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ERP Solutions Adapt to Industry Shifts Smaller Companies Drive Future Growth

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The massive shift in roles and responsibilities across the sewn-products industry is redefining the way supporting technologies are utilized in our industry. Yesterday's manufacturers are today's demand-driven brand managers, while cut-and-sew contractors are morphing into full-package suppliers. These and other major industry changes that have taken place in recent years are significantly impacting the technology strategies of many companies.

Long the backbone of information and intelligence in manufacturing companies, Enterprise Resource Planning (ERP) technologies are significantly impacted by these strategy shifts. Experts forecast that the ERP market will grow by only a few percentage points in the coming year. But an important shift is occurring that is masked by these overall statistics.

Not so long ago, the ERP market was largely defined by big company purchases. Today's reality is that most large manufacturing and sourcing companies have already implemented their ERP systems. The lack of new ERP purchases in large companies; aside from upgrades, replacement, and consolidation activities; weighs heavily in the anticipated slow growth rate.

In sharp contrast, interest in ERP by small and medium size companies is stronger than ever. Recent studies reveal that nearly one-third of small-medium companies are evaluating ERP for the first time – making these companies the largest potential by far for new ERP purchases. Accordingly, many small apparel and sewn-products firms are evaluating ERP as they realize that they do not have the IT backbone required to carry out the new roles and responsibilities that they are assuming in today's global supply chain. Small package providers, for example, must effectively share information on quality, production, logistics, and more with upstream partners.

For small-medium businesses, IT strategies are often determined by their larger brand or retail partners. But smaller companies do not necessarily have a simpler set of needs. Even though they have less human and financial capital to work with, they often need more robust solution sets that can be productive across their entire operation. For today's sewn-products companies, ERP needs may include product development tools, supply chain visibility, collaboration tools, warehouse management and logistics, among others.

We expect the number of small-medium companies evaluating ERP to continue to grow as they shift with industry trends. To get more capability while spending less, these companies must diligently focus on their strategic needs, avoid software customization where possible, select a product that is a good fit for our industry, and buy only the number of seats and product modules that are needed to address immediate needs.

The goal is to achieve faster time-to-value than is typically found in larger implementations. The payoff will likely come as these small-medium companies capture greater business opportunities as a result of their ability to better collaborate and compete in the global market.

Productive Solutions, LLC is an Atlanta-based consulting firm providing measurable results in business strategy, integrated marketing, and technology guidance. Contact Rick Ludolph at r.ludolph@productivesol.com.