benefits of a modern ERP system:

- **Easy to use**—You won't achieve return on investment (ROI) if your employees can't use the ERP system. Updated cloud systems are more user friendly, encouraging employees to seek out data and integrate it into decision-making.
- **Make better business decisions**—Enterprise analytics enable businesses throughout the automotive supply chain to connect data across business silos and drill down on overall results and KPIs to functional contributors. Modern ERP systems empower businesses to grow the "analytics mindset" within the organization to increase data-driven decision-making and increase operational effectiveness. By aligning enterprise KPIs with department objectives, teams and individuals get a clearer picture of how their priorities impact the overall business performance.
- **Achieve fast time to value**—ROI is a key metric for business decision makers, and modern ERP systems help teams to scale and communicate more clearly with executive stakeholders through business analytics, scenario planning, and financial impact analysis. By fully understanding the drivers of current financial outcomes and then using smart tools to model future outcomes, teams earn greater confidence in their decisions and get increased support from top executives who know they're investing company resources intelligently.
- **Attract and retain talent**—A major challenge for automotive OEMs and suppliers today is the retirement of employees with years of "tribal" knowledge and manufacturing expertise followed by a new generation of workers that's less inclined to embark on manufacturing careers. Without these workers, your company can't exist. This next generation of digital "natives" expects to work with cloud technology that's user-friendly. This means software that mirrors the look and feel of applications they use in their day-to-day lives and supports immediate access to data and collaboration. For many manufacturers and their suppliers, modern cloud ERP systems have been a key differentiator when targeting this generation of workers.
- **Break down business silos**—By extending ERP capabilities beyond operations with a modern cloud platform, OEMs and tier suppliers will increase collaboration and business agility across functional areas for improved workflows and increased productivity. As teams leverage improved communications and cross functional data, cycle times decrease and accuracy increases. Native social tools within ERP systems allow teams to share rich information across regions and time zones using devices that support work wherever and whenever needed.
- **Facilitate collaboration**—The most impactful ERP systems support "outside-in" requirements for exchanging information with suppliers and customers. Networked support for processes such as supply chain, product lifecycle, and order management help reduce cycle times, increase accuracy, and improve overall business flexibility. Analytics for in-context decisions factor in third-party data, such as stock levels, lead times, and demand forecasts for improved planning, scheduling, and cost and risk management.
- **Improve key performance metrics**—Manufacturing organizations and their suppliers on the latest ERP versions see more significant benefits in metrics such as complete and on-time delivery, inventory turns, internal schedule compliance, and reductions in operational costs. Supply chain agility and reliability are among the performance improvements that have a direct impact on the bottom line. Such savings can shorten the time to value and offer meaningful return on investment.
- **Utilize emerging technology**—Analytics, mobility, cloud, partner networks, and the IoT are table stakes in the modern manufacturing environment. For example, factories can collect condition-based data from sensors embedded on machinery and plant assets. The data, when analyzed with advanced analytics, can detect early warning signs of performance erosion or failure. With this advance warning, you can take precautions, such as ordering replacement parts or re-routing work.

The modern ERP enables continuous growth

The automotive industry is changing radically. New business models, products, locations, and regulatory concerns must be supported, and old technology may not be able to support your business in the new industry landscape. Modern ERP software vendors are continuously adding new best practices, often industry-specific, to their solutions that will ensure competitiveness. This will give your organization the ability to scale operations, meet changing needs, support growth, and keep pace with rapid change.

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641 Avenue of the Americas, New York, NY 10011

INF-2622268-en-US-1221-1



Godlan, Inc.
15399 Canal Road
Clinton Township, MI 48038
586-464-4400
info@godlan.com
www.Godlan.com