

Boosting your digital transformation ROI

with an ERP system



dwr
Amplify your success.

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01

Introduction

8 mins
Reading time

Worldwide tech adoption is accelerating. Global IT spending is projected to total a massive USD \$4.5 trillion in 2022, an increase of 3% from 2021, according to the latest forecast by [Gartner, Inc.](#) This mind-boggling spend is driven by the emphasis many organisations have placed on digital transformation in recent years.

When remote and hybrid working conditions became a requirement for businesses throughout COVID-19, digital transformation was thrust into the spotlight of business continuity and improvement strategies.

The use of technology to transform manual processes and operations into purely digital systems became essential to supporting remote and hybrid working conditions. Companies also realised how enacting a digital transformation strategy could streamline operations, increase efficiency, and create a lasting competitive advantage.



Not all transformation initiatives in recent years have gone according to plan.

BCG research shows that only 35% of companies delivered successful digital transformations in 2021 (defined as 'Win-Zone' companies where target value was met or exceeded, and sustainable changes were created). However, this figure represents an impressive 5% increase over the previous year.

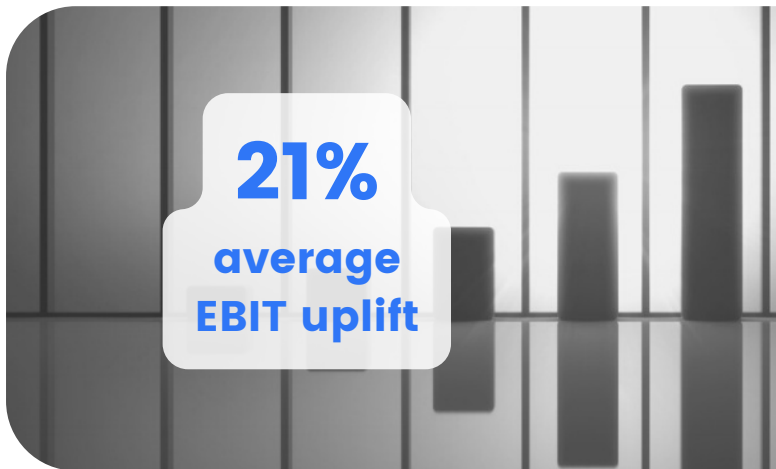
The benefits of getting digital transformation right are also significant. BCG again demonstrates that 'Win-Zone' companies saw a 21% average EBIT uplift through digital transformation by share of revenues allocated. Even businesses that achieved less than 50% of digital transformation targets with no sustainable change in capabilities still saw a 10% EBIT uplift.



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Quick review: What is digital transformation?

Digital transformation (DX) is the move from analog to digital processes. But it's also much more than that. A DX strategy aligns with business goals to fundamentally change a service business' end customer experience, operational processes, and culture. The development of that strategy will often include:

- The technology you use
- How and where data is stored
- Your business' operational processes
- The way you bring systems and employees together
- How your company adapts to market changes

The core aspects of digital transformation work to optimise processes and create efficiencies. Success depends upon integrating data and physical processes across the entire value chain. When planned and implemented correctly, digital transformation also holds significant benefits for your customers. For example, you can enable better customer experiences that increase loyalty and streamline internal processes, letting you serve customers more effectively.



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Quick review: What is an ERP system?

Companies often create complex system infrastructures over time. Stakeholders select stand-alone systems for individual purposes. And while immediate needs are met, this approach can create bottlenecks and growing pains.

Take one example of where finance departments work with multiple, disconnected systems. Critical data from sales, CRM, project management, inventory, supply chain, and more are reported periodically, then reconciled to gain overall clarity on business performance. This method results in financial month-end reporting that takes days or weeks to compile. There's also a large amount of manual checking, updates and rekeying, and reproducing new report versions.

In contrast, an ERP solution is a core business technology that creates a single source of live data across the organisation.



With an ERP system, you can create a core back-end framework that brings together information from across the business. Your company gains an accurate picture of your business position and the ability to automate processes company-wide.

Cloud ERP systems like NetSuite also connect seamlessly via API to any external system. This limitless connectivity allows companies to build one source of truth that empowers more agile, strategic decisions. See our [90-second explainer video](#) about ERP systems for more information.

ERP (enterprise resource planning) technology has been an essential component of value-driven transformation efforts. Why? Because ERP is built around creating a framework of best-practice processes and consolidating all core business data into a central system. A fundamental part of ERP implementation is transitioning time-intensive manual processes into streamlined digital operations across the organisation.



[Gartner, Inc](#) data shows software (including Enterprise Resource Planning or ERP software) is expected to see a whopping \$807 billion spent in 2022 (9.6% growth over 2021), and \$902 billion in 2023 (11.8% growth over 2022). These figures are no surprise when you consider the potential of ERP technology to support and influence successful digital transformation.



Local and global organisations alike are making the connection between ERP software and successful digital transformation outcomes. What's just as critical as making that connection, however, is understanding the ROI (return on investment) impact of leading your transformation initiatives with an ERP best-practice framework.

Whether you're about to begin or already on the path to digital transformation, it's critical to understand how to boost your ROI by leveraging the significant benefits of ERP software.

Evaluating the ROI impact of an ERP system in digital transformation

Evaluation of the expected vs actual ROI of an ERP system is critical when managing it as a digital transformation initiative. Here are some of the measurements to understand the effectiveness and ROI of ERP implementations.

Benchmark hard numbers

As business management guru Peter Drucker famously said, "If you can't measure it, you can't manage it." The current state analysis gives you a baseline from which to measure the impact of digital transformation initiatives. When documenting the current state, include checked and verified data that analyses:

- Revenue and profitability
- Customer lifetime value (CLV)
- Employee experience and productivity metrics
- The cost of inadequate systems and processes used prior to transformation
- Customer experience metrics

Numbers can tell a compelling story and can be understood by everyone in the business. So start your transformation journey with a clear view of your current state metrics.

Link measurements to business goals

When calculating the impact of digital transformation, prioritise and align your measurements with business goals driving the initiative. For example, if your priority is to increase CLV, focus on that aspect first. Analyse, improve, measure again, and only move on to the next priority once the current business goal has been met.



Measure strategic benefits

The strategic benefits of an ERP system can be less obvious than the hard numbers – but equally as important. Considerable ROI is gained by an ERP solution that enables you to:

- Improve speed-to-market of new products and services
- Make more informed strategic decisions with data-driven insights
- React faster to market changes
- Anticipate demand with greater accuracy
- Manage supply chain disruption more effectively

ERP solutions include excellent reporting and dashboard capabilities that will help you track and analyse operations. It pays to set up relevant reporting and tracking within an ERP as part of the overall digital transformation initiative.

Measure indirect benefits

Digital transformation brings various indirect benefits, which aren't always as apparent as direct benefits. For example, streamlined project management processes result in better utilisation and faster project delivery – enabling your service business to deliver consistently excellent customer experiences.

A CRM system acts as your end-to-end experience management system that improves your business' integration and organisation of customer data.

ERP systems bring powerful tools to track metrics across all core business operations. Think about all the indirect benefits of achieving the business goal you identified as the primary driver for digital transformation. Measure, track, and report on the ROI gained from all outcomes of the initiative to understand the full impact.

Know your employee engagement

An area often overlooked during digital transformation is employee engagement. To get a true sense of how an ERP system delivers ROI, you need to track and measure your employee engagement.

Once implemented, review how staff are successfully using the system and seek their feedback on what's worked, and what still needs improvement.

Also, consider whether your ERP has integrated all other legacy systems and data. With higher adoption comes more opportunity to streamline and automate processes across the business.



05 Focus on automation to transform systems and processes

Disconnected systems and manual processes can slow things down and become a high cost to the business. When activity ramps up, bottlenecks become more prominent and quickly limit your capacity to scale.

By leveraging data from across the business, ERP can automate end-to-end processes. Think about the manual, repetitive tasks your team is doing every day. Which of those tasks need human intervention? Consider the Pareto principle (the 80/20 rule), of which 80% of operational tasks are only generating 20% of your outcomes? These are the tasks to automate.

ERP can automate everything from lead allocation to accounts payable and receivable automation. Key areas of automation that drive ROI include:

Sales automation

A single ERP application can now automate sales processes from opportunity, quote management, sales forecasting, order management, fulfilment, and sales commission management.

As a result, there's no double-handling of data between sales, finance, service teams, and other business areas, which reduces the time and cost involved in generating revenue.

Marketing automation

Email, direct mail, events and multi-channel campaigns can be managed, tracked and analysed in a single application.

With the ability to measure performance in real-time, you can continuously fine-tune campaigns and maximise ROI.

Finance automation

ERP systems can automate AP, AR, reconciliation, spend and expense management processes to provide rapid ROI upon implementation.

NetSuite was the first cloud ERP platform to integrate fintech into a unified suite with its SuiteBanking solution. **SuiteBanking** helps customers improve forecasting and make more strategic cash decisions by automating critical financial processes and providing complete visibility into cash flow.



Customer service automation

ERP can speed up customer service case management by automating case assignments and escalations. Customers can also resolve common issues using self-service portals and searchable knowledge bases. The less time your team needs to spend answering simple, repetitive queries, the more time they'll have to work on strategic initiatives.



06 Driving your competitive advantage

Through digital transformation initiatives, companies have an ideal opportunity to boost efficiency, affect the customer experience, and gain a competitive advantage. Digital systems are helping companies not only meet but anticipate customer demands, which in turn leads to greater innovation.

By building the platform to digitise, automate, and centralise data and processes, you can create better outcomes for your businesses and your customers. See our business guide, [Why CRM Software is Vital to Your Revenue Generation Strategy](#) for more ideas about enhancing the customer experience.

Nigel Wooden, Managing Director of DWR details one example of efficiency gains seen by medical equipment supplier Tacmed, “Digital processes around receipting, fulfilment, barcode scanning, and bin putaways has allowed DWR customer Tacmed to significantly speed up operations while boosting accuracy. These gains carry across all areas of the business, including sales, finance, inventory management, and so on.”

Companies leading the way in digital transformation initiatives stand to widen the gap and consistently outperform competitors who are still catching up.



87%
**say ability to compete
depends on flexibility
of technology**

87% of digital leaders agree that their organisation's ability to compete in the market is greatly dependent on the flexibility of their technology architecture.

NetSuite cloud ERP automates a range of functions across the business – whether you're service or inventory based, significant benefits of automation include:

- Financial reporting that can be triggered by predetermined conditions or scheduled to arrive in each stakeholder's inbox periodically.
- Invoice receiving, coding, routing for approval, payment and reconciliation.
- Order transaction posting to general and AR ledgers with accurate invoice tax calculations for precise processing and billing.
- Optimisation of inventory with minimum and maximum stock level triggers for re-ordering.
- Identification of picked items with the same shipping routes to pack in the same shipments.
- Multiple order picking to eliminate duplicate trips.
- SuiteBilling that combines flat, tiered and consumption-based options with promotions, volume discounts and customer-specific rates to automate invoicing.

The list goes on with countless other ways to boost productivity, reduce errors and manual workloads, and create stronger process consistency throughout your business.

Read more about how a NetSuite ERP system can [automate tasks](#) across the company and keep your experienced staff focused on high-value, strategic initiatives.



Maximise the value of your digital transformation initiatives

Various factors go into the ROI of digital transformation. The key is to measure baseline figures, track costs and timeframes for each transformation activity, and document the outcomes compared to expectations.

Plan and document how using ERP as part of your digital transformation will align with business goals. Gather the necessary business requirements to understand and estimate the time needed to transform your processes and operations.

If time and cost estimates exceed expectations, it can be challenging to prove the success of an initiative. However, you can ensure a smooth implementation that demonstrates ROI by planning correctly and setting realistic expectations.

Working with the right technology partner is just as important as having a well-planned digital transformation strategy in place.

DWR delivers the tools to amplify success; by bringing the right ERP technology, process framework, and team of business experts together. The team has executed 250+ projects with a reputation of delivering on time and to budget. The cloud ERP experts form lasting relationships with their customers, consistently looking for ways to add value to new and existing implementations.

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Use technology to gain a lasting competitive advantage

ERP software is one type of technology that is helping growing organisations to:

- Empower distributed workforces with secure, role-based access to all core business information.
- Work with consistent company-wide processes.
- Track all critical business metrics with live dashboard views and automated reporting.

A cloud ERP system enables rapid scalability, makes your entire workforce mobile, and brings powerful automation to transform your operations.

An experienced ERP implementation partner will tailor a solution to your needs and focus on the outcomes, not just implement the software.

This type of technology partnership is long-term and will continue providing value well into the future.

Talk to an [ERP expert](#) at DWR.

They'll give you the advice and ideas you need to build a core digital infrastructure that enables faster, more successful digital transformation. Take the next step to leap ahead.

dwr

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