

Research Agenda H2 2021

Finance Practice

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Companies have benefitted from rapid deployment of cloud-based ERP.

“Customization” once delayed legacy implementations, but now “Low/No Code”

environments enable personalization and better adaptation to unique business requirements. As AI, IoT, and other acronym-rich trends increase the pace of change, rapid system updates and increased leverage of available capabilities become more and more valuable. Putting predictive, intelligent, and mobile capabilities into the hands of front-line resources will further increase the payoff. The Financials and ERP practice at 3Sixty Insights plans to explore these and other themes over the next 12 months:

Concrete vs. Abstract Finance: A New Way for Organizations to Look at ERP

Finance systems grew from their ease at tabulating structured accounting data. The office of the CFO rose in importance alongside these internal “ERP” systems by providing the information used to make decisions. This “concrete” information, however, has always been limited in its ability to conceptualize and manage the entire business. “Abstract” concepts such as core differentiators, lifetime value of supplier and customer relationships, innovation, and speed to market, etc. are often absent in financial reports. However, this is rapidly changing.

3Sixty Insights Hypothesis: Finance organizations have long enjoyed a central role in tabulating and presenting concrete financial and management data. As technology evolves, demands are growing for Finance to better integrate abstract insights into their analyses. The synthesis of concrete and abstract information is both an opportunity, and a threat. Finance remains in a unique position to pull information together from across the enterprise. However, as non-financial systems (CRM, HCM, etc.) mature and grow in proximity to sources of abstract value, these areas will offer companies evolving choices on where to invest.

3Sixty Insights Assumption: In this research, 3Sixty Insights will explore how leaders can synthesize and integrate concrete and abstract value to build a fuller picture of their organization. From business cases, practitioner interviews, and insights from groundbreaking implementations, the research will endeavor to better understand the fundamental benefits, efficiencies, and return on investment achieved by merging concrete and abstract understanding.

Enterprise Structure vs Line-of-Business Initiatives: Achieving Balance in Location of Power

Companies frequently need to make decisions on whether a strong, central enterprise structure aids or inhibits initiatives within lines of business. Executives rising from the ranks within operations, or sales, or from a regional office, might want to leverage and reward decentralized innovation. Others groomed from within a “Home Office” culture often err on the side of scale and standardization. But “because we’ve always done it that way” is poor rationale for baking weakness into the structure of things. Companies need to constantly re-evaluate what’s best for their existing business, and their evolving one.

3Sixty Insights Hypothesis: Whether centralized, decentralized, or specialized, it is important for a company’s automation to support the way the business operates. Centralized functions need to accommodate line of business and/or regional exigencies and concerns. Distributed functions need to be well-coordinated and consolidated effectively to aid central executive decision-making and record-keeping. Specialized automation, often essential to respond to unique opportunity, needs to be continuously evaluated for its ultimate return on investment to know when it is best to bring back into suite or point solution landscapes.

3Sixty Insights Assumption: Companies that best align their automation landscapes to their unique business needs will find it easiest to answer the enterprise vs line-of-business control question. Though system decisions are generally driven by the structures in which they are made, structures often grow as much from their automation landscape as they do from business goals and needs. Companies that adapt their automation to their structures will reap greater rewards than those that allow their internal structures to dictate their behavior.

Suite vs Point Solutions vs Specialized Systems: Where Should Finance Draw their Lines?

Getting to the iceberg of abstract value hidden behind concrete figures is critical to decide when to centralize, when to decentralize, and when to employ specialized systems. Will “lowest common denominators” extinguish value greater than they create? Do certain compelling value opportunities necessitate “one-off” solutions, or should departments be discouraged from heading off on their own?

3Sixty Insights Hypothesis: Centralization vs decentralization swings like a pendulum in financial automation. “Concrete” concepts often enable a “suite” approach. But even straight computations like payroll taxes can force decentralization as complexity overwhelms

standardization. Whenever opportunities are compelling, there is temptation to pursue them via whatever means might be available. Then, as these decentralized efforts mature, cost savings and efficiencies lead them back inside the centralization fence, and the cycle repeats.

3Sixty Insights Assumption: In this research, 3Sixty Insights will study various centralized, decentralized, and specialized approaches. As Finance organizations evaluate their technology landscape, they will find a variety of value opportunities available to them—sometimes these will be just doing a better job at what is already automated and gaining economies of scale and standardization via centralization. Sometimes these will be acquiring new capabilities and/or technology that is best realized via point solutions not yet available in standard suite form, or in specialized solutions that achieve value and ROI that other options cannot.

By the Bottle or By the Glass? How Subscriptions Change Both Buyers and Sellers

SaaS does not just change how companies automate, but also what and where companies automate. It also fundamentally changes their buying experience. Fewer infrastructure and resource requirements enable smaller departments to evaluate specialized automation that would have been beyond their consideration only a few short years ago. This puts a strain on central management, which must keep up with those departmental interests or risk being bypassed. Subscription revenue timing also causes vendors to skimp on sales expertise and customer service to keep their expense ratios within historic boundaries. Buyers encountering these circumstances may find a dearth of knowledgeable salespeople and implementation expertise, causing consequent difficulties in selecting the right solution, and implementing it successfully.

3Sixty Insights Hypothesis: The cash flow change to monthly subscriptions further enables end-runs around entrenched IT and Finance evaluation teams that previously used the capital expenditure approval process to enforce control, fundamentally changing the way companies make decisions. The emergence of easily acquired and easily deployed software presents oft-irresistible opportunities to create specialized islands of automation within an organization. This complicates efforts to achieve optimal balance between centralized functions, and decentralized capabilities. Maintaining visibility to hidden icebergs of implementation, training, and integration expenses is essential for judging the true cost and return on software investments.

3Sixty Insights Assumption: This research examines how companies are making system decisions. Hidden costs beyond subscriptions—like implementation, training, and integration—are not always well understood, despite their significant impact. Organizations that maintain an effective handle on this iceberg of ~~abstract~~ obscured cost and value will make more effective long-term choices and achieve the best returns on their system investments.

Transformation via Integration: Technology Itself Can Change the Scope and Value of ERP

Understanding the difference between cloud deployment and cloud design is the difference between subscribing to the same old legacy ERP, and stepping into a new world where technology once again enables, and not restricts, pursuit of strategic business goals. File-based communication common to legacy system architectures (both on-premises and in the cloud) carries intrinsic weakness, and whole categories of (expensive) software have grown up to address the shortcomings: ETL (Extract, Transfer, Load) utilities just to get data from one system to another; reconciliation tools that aid but never eliminate the need to manually identify, diagnose, and correct consistency errors; reporting environments that are vulnerable to conflicting versions of executive “truth.”

3Sixty Insights Hypothesis: It is easiest to evaluate a vendor by looking at their product rather than their website. Batch interfaces, redundant local data validation, and anachronistic technology silos reveal important details about the future ownership experience—even the USPS offers API’s these days to validate addresses in real time. “Live” API’s offer opportunity to expand transactional “units of work” to encompass fuller business impact, and resources previously burdened with attempts to achieve data consistency are freed to pursue higher-value activities.

3Sixty Insights Assumption: This research will investigate cloud-enabled design advantages that fundamentally change the way companies operate. Monitoring, diagnosing, reconciling, and correcting batch interface errors will cease. Finance departments will be relieved of the clerical overhead to enter, maintain, and correct information necessary to do business with suppliers and customers, and collaborative business models will evolve, and grow. Companies will redirect resources to higher-value activities that seek, cultivate, and optimize abstract value, and drive concrete monetary benefits to the bottom line.

Personalization—Low/No Code Systems and Mobile Tech Changes Who Uses ERP and How

Traditional ERP first focused on stationary, transaction-intensive roles. Advances in scope and usability have expanded footprints to better embrace “knowledge workers”, but complexity and expense of customization (to both simplify and distribute utility) has limited opportunities to serve executives and high-value employees in the field. This is rapidly changing. Proliferation of Low/No Code systems, combined with the extension of secure use to mobile devices, including “BYOD”, is finally making access and use of ERP systems at the highest levels a reality. However, licensing and usage has not always caught up to the potential.

3Sixty Insights Hypothesis: ERP complexity used to mean built-in training and learning-curve bottlenecks that limited adoption and overall system value. However, the maturing of web interfaces has both changed expectations, as well as delivered ease-of-use advancements that reduce if not eliminate those barriers. This, combined with secure extension of system access to mobile devices, means that any employee can become a candidate user, and now licensing, not technology, is emerging to become the primary limiting factor. The ascendance of sophisticated analytics is arriving at the perfect time to induce the C-Suite to demand their access. ERP and IT support personnel will become exposed to a whole new level of value and pressure to excel.

3Sixty Insights Assumption: This research will focus on the evolution of system access, and the roles served by ERP software. Ironically, ERP systems are evolving to make unnecessary the “keypunch” roles that were their entire reason for being just a few decades ago. In their place are a new array of usage profiles that are only beginning to be understood. Companies who best learn where their ERP system capabilities have potential to deliver the greatest concrete and abstract value will likewise get the most out of their investments. They will also have much better luck correctly negotiating their subscription licensing and pricing to match, and achieve better relationships with the vendors who are best able to perform at these tasks and deliver on their promises.

Other Topics for Consideration

Over the course of the coming year, 3Sixty Insights expects to touch on these additional subjects that are experiencing significant discussion in the finance space:

- **Data vs Information—The rise and embedding of analytics**
- **Digital Transformation – What it is, and how it is being achieved**
- **Shortened Disruption Cycles – The acceleration of both threats and opportunities**
- **Blockchain – Using distributed ledgers to improve collaborative commerce**
- **The Internet of Things – How intelligent assets and inventory impact finance**
- **Beyond Automation: What’s the next game-changer for finance?**

3Sixty Insights Inc Navigating the Information Technology Buying Process.

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