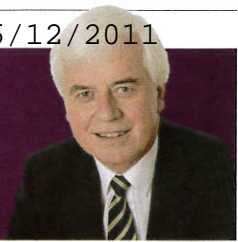


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Next year will see a titanic struggle for market share between major ERP suppliers

Many people would describe 2011 as a challenging year. Patchy growing conditions, increasing costs, margins squeezed and more demands from the supermarkets have driven profits from the industry. Moves by the supermarkets to cut distributors from the supply chain have threatened the business models of many in the fresh food industry. These elements are conspiring to drive further consolidation within the sector. However, these challenging conditions are not just confined to food suppliers.

In the IT sector, a massive shake-up is taking place. The emergence of cloud technologies threatens the very existence of suppliers of infrastructure systems. Many have already gone to the wall while a number have been absorbed by larger players. Driven by their own cost pressures, companies are beginning to question the costs of running their own IT departments. The launch of online services such as Office 365 and Microsoft CRM, where these facilities can be bought by the slice, are already attracting the attention of companies of all sizes.

In the ERP space, the consolidation is even more dramatic. Five years ago, over 6,000 suppliers of what could loosely be called ERP systems competed for market share across the globe. A recent survey indicated that this figure is now down to 200. The industry pundits predict that this could easily get down to 20 within the next five years. The reality is that only the larger software authors have the necessary investment funds to develop the advanced ERP systems designed to cope with the complex requirements of future global businesses.

There are interesting developments in the mobility space. Up to now, people have been very happy using smart phones capable of providing email, internet access and a few other services. However, there is a growing demand for these devices to provide real time business information. Moreover, the customer and product information they require is locked within their ERP systems. Many older legacy ERP systems lack the capabilities to provide the required real time data that the mobile workforce need.

This is a particular issue for the food sector where the vast majority of the workforce is mobile. Whether it's providing them with real time access to order and inventory information or immediate results from quality inspections, mobile solutions save time while reducing errors. The net effect is to reduce costs. The contrast between using clipboards and spreadsheets to do the same job couldn't be more marked. The point is that ERP mobility is no longer a passing fad but a crucial aid.

The future for IT in 2012? There is little doubt that more infrastructure projects will migrate to the cloud as Office 365 settles down. ERP will remain mainly on premise but will be augmented by some cloud-based applications. We expect a titanic battle between ERP Tier 1 suppliers as SAP, Oracle and Microsoft battle for market share. — FPJ