



Dare to Work Differently™

CHIEF FUTURE OFFICER | EXECUTIVE BRIEF

# The Cloud ERP Imperative

Building a Future-Ready Foundation for Competitive Advantage





Unprecedented shifts in the global economy and the world of work have dramatically accelerated the pace of change, forcing business leaders to rethink the way their companies operate and create value for their customers, shareholders and employees.

Driving productivity and cost reduction are table stakes. Corporate leadership now expects CFOs to provide business insights on an almost real-time basis to ensure optimal use of capital and resources. Process optimization and automation, enabled by data, are the keys to delivering.

This requires transforming core business processes and embracing a digital-first, cloud-centered ecosystem – with cloud ERP as its foundation. And it puts Chief Financial Officers at the helm of digital transformation, leading the charge to drive operational excellence and create competitive advantage.

“The pace of change in business today is evolving so quickly, yet most ERP systems are in place for 10 or 15 years,” says Kathy Pazely, RGP Vice President, Business Technology. “Successful companies are implementing an agile approach to keep their ERP systems in sync with rapidly evolving business strategies and operating models.”

The stakes could not be higher. As the CFO of a global technology nonprofit organization put it, “These kinds of transformations or upgrades are once- or twice-in-a-career opportunities.”

“By 2028, cloud computing will shift from being a technology disruptor to becoming a necessary component for maintaining business competitiveness.”

– Gartner, Inc.<sup>1</sup>

# Cloud Moves from Technology Disruptor to Business Necessity

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While cloud migration is nothing new, the shift has gained momentum and accelerated at a faster pace, as pandemic-driven changes in the workplace and technology innovation make cloud-enabled digital transformation a strategic imperative. It's also expanded beyond the purview of IT to become a top priority of the CFO.

Gartner predicts that by 2028, cloud computing will evolve from being a technology disruptor to becoming a necessary component for maintaining business competitiveness.

"While many organizations have started to seize the technical advantages of cloud, only a few have unlocked its full potential in supporting business transformation," says Milind Govekar, Distinguished VP Analyst at Gartner. "As a result, organizations are using the cloud to launch a new wave of disruption driven by artificial intelligence (AI), enabling them to unlock business value at scale."<sup>1</sup>

Adding to the sense of urgency, leading ERP providers are sunsetting legacy on-premises software. And since an ERP transformation can take months or years to complete, there's growing pressure to move fast. Postponing this inevitable change only makes it more costly and disruptive.

However, this "burning platform" is not the only catalyst for change. Moving to a cloud ERP and adopting digital-first, data-driven processes enable your organization to respond more nimbly to rapidly changing business needs, driving significant improvements in revenue, operational efficiency, customer satisfaction, and other benefits.

As Nick Maglaris, Vice President, Midmarket Strategic Initiatives at SAP, puts it, "It's not about total cost of ownership but about total cost of innovation."

## Why Cloud ERP?

- Lower cost of entry and total cost of ownership
- Faster deployments, with easier configuration and updates
- Built-in industry best practices and workflows
- Closer integration across core business systems and processes
- Real-time access to data – a single source of truth from disparate sources
- Unified reporting and data visualization capabilities
- Predictive analytics, with built-in AI and machine learning capabilities
- Scalability and flexibility to support agility, growth and resilience
- Better support for hybrid workforce and virtual collaboration

# 39%

Best-in-class companies are 39% more likely to have adopted cloud ERP

– Aberdeen Strategy & Research<sup>2</sup>

# Detours and Delays on the Journey to the Cloud

Despite the promised benefits and strong momentum propelling digital-first, cloud-enabled operating models, many organizations — including about half of the clients we talk with — have yet to embark on their journey to a cloud ERP system.

Some migration initiatives were backburnered during the COVID-19 pandemic or have been postponed because of recent economic headwinds, including the higher cost of capital due to interest rate hikes. Still others face organizational resistance due to concerns about data ownership and security or the risk of project failure — according to multiple studies, at least half of change initiatives fail.

RGP's Ken Taylor, Vice President, Project Management, says we've redefined the way we talk about project success. "It's no longer just about delivering on time and within budget. It's about achieving the business objectives. And if we measure projects by that rubric, then only about a third of projects are successful."

## Focusing on change management helps mitigate the risk of project failure.

It's not enough for the system to work — people need to embrace different ways of working and new ways of thinking.

"Adoption is like a secret sauce. The more people are on board, the less they resist the change," says Patricia Reyes, RGP Vice President, Change Management, noting that resistance can be costly. "You can have the best technology and tools, and if it's not adopted and sustained, then you haven't fully achieved your transformation goals," she says. "The real magic happens when the plans turn into actual benefits."

### Common Pain Points

- Lack of strategic alignment
- Resistance to change and failure of adoption
- Lack of data quality and governance
- Complex risk environment
- Need for resources and expertise
- Disjointed processes and conflicting requirements

"The real magic happens when the plans turn into actual benefits."

– Patricia Reyes  
VP, Change Management  
RGP



# Debunking Migration Myths

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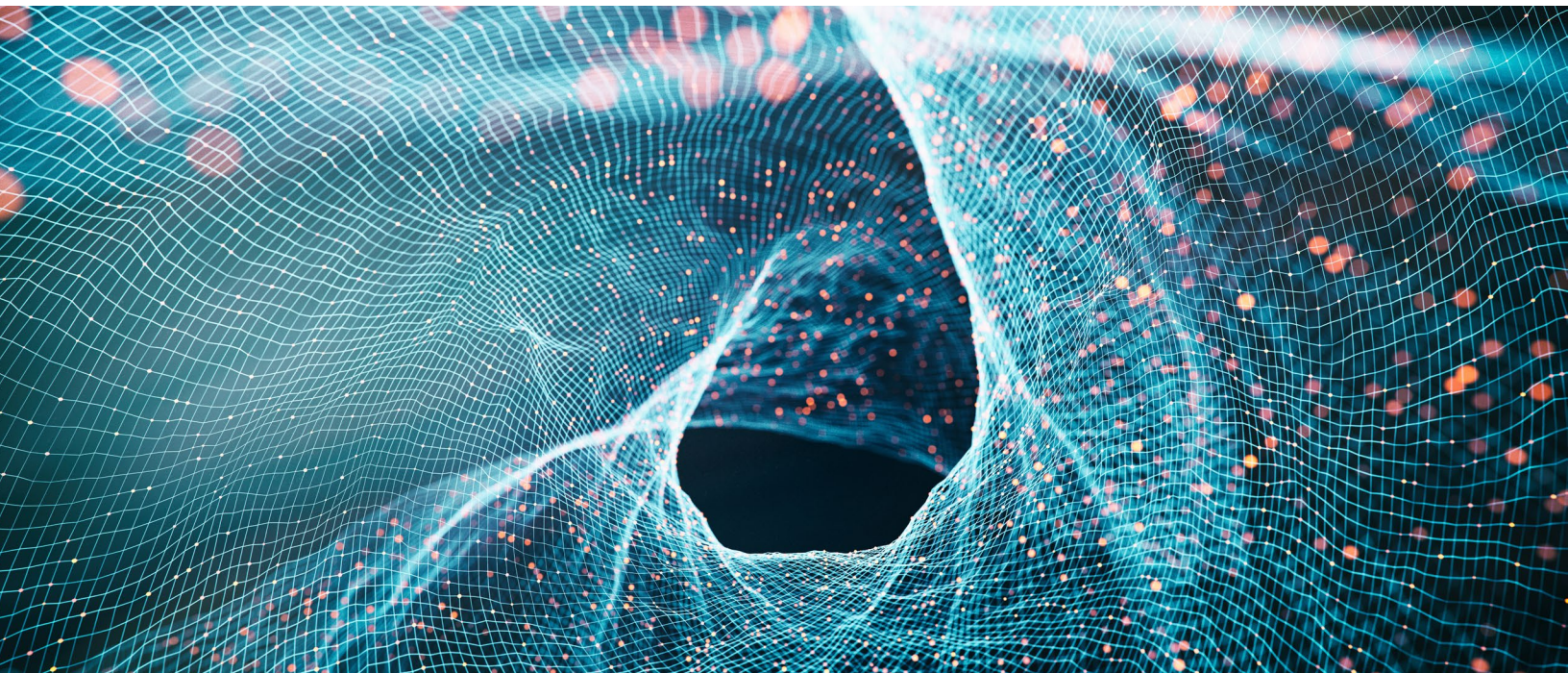
With a transformation of this scope, which touches every aspect of the business, there's plenty to keep finance leaders awake at night — from cost overruns and project delays to data security and business continuity. Depending on the complexity of their organization and tech stack, a large global enterprise could be in the thick of VUCA (volatility, uncertainty, complexity and ambiguity) for years.

## **Insomnia is not inevitable.**

That need not deter you from embarking on the journey and embracing the promised benefits, including consistent, standardized financial data, faster, more accurate financial close processes, and the ability to make faster decisions with greater confidence.

Cloud ERP implementations do not take as long or require the same upfront capital investment as on-premises systems. Industry best practices and workflows are often built in, speeding implementation and reducing the total cost of ownership. Modern systems also foster innovation and collaboration and make it easier to attract and retain top talent.

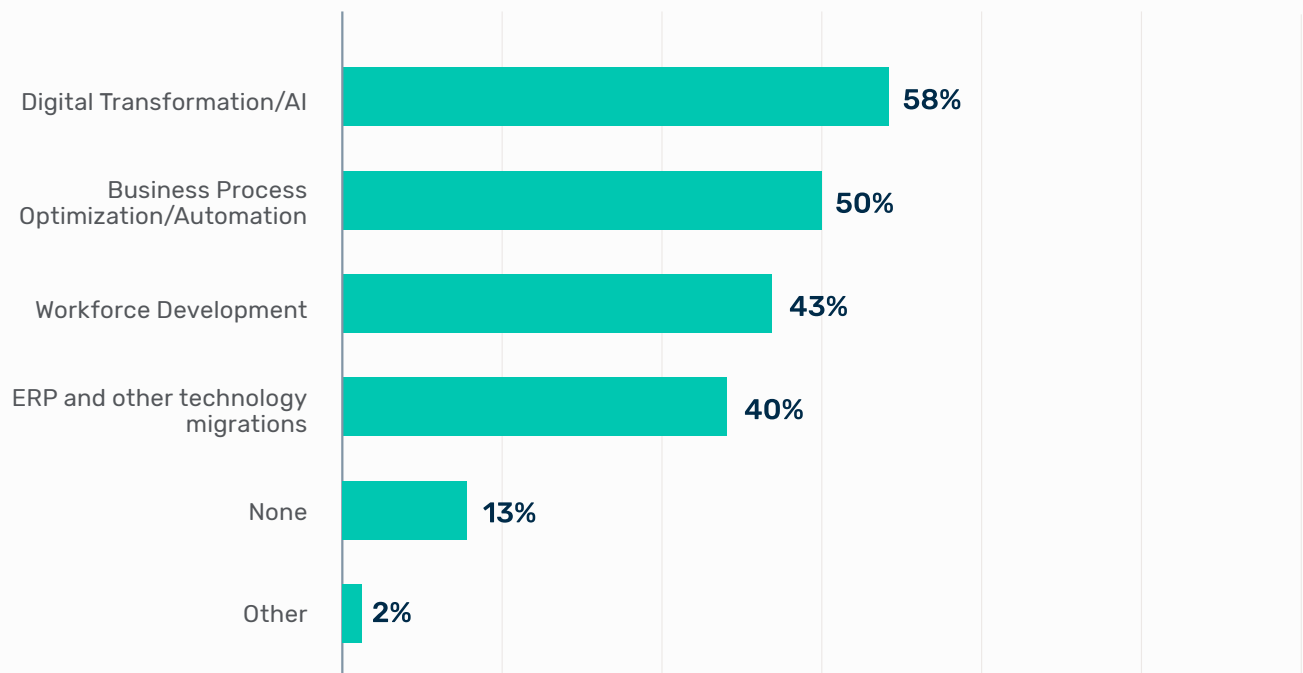
Finally, in spite of the potential pitfalls, there's even greater risk in not embracing the change. And the longer you wait to start, the longer it will take to capitalize on opportunities.



# Lean In and Lead from the Front

A January 2024 survey conducted by YouGov for RGP suggests a significant percentage of businesses may be ready to increase their transformation investments if interest rates go down.

**If a lower interest rate environment were to unlock new capital in 2024, in which of these areas, if any, would your organization prioritize increased investment?**



SOURCE: YOUTGOV POLL CONDUCTED ON BEHALF OF RGP IN THE FIRST HALF OF JANUARY 2024

To improve the odds of success and capitalize on the benefits from these investments, Pazely encourages CFOs and other senior finance leaders to lean in and hone their own digital skills and capabilities. “Lead from the front to get the rest of the organization excited about new technologies.”

## Driving Project Success and Return on Change™

Overcoming common obstacles to change and executing a successful cloud ERP transformation requires rigorous planning and project management, proactive change management, and scrupulous attention to data integrity.

### **RGP has the experience and expertise to help you get it right.**

For a CFO, something as monumental as a cloud ERP migration might be something you lead once or twice in a career. But for RGP, it's business as usual. Over more than 20 years, we've supported our clients with hundreds of system implementations and upgrades as well as technology optimization and software selection. We've built a successful track record and developed proven frameworks and best practices for delivering the expected benefits of technology implementation.

Visit [RGP.com/cloud-erp](https://www.rgp.com/cloud-erp) to access other useful resources to help your organization plan, execute and sustain a successful cloud ERP implementation.

- **Strategy & Planning Guide:** Preparing for a Smooth Move to the Cloud
- **Project Success Guide:** Delivering Value & Impact with Your Cloud ERP
- **Tip Sheet:** Key Considerations for System Selection
- **Checklist:** 10 Critical Risk Factors to Avoid
- **Survey:** Change Readiness Assessment
- **RGP Solutions:** Delivering Expert Project Execution for Cloud ERP

### About RGP

RGP is a global consulting firm focused on project execution services that power our clients' operational needs and change initiatives, utilizing on-demand, expert and diverse talent. Our highly experienced professionals partner with clients on mission-critical projects, typically precipitated by business transformation, strategic transactions or regulatory change. Our engagements are designed to leverage human connection and collaboration to deliver practical solutions and impactful results for our clients, consultants and partners.

Headquartered in Irvine, California, RGP is proud to serve 88% of the Fortune 100. Visit [RGP.com](https://www.rgp.com) to learn more.

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