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Gartner At A Glance

- 1,000 Analysts
- 215,000+ Client Interactions
- 10,000 Distinct Client Organizations
- 10,000 Vertical Coverage in Nine Industries
- 5,500 Benchmarks
- 500 Consultants
- 3,200 Consulting Engagements
- 60+ Conferences
- 850 Media Inquiries per month
- 75% of Global 500
- 74% of Fortune 1000
- 60+ Conferences
- Clients in 90 Countries
- World’s Largest Community of CIOs
- 3,200 Consulting Engagements
From this.....

To this.....
Strategic Planning Assumptions

By 2018, more than half the cost of implementing 90% of new large ERP systems will be spent on integration.
Key Issues

1. The evolution of ERP – What is postmodern ERP?
2. How should resource constrained midmarket IT leaders manage the challenges of postmodern ERP?
3. Developing a postmodern ERP strategy for a midmarket firm
The Evolution of ERP

**Classicism** clás|sí|cism/klás|sí|zm
- 1980s to early 1990s
- Classic "best-of-breed" applications
- Driven by market and user immaturity
- Happy users, but integration and reporting nightmare

**Modernism** mod|èr|n|sm/mód(ə)n|z(ə)m
- Mid 1990s to mid 2000s
- Megasuites rule, ERP land grab, centralized IT
- Driven by vendors, users increasingly frustrated
- Integration trumps agility and fit to requirements

**Postmodernism** póst|m|òd|èr|n|sm/póst|m|d|ə,n|z(ə)m
- Late 2000s to today and beyond
- Suite deconstructed, postmodern ERP emerges, megavendors not in control
- Driven by the nexus and user disillusionment, users want to take back control
- New integration and reporting challenges
Postmodern ERP: The World is Changing

HOOF Model

Outsourced Everything 5 to 10 years

- Backbone enterprise capabilities are delivered by BPO providers as enhanced services.

Flip Model 5 to 15 Years

- Systems of record are cloud solutions.
- Enterprise focus is on building differentiating and innovating capabilities.

On-Premises Monolith Diminishing

- Suite focus persists but with tactical cloud solution integrations only.
  - Mega-suites are ring-fenced.

Hybrid Reality Increasing

- Hybrid cloud + on-premises environment dominates.
- Integration complexity increases.
- In-memory computing more significant.
And Changing Fast: Postmodern ERP Is Here Now

Likely HOOF scenario in five-year increments

(Participants in 2014 symposium ERP strategy workshops)
Postmodern ERP Challenges

- Postmodern ERP is more agile and outward-facing
- Loosely coupled solutions are replacing the inherent tight integration and lack of agility found in older ERP suites.
- More flexibility and agility, but more responsibility falls to the client.
- Without appropriate integration and data management, the expected business value of new ERP systems will not materialize.
## Fragmenting ERP Increases Complexity… and Client Responsibility

<table>
<thead>
<tr>
<th></th>
<th>Monolithic ERP</th>
<th>Postmodern ERP / Business Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>One ERP Vendor</td>
<td>Core ERP Vendor 1</td>
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<tr>
<td>Integration</td>
<td>Tight integration within the ERP solution</td>
<td>Tight integration remains only within the ERP solution</td>
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<tr>
<td>Integration Tools</td>
<td>ERP Vendor</td>
<td>ERP Vendor?</td>
</tr>
<tr>
<td>Data integrity and consistency</td>
<td>Inherent within suite, client responsibility to specially applications</td>
<td>Within suite, client responsibility to specially applications</td>
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<tr>
<td>Process Integrity</td>
<td>Inherent within suite</td>
<td>Within suite, client responsibility to specially applications</td>
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<tr>
<td>Upgrades (test and patch workload)</td>
<td>Major upgrade every 12-18 months</td>
<td>Major upgrade every 12-18 months</td>
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</tbody>
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Key Issues

1. The evolution of ERP – What is postmodern ERP?

2. How should resource constrained midmarket IT leaders manage the challenges of postmodern ERP?

3. Developing a postmodern ERP strategy for a midmarket firm
Many vendors are selling functionally focused applications directly to LOB leaders.

Breaking the inherent integration of data and process in a suite can introduce complexities that may not be addressed by simple interfaces.

A strategic approach to acquiring, managing and maintaining business applications and their integration is required.

Strong enterprise strategy and governance practices are needed to avoid incurring IT debt.
Integration Will Be the Single Biggest Challenge

- You will need multiple integration technologies and deployment styles — these will likely change
- IT has a major responsibility — especially for application integration
- Ground this in strong data and business process integration
- This requires business leadership and joint governance
A growing share of integration fulfillment will also occur outside central IT.

Source: Gartner (August 2014)
You Need a New — Bimodal — Approach to Serve Everyone's Integration Requirements

Large-Sized Organizations

Midsize Organizations

Small-Sized Organizations

Integration Competency Center

Bimodal Approach

Systematic

Adaptive

Citizen Integrators

ICC-Facilitated LOBs

Autonomous LOBs

Traditional

Emerging

* "The Integrator's Dilemma: Can a Bimodal Approach Balance Integration Agility and Control?" (G00263194)

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Application Vendors Providing More Embedded Integration

What Is It?

- Integration capabilities “embedded” in (usually) SaaS application offering
- Integration platform and/or cloudstreams and/or templates
- Typically (not always) delivered as a cloud service
- Often based on a third-party iPaaS

Best when:

- Ultrashort time-to-value
- SaaS-provider center of gravity
- Midcomplexity integrations
- “Good enough” integration
Incrementally Move Toward the Hybrid Integration Platform

Midmarket firms: Expertise may have to be acquired

What is it?

- Integrated combination of:
  - On-premises application/data integration platform(s)
  - iPaaS/iSaaS
  - API management
  - Professional, occasional and citizen integrators
  - Integration templates & cloudstreams available in a self-service fashions

An HIP enables you to support the full spectrum of requirements and constituents
Key Issues

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"If you don't know where you are going, any road will get you there."

— Lewis Carroll
Postmodern ERP Strategy – Your Plan

- You wouldn’t think of starting construction on a multi-million dollar building without a well conceived and reviewed detailed plan developed by a professional.

- ....but clients do it frequently with ERP projects.

- And then wonder why…
  - “We don’t see the value”
  - “The system is too difficult to use”
  - “Expectations weren’t met”
Developing a midmarket postmodern ERP strategy

1. Define your business outcomes
2. Renovate your core, and determine HOOF model scenarios, and *simplify wherever possible*
3. Develop *or outsource* the necessary integration competencies
4. Be realistic about your internal skills and capacity
5. Review, measure, revise…
Define your business outcomes

- Postmodern applications can deliver more business value … but only if you understand the value proposition and plan to:
  - Design for agility and flexibility
  - Link changes to business value and outcomes
  - Balance innovation and agility against complexity
Develop or Outsource Integration Competencies

- Basic technical skills — e.g., integration "plumbing"
- Advanced technical skills — e.g., design and management of APIs
- Architectural skills — e.g., integration infrastructure rationalization and federation
- Organizational skills — e.g., integration center of excellence (COE)
- Sourcing skills — e.g., choosing among integration software, platform as a service (PaaS) and outsourcing

See: "Toolkit: 2013 Strategic Roadmap for Integration" (G00258166)

Where practical, keep the "suite" thinking alive (preintegrated, process integrity, support for real-time updates)
# Postmodern ERP Demands Different Skills

<table>
<thead>
<tr>
<th>Critical Skills For Hybrid ERP</th>
<th>Increase in Importance</th>
<th>Focus Change</th>
<th>New</th>
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<tbody>
<tr>
<td>Business Process Analysis</td>
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<td>IT Security</td>
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<td>Data Architecture</td>
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<td>Master Data Management</td>
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<td>Solution Architecture</td>
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<td>Project Management</td>
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<td>Testing</td>
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<td>Programming</td>
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<td>Cloud Service Integration</td>
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<td>Service Procurement</td>
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<td>Service Contract Management</td>
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<td>Vendor Relationship Management</td>
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Recommendations for midmarket IT leaders

- Balance the complexity of your data and process interdependencies against the value to be obtained. Understand the level of application integration required.
- Assess the ability of your IT resources to integrate and manage the planned business applications through the entire application life cycle.
- Consider a suite-based approach if the capability to manage integration does not exist or is not likely to exist in your enterprise.
- If the business needs are best matched by cloud offerings or a hybrid environment, evaluate the integration capabilities that platform as a service (iPaaS) offers from either your cloud providers or third-party providers.
- Consider a 3rd party service provider to augment IT staff for resource constrained midmarket firms.
Recommended Research
Recommended Gartner Research: Postmodern ERP

- **Midmarket Context: ‘Adopt a Strategic Approach to Application Integration for Postmodern ERP and Business Applications’**
  Michael Guay | Jess Thompson | Christian Hestermann (G00291932)

- **Adopt a Strategic Approach to Application Integration for Postmodern ERP and Business Applications**
  Michael Guay | Jess Thompson | Christian Hestermann (G00279622)

- **Use a Hybrid Integration Platform to Ensure Postmodern ERP Supports Digital Business Effectively**
  Jess Thompson | Michael Guay (G00291980)

- **2016: Postmodern ERP Sets Great Expectations but Poses Many Challenges**
  Denise Ganly | Christian Hestermann | Carol Hardcastle (G00252735)

- **Postmodern ERP Is Fundamentally Different From a Best-of-Breed Approach**
  Carol Hardcastle (G00264620)

- **How to Renovate Your ERP to Provide a Digital-Ready Core**
  Carol Hardcastle (G00266866)
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