



Enterprise 2.0 in Industrial ERP

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Background

Ubiquitous and highly intuitive consumer technology, the increasingly distributed and geographically dispersed nature of the workforce and the spectacular rise of social media are all influencing the way business software is deployed and used. Company-wide enterprise applications including enterprise resources planning (ERP) and enterprise asset management (EAM) are not immune from these trends. As a result, vendors are experimenting with integration between enterprise software, typically involving customer relationship management (CRM) with social media tools like Twitter or Facebook. In some cases, software vendors are already offering functionality to deliver benefits of enterprise 2.0, enterprise functionality with integrated, built-in Web 2.0 technologies.

In August 2010, a study of 325 executives at large to middle market manufacturers was conducted by IFS North America and Affinity Research Solutions, Boston, to better understand the degree to which manufacturing executives feel various approaches to marrying social media and ERP are desirable.



The findings conclude that:

- The ability to integrate with external social media tools on the public internet does not weigh heavily on the selection process for ERP. However the adoption of social media functions to include collaborative and communication capabilities is viewed with importance but is not seen as a major influencer. There are two primary benefits of social functionality embedded in ERP; to streamline and communicate within the enterprise and secondly to document business processes to support lean initiatives.
- Manufacturing executives are optimistic about the potential benefits of social functionality embedded in ERP and realize that there could be great value if their ERP application includes features that mirror the functionality of online social networking tools. Increasing communication in the enterprise and the ability to capture the tacit knowledge of senior employees are the most frequently reported benefits.



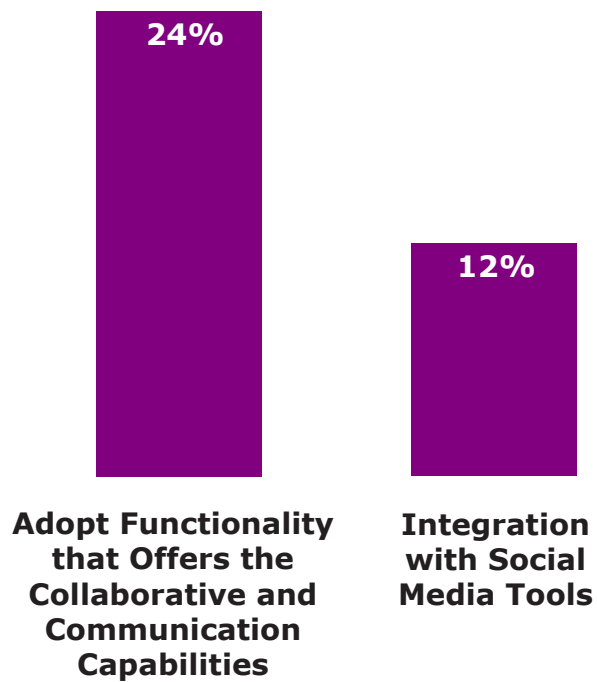
Enterprise 2.0

Importance of Integration of ERP with Social Media Tools

Inclusion of social media functionality within ERP was deemed by respondents more important than integration of ERP with Web-based social media sites.

Future Outlook for ERP with Social Media Tools

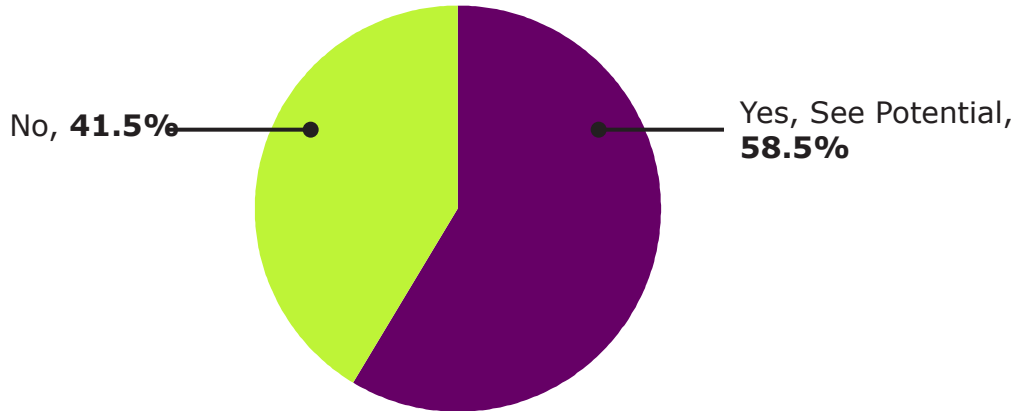
Percent Rating Extremely/Very Important in Coming Years





Potential value/use in collaborative/social functionality embedded in ERP

Most respondents see value in enterprise 2.0/social media functionality within ERP.



Anticipated value stems primarily from increased communication and the capture of tacit knowledge of senior employees. The latter is a prime concern of companies facing an aging, shrinking workforce who risk losing their knowledge base to retirement. The third most frequent response was that social media functionality would make ERP more intuitive to use.

Meanwhile, the benefits of integrating social media sites with ERP had largely to do with retail marketing and reputation management.



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	% of Respondents
Streamline communication within the Enterprise	68%
Collaboratively Document Business Processes to Support Lean Initiatives	61%
Provide an Enterprise Environment that will be Intuitive to Use for Younger Workers	51%
Capture and Record Business-related Instant Messaging Conversations and Other Correspondence within the ERP Program	48%
Capture and Record Tacit Knowledge of Senior People	41%
Other	6%

How integration of ERP with online social networking tools like Facebook, LinkedIn, etc. can be used.

	% of Respondents
Gather Social Networking Profiles on Prospects and Customers as individuals	67%
Gather Information on what is being said about our company or competitors	62%
Tie Information from Social Networks into Customer Company Records	56%
Integrate with Software-specific Social Network Tool so We can get Context-Specific Software Tips and Tricks from Users at Other Companies	42%



Methodology

This research was conducted collaboratively with Affinity Research Solutions and IFS North America, the Americas subsidiary of a provider of enterprise resource planning (ERP), enterprise asset management (EAM) and other enterprise solutions. The company has already announced the launch of functionality that will take its product, IFS Applications, in the direction of enterprise 2.0, and wanted to gather input on the perceptions and priorities of companies in their targeted demographic.

The study was executed in August 2010 and was administered over the Internet among subscribers of Manufacturing Business Technology (MBT). Respondents were pre-qualified for being involved in decisions regarding ERP applications and related software solutions for their company. Individuals were further qualified for being employed in companies estimating 2010 revenues at \$100 million or more.

In total, 325 corporate, operations, and IT executives and managers in manufacturing companies participated in this study.

About the Respondents and Their Facilities

Respondents to the study are largely senior IT and manufacturing operations management (25%), design or control engineers (16%), operations and plant managers (13%), supply chain executives (8%), consultants and systems integrators (8%), corporate executives (5%), and procurement executives (4%). A broad range of industries are represented and includes industrial machinery, aerospace, petroleum, wood and paper, chemicals, food and beverage, automotives, metals, computer systems and medical devices, etc. Respondents were classified into three categories based on their organizations: 2010 projected revenues: companies under \$250 million (30%), businesses reporting revenues between \$250 million and \$999.9 million (28%) and organizations having \$1 billion or more in sales (42%).



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About IFS.

IFS is a public company (OMX STO: IFS) founded in 1983 that develops, supplies, and implements IFS Applications™, a fully-integrated, component-based extended ERP suite built on SOA technology. The company has more than 2,000 customers in more than 50 countries and focuses on companies with needs in the areas of manufacturing, project management and asset management/maintenance, along with the related supply chains, financials and other supporting functionality.

The IFS Enterprise Explorer user interface already includes the company's initial moves into the area of Enterprise 2.0. Wikis, microblogging, instant messaging and IP telephony are all integrated directly into the application to allow social media-like communication in the secure and centralized context of the application.

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