

Partnerships, not competition, are the key to success in a challenging ERP landscape

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Enterprise resource planning (ERP) has fast become an essential business tool, and many organisations are looking to extend this functionality into customer relationship management (CRM), business acceleration and other areas.



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However, the South African ERP landscape is largely dominated by a single vendor in the enterprise space, with other players beginning to break into the mid-market, which makes a challenging market. In addition, ERP service providers are faced with the challenge of vendors competing in the same space as a result of the cloud. Tackling this challenge successfully and ensuring sustainable, profitable business for both vendors and service providers requires a new mindset - one of partnership rather than competition, of working together to deliver the best end-to-end solutions to customers, and of innovating to meet changing customer demand.

One of the biggest challenges, common to all ERP service providers, is that the lines between vendor and service provider are blurring. Vendors themselves are now empowered to offer pre-packaged solutions and ERP in the cloud, which lowers the cost of entry and makes ERP a more accessible tool for the mid-market as well as the enterprise. However, service providers are faced with increased competition and eroding market share as a result, and are therefore under pressure to obtain greater volumes of customers, as well as to continue to add value in existing implementations.

The biggest challenge

For organisations and customers themselves, the biggest challenge is the total cost of ownership of ERP solutions. The vast majority of enterprises are currently struggling under massive cost pressures, resulting in serious effort given to reducing the cost of IT. In addition, the workforce is becoming increasingly mobile, so systems need to extend to include this as well as external accessibility. Solutions need to be more agile and delivered on demand, which is further driving demand for cloud-based ERP solutions.

For service providers to remain relevant and competitive in a challenging market, it is essential to focus on creating a deeper understanding of customers and their business processes. Closing the gap between the service provider and the customer and creating zero distance is essential. In addition, industry expertise coupled with innovation that takes technology beyond business models can deliver real business value.

The next step

Creating an end-to-end offering for customers is the next step in the evolution of service provision, and one of the most effective ways to achieve this is to become a cloud broker. Playing a brokerage role enables service providers to offer choice to customers in terms of services and solutions offered. In addition, partnerships, or a new model of 'co-opetition' as

it has become known, will enable large providers to work together in spaces and niches that complement each other.

By partnering vendors, telecoms providers and other service providers, areas of best-of-breed can be combined and collated into a single solution that offers expertise across all areas, including data centres, telecommunications, development, maintenance and support, which few outsources are capable of providing on their own. This enables service providers to meet customer demand with scalable solutions that offer choice.

Finally, innovation is and will remain a critical component of success. Transforming the enterprise should be the key goal of any IT solution, and offering simpler, better and more efficient ways for customers to interact is the future of ERP.

The reality is that the customer no longer cares which provider he purchases a solution from, as long as it meets his needs, and he is more than happy to have multiple providers delivering cloud-based services to different areas of the business. Agility and time to market are the core requirements. By creating an environment of cloud brokerage, and one of partnership rather than competition, service providers will be able to remain competitive while meeting the needs of the customers and delivering an improved end-to-end solution and service offering.

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