

The benefits of vertically positioned ERP Solutions

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A vertical ERP solution supports specific business processes and aims to more accurately serve users who have specific skill sets and job responsibilities within an organisation. Historically, vertical applications are often customised to meet the needs of industry-specific users by extending the core functionality in ERP and can often require connections to other industry best of breed solutions.

To fully appreciate the extent of verticalisation, it's important to understand what a 'horizontal' ERP solution covers. Since the early 1990's, horizontal ERP has delivered competence in Finance, Distribution, Manufacturing, Human Resources and Operations. There are many blue prints and methodology documents on how to implement horizontal ERP and best practice today suggests that pre-built processes deliver a very high fit to business requirements, leaving limited change requests and driving a strong ROI.

To meet the needs of specific industries, horizontal ERP is extended deeply into the organisation to fulfil all needs in all areas for all users. This often means more users becoming part of a single ERP solution, which in turn drives improved reporting and business visibility. The larger ERP vendors today have addressed the vertical challenge and provide pre-settings, parameters, best practices and KPI measurement for many industry types. Another option is the provision of add-ons to complement the horizontal ERP and these are often driven as software and service components by a partner channel. We still find smaller niche ERP vendors addressing one or two vertical industries but they are unable to deal with broader business and with the current trend of consolidation - this may be a limited path for some customers.

Typical vertical industries where ERP has a good fit in Africa would be process manufacturing, retail, services, mining, agriculture, non-profit, education, healthcare, logistics, utilities, construction and

real-estate and financial services. These industries often require integration to sub-systems that drive operational behaviour such as product life cycle management, planned maintenance, computer aided design, warehouse management or manufacturing execution systems. In some instances we see the vertical being driven deeper via compliance and regulatory issues. A good example would be food or drug manufacturers that are forced to comply with regulations that in turn drive more detail into the vertical such as finite measure integration from recognised weighing scales or workflow driving inspection or sampling as well as detailed quality assurance sheets.

Mining is a popular vertical across Africa and the horizontal ERP has been extended to include a rework of the request for quote process based on the volumes being handled as well as more practical changes to workflow approval for internal issues and requisitions to appreciate the unique nature of the industry and the health issues concerned. The vertical also relies heavily on plant and equipment so enterprise asset management is a pre-requisite along with integration to specific payroll and time and attendance systems that understand shift based work patterns. Finally, health and safety is a huge part of day to day life on a mine and the integration of an approved SHEQ system rounds out the depth of the vertical.

Agriculture is also a fast growing vertical as food demand soars and quality inspections become the norm for any cross border sales. This vertical is very broad and could sometimes be broken into further sub-verticals but essentially it's the management of fruit and vegetables, milling, grain management, wine/juice making, meat and dairy and livestock/abattoir. If we just review the fruit and vegetable side, we consider extending functionality for product, price, weight and cost management, harvest and production management and then logistically pallet, transport and quality management. A vertical solution for agriculture is not only compliance driven but heavily influenced by market trends and industry compliance.

As with all ERP implementations, choosing the right service partner

is critical. However, when it comes to vertical ERP, the choice becomes even more essential because the need for a partner that deeply appreciates the industry, is a non-negotiable. The best practices embedded in the software need to be translated into processes that the customer understands and is comfortable deploying. The training is vital and well versed staff that have worked in the industry for years is more than preferable in order to ensure a successful implementation. In summary, vertical ERP implemented by a vertically aligned partner will deliver a reduced TCO and a happy customer.