

The Future of Supply Chain

How Can Cloud ERP Serve as a Strategic Catalyst for Digital Transformation

[00:00:01] **Abhishek:** [00:00:00] The future of ERP is about bringing everything together, the old ways of working. It's about real-time visibility across different businesses. So the teams can stop working in silos and start making better and informed decisions. You're not waiting for any more of these reports to run overnight or a couple of days, with spreadsheets being pieced together for you to be able to make decisions. You live in a world where decisions must be made in the moment, based on the data available to you.

[00:00:27] **Richard:** I'm Richard Howells, and this is the future of ERP, a podcast where we discuss hot topics, best practices, and the latest innovations in today's global business. And I'm pleased to be joined by my wonderful cohost, Oyku.

[00:00:40] **Oyku:** Hello, everyone. I'm Oyku Ilgar, a marketer, blogger, and podcaster in the ERP and supply chain area at SAP. In this week's episode, we will be discussing key business challenges that companies face their expectations from Modern Cloud ERP and important steps for successful implementation. And our guest speaker for today is Abhishek Desudevan.

[00:01:00] Hi Abhishek, it's great to have you here today. Could you briefly introduce yourself and your role at Westernacher?

[00:01:05] **Abhishek:** My name is Abhishek Vesudevan. I lead the S/4 HANA practice here for Western both for the US and Canada. Been with them since 2016. I did my masters here at the University of Southern California and Los Angeles in industrial and systems engineering. And as part of that, I did an SAP specialization, and that's how I got into the SAP space. I got immediately hired into a supply chain consultant role in one of the mid-market space, SAP companies. And since then, I've been doing a lot of implementation at least two, three years ago, where I've taken this role with Westernacher to grow the business in the S four space. In my past life, at least for 15 plus years, I've done over 15 plus, uh, logistics and supply chain-based implementations, primarily focusing on transportation yard, track, and trace areas.

[00:01:51] **Richard:** Abhishek, I know just from trying to schedule this podcast how busy you are. I know you speak to lots of companies in numerous

[00:02:00] industries, every day. So just from your experience, what are the biggest challenges that you're seeing companies face today in their businesses?

[00:02:09] **Abhishek:** You know, at Westernacher, we work across a variety of industries. But our focus is primarily on companies that deal with actual physical products, anything that you touch. That includes your manufacturing, pharma, life sciences, chemicals, oil and gas, retail, and wholesale distribution. So some of these challenges that I'm putting forth up purely coming from the customers from that background, I just wanted to give you that background before I get into some of these challenges that customers face. Westernacher, as a company, supports its digital transformation journeys end to end, starting with S/4HANA as the core. ERP and extending into solving their complex supply chain problems. So whether it be warehousing, transportation, yard, or supply chain planning. With that in mind, we cover the end-to-end scope. So we get to see all sorts of problems that exist, not just in manufacturing, but also in the supply chain, in procurement and order [00:03:00] to cash and all these different areas. Given that background, some of the common challenges that I see with the customers when I speak to them, first of all, the customer wants to take on this whole digital transformation journey because they have these disconnected systems and data silos. This shows up in different ways. Some companies are still running a patchwork of tools, like finance in one place, operations in another, spreadsheets in between. That's one of the foremost reasons for the companies to move into much into an integrated ERP system. Because of all of these connected systems, what you see is, there's a lack of real-time data, poor integration across different work streams, and artificial walls between different functional groups. That's one of the first issues that the customers face, and that's the intent and the motivating factor for these companies to move into an integrated ERP system. The second thing I see is, there's too much manual work. And that's another reason why companies wanna move into an integrated ERP system. With all this, disconnected systems, be it Excel files or best of breed [00:04:00] solutions. There's a lot of manual work involved in kind of piecing the information together to interpret the data and what it really means for the business. And moving into an integrated ERP system like that of S/4HANA, their hope is that they would be able to have all of this data and be able to make real-time decisions and be able to operate as a business without all these artificial walls and silos. That's the second big, you know, motivating factor, and, rather, the issue that I see with these companies when they come to us, and are looking to solve this problem. The third, I would say, is workforce, user experience challenges. There is a clear disconnect between how the legacy users operate. And then when you bring in this whole conversation about moving to an integrated ERP system, do you really have the workforce that can adopt to these changes, that can take on these challenges of, taking on a new system, new ways of working, So, there's a lot in terms of change management

that you foresee with these [00:05:00] companies while the intent is there from higher ups wanting to move to a better ways of working, an integrated way of looking at their businesses and, processes, there's a lot of challenge that comes from all different groups within the organization in terms of. Adoption, and how do you really circumvent that or address that during implementation, or even before the implementation? And that's another big challenge that I see with the customers. And then of course, when these companies come to us, they have these big ideas in mind, but what they need to keep in mind is implementing an S/4HANA system or beating any integrated ERP system; it's not about the systems, it's about the processes, it's about the people. The common misconception that they have is now the systems and the ways of doing things have moved into a way of turning certain best practices and activating certain functions within the system. And the expectation is that, oh, then in a matter of nine months, I would have an operating system that would work across all of my different functions. That is not how you see it, right? You need to take a crawl, walk, run approach. You [00:06:00] have to have a deeper look at your processes. You have to be open to standardization. You have to be open to understanding why you're doing, how you're doing, what you're doing, and really adopting some of the best practices to be able to adopt these systems in a more consumable format. It's not just that, it's also making sure that your users are taken along for the journey. You are making sure that these folks are being trained, aware of what's being put in place. So all of this takes fatigue on your users, on your business functions. While you have all of these great grandeur ideas, you still wanna make sure that you are implementing or consuming the systems in a more digestible format. Keeping all of the other things in mind, which is the SAP system brings you all of these best practices. But at the same time, you need to keep in mind, it's not a switch that you turn on and immediately the matter within six to seven months, you have an entire functioning system. While the system is still able to do that, it's [00:07:00] not just about the systems, it's about the people, it's about the processes so that, all of these things, play a bigger role and the last point, especially I see a big challenge in helping the customers kind of understand, concede that and make sure that as part of the roadmap, they understand why we are prescribing certain things in a certain manner and fashion.

[00:07:17] **Oyku:** Mm-hmm. Abhishek, we talked a little bit about these common pain points, but maybe we can move to the company's expectations. So what are the key expectations that companies have from modern cloud ERP solutions?

[00:07:29] **Abhishek:** In terms of expectations, customers expect from a state-of-the-art modern ERP system is speed and simplicity. Cloud ERP is expected to be fast. Companies want quicker implementations with the ability to deploy

in weeks or even a few months, not years anymore. There's an assumption that if you go with cloud, you should be able to turn on certain pre-configured content, follow certain standard processes, and avoid behavior customization, which is all true. But then the precursor to all of that is, are you able to [00:08:00] standardize your processes across different sites? Are you able to adopt the best practices that prescribing, of course, keeping your USP or whatever differentiates you from your competitors, still intact, but all of this plays a big role in how fast and agile your implementation can be. The second, I would say, is the built-in intelligence and decision support, and this ties back to the key expectations from all of these cloud ERP systems, which are real-time data, no more barriers, and no more siloed ways of working. Procurement should be able to know what sales are doing. Sales should be able to know what logistics is doing, and all of this doesn't need to have to be email communications. It's all housed in one integrated ERP system where folks are able to pull data, able to understand what's happening, why it's happening, and all that stuff. That built-in intelligence and also the decision support come back to that real-time data visibility that the business functions have come to expect. The third is the user experience. SAP has long been criticized for having a [00:09:00] clunky UI, but this is not the case anymore. The state-of-the-art Fiori-based screens and everything, which is HTML5-based, are certain things that customers have come to expect now, be it enterprise or any other applications. And that's one of those things that, from a user perspective, makes the adoption a bit easier for the C-suite to sell to the day-to-day folks. And then of course, AI, the buzzword right now for the last two, three years, is AI. So customers have come to expect AI to be part of everyday experience, this includes, like conversational AI, tools that users can use to talk and ask the system for certain data, in plain language. And the system's able to pull out the data without users having to click through a bunch of screens. So these are the kind of expectations I'm seeing at a high level across different industries. At the end of the day, customers just want something that works and delivers quick value without having to go through long implementation cycles at the end of the day.

[00:09:57] **Richard:** And most of the companies that you are working with, I [00:10:00] assume, are moving from an on-premise to a cloud ERP system. And you talked about the desire for a digital transformation, but also the key to bringing the users with you on a change management approach. But what other prerequisites or proprietary steps would you recommend for companies looking to move to a cloud ERP platform?

[00:10:25] **Abhishek:** \ That's a great question, Richard. This is one of those things that I ask the customers to think long and hard about while we are working on all of the commercials and the legal aspects of things. I always

come to customers with a checklist of certain things that I expect them to start with. Because these are some of the things that can make or break the project in terms of both timelines and also being able to do certain things on time. First and foremost is your data. Data is the key to any project, and it's the single most overlooked area that can make or break your project. You need to know, especially for a customer who's coming from a best-of-breed or from an [00:11:00] ecosystem where they're using different applications or manual ways of doing things, you need to be aware of where your data is coming from, how clean it is, and whether it's complete. And if you've already chosen your ERP system, you know, great. You get to work with someone who understands that system and can help you figure out what data is actually needed for the system. And they can actually help you already identify what the key data is that you need to put into that ERP system for it to be functional, so that you have some meaningful data to be able to test as you progress along during implementation, be it for unit test or integration test, or user acceptance test. But that's one of those things that I've seen time and time again. If you delay getting your data in time and with the right quality of data that you're looking at, we've seen several projects that have been either delayed or run into some critical situations because of the lack of readiness from a data perspective. That's the first and foremost thing that you need to look at and start immediately, not just weeks, but months before you actually start the implementation [00:12:00] work. And then the second thing I would say is, rethink your processes, while you work with a partner. And this goes across for any ERP system in this day and age, you have what's called, as you know, the best practices content within a system, what the system's actually capable of. And these companies have designed these processes based on their decades of experience working with. Customers across different industries. So there are certain processes that are out of the box that are readily available that you can activate, and you can already get on. But then the prerequisite to that is that you are able to standardize your processes across different locations. Now, let's take your act, supply chain processes. How you do what you do in each of the sites really matters. You really have to ask yourself, is there a reason why we are doing things differently across different sites? Maybe there is a reason, maybe they've been used to doing it in a certain way for so long. So the standardization of processes was applicable where you can bring standardization as much as possible, at least to some of your central functions like procurement and sales, and finance. That's very [00:13:00] critical and important. And, I implore companies to look at this long and hard and make sure that they're able to get an alignment at the core of this, that's what sets up for automation, simplicity, and long-term flexibility when you're adopting an integrated ERP system. The third thing I would say to these customers is, let's set up a proper and strong governance structure well before the project kicks off. And I say that because in a large digital transformation engagement, you have different groups or business functions wanting different things. While the

intention the motivation are still to adopt the best practices, get the quick and fast implementation using all of these practices and whatnot. Does it really trickle down to all of these different business functions? Does the leadership from these different business functions really buy into that? Maybe they do, maybe they don't. But you need to have a strong governance structure that imposes that and makes sure that we really understand where the resistance is coming from and can make quick and faster decisions to be able to pivot [00:14:00] ourselves. That's very important during the course of the project to stick to certain timelines. So it's important to have a strong governance structure with representation across different business functions. And then tying into that is your change management. Identify change agents within your company who know your business, who know your processes, who can really speak to the people who own these processes and make sure they really understand what they're getting and why we are doing what we are doing. So there is not a lot of resistance as we are doing these implementations, and there is more buy-in early on and also during the course of the implementation, so there is a lot more collaboration going on as opposed to trying to justify from an SI perspective or from a business perspective on why they want what they want. So there is more alignment well before and also during the course of the engagement. And then last, I would say, is to identify your key users. The users who are really going to be the voice for each of these business functions. And the actual folks will be using the systems down the [00:15:00] road. And also some data experts, who can own the data, not just from a gathering data perspective or cleaning it, but also from the perspective of owning it, and through the course of the implementation and post implementation. Don't wait until testing or training to be able to finally figure out or bring these key users in. You have this whole active methodology, which is a prescribed methodology, the project management methodology from SAP. At the root of it, it's an agile principle. The idea here is that you are building the system in an MVP approach, a minimum viable product approach. You're bringing these users into the picture, as part of every sprint showcasing, in a consumable fashion, what we have built so far. being able to get the feedback iteratively and improve on it. So make, identify who these folks are, who will be using the system down the road. Make sure you're incorporating these folks as part of these cadences. Help them understand what they're getting and why the system is built in a certain way. And make sure their voices are heard, and if possible, train them along the way. Take them along the [00:16:00] journey, so that you don't end up towards the end of the implementation once you've built everything, for them to then come in and not really agree with what's been built, or you face some challenges with the adoption or with user training. In my experience, personally, this classroom style training five days a week, eight hours a day, never really works. If possible, part of the agile way of implementation, also take up these key users training these key users as part of that approach, and make sure they understand

what they're getting as part of every sprint. And this allows them to kind of digest the system in a more consumable way so that towards the end of the implementation, they really understand how the whole system was built up, the rationale, the context, and everything. So they can then trickle this to the actual end users, who will then be using the system as part of their day-to-day functions. Those are some of the key aspects that I talk to customers and make sure that they're well aligned well before the project. We make sure that they're giving attention to these aspects and addressing these aspects well [00:17:00] before the implementation.

[00:17:01] **Richard:** You've talked a little bit about AI. But what emerging technologies or trends do you believe will have the most impact, especially when we talk about cloud ERP systems in the next five to 10 years? I mean, AI, agentic AI, are the top things at the moment that we're hearing about. Are you seeing the same, and are you seeing use cases for these tools?

[00:17:23] **Abhishek:** Absolutely. SAP has been investing a lot in this AI, and, you know, there's been more and more releases from SAP and updates from SAP in terms of what's being made available for each and every business function. It's just not a buzzword anymore. We are seeing some real use cases now where generative AI can help. Users, draft emails that generate descriptions of purchasing documents or even walk them through the system using conversational prompts. Predictive AI is another area that is maturing as well, if it flags, for example, in transportation, where you are tracking the shipment across the globe. It's able to predict delays based on like-realtime [00:18:00] incidents or a weather event and flag that risks to the suppliers and vendors and whoever the stakeholders are or any financial anomalies before they hit. It's helping companies like finally move towards a more managed-by-exception model, as I call it, as opposed to being more reactive to certain situations. So that's the use case in AI. But outside of that, SAP is also bringing up this whole new concept of the business Data cloud. This is SAP's version of bringing together the ERP operational data with external and third-party data like logistic signals, ESG metrics, or market trends into a unified semantic model of sorts. So those are some of the things that I see that SAP is bringing to the fore and that the customers can really benefit from in terms of like real-world decision making based on real-time data.

[00:18:52] **Oyku:** Everyone seems to be talking about sustainability, right? Business are stepping up their efforts in that area. I mean, the question that I'm gonna ask is something that [00:19:00] you have already touched on earlier, but I'm just going to ask in case you have anything to add, but I'm curious how

these ERP systems are evolving to support companies' environmental, social, and governance, ESG initiatives?

[00:19:13] **Abhishek:** Yeah. So sustainability, as you said, has become like a core business priority, whether it's driven by regulations or investor expectations or the company's own commitment towards, uh, sustainability. So ESG is no longer something that can be treated as a side effort. It needs to be part of how companies operate every day. And ERP systems are, reflecting that reality, be it SAP or whoever else, like modern Cloud ERP platforms, are evolving to track and act on sustainability data. One interesting innovation in this space is SAP's green token. It allows companies to track the sustainability attributes of raw materials through global supply chains. For example, if a company is sourcing recycled, plastic, or, uh, sustainable palm oil, green token helps maintain that, uh, verifiable chain of custody. It attaches a digital record [00:20:00] of each unit of material, giving you complete visibility into where it's coming from, how it's produced. This level of traceability is incredibly valuable for industries like food, chemicals, and consumer products, but transparency. Like, not just a nice-to-have, but it's becoming a business requirement. The key point here is that sustainability data is not separate from the core ERP operations anymore. It has to be integrated. If a business wants to ship to a lower-emission supplier or redesign a product to reduce its carbon footprint. They can make those decisions within the same ERP system that runs the procurement, that runs the production, all different functional areas. That's critical to how you track your sustainability and footprint. And that's what SAP is now being able to deliver as part of this whole, uh, ESG and green token and all these innovations and sustainability that I have. That they have brought into the integrated ERP.

[00:20:52] **Richard:** I love the fact that you made the point that things like sustainability can't be a side project. It can't be a [00:21:00] bolt onto your business system. It has to be embedded into your business system. Another topic that is top of mind when we talk about cloud solutions is cybersecurity.

[00:21:12] **Abhishek:** Mm-hmm.

[00:21:13] **Richard:** So what role does cybersecurity play in a modern ERP system, especially an ERP system in the cloud? And how can companies ensure that their most valuable asset, their data, remains protected?

[00:21:24] **Abhishek:** Like you said, cybersecurity is absolutely critical today. Like, especially with ERP being the backbone of your operations, or rather the brain of your operations, it's not your backend system anymore. Right? And the

word cloud has a way of scanning people, you know, your data is out there sitting somewhere in some systems that are not under your control. With all of this in mind, cloud ERP. Security is not just a checkbox. It's built into the foundation. Providers like SAP are now investing heavily in security infrastructure, constant monitoring, corruption, and compliance with the global standards. The benefit of the cloud is that the updates, [00:22:00] the patches, and threat protections are ongoing. Effort and more centrally managed, so you're not relying on your local team to keep up with every new vulnerability that comes about. But the technology alone is not enough. One of the most important things that companies can do is to treat security as a shared responsibility. The ERP provider, like SAP, can take care of the platform-level security, but customers still need to ensure that their own access controls, user permissions, and governance policies are strong. Just because that you have a provider like SAP bringing up all of this latest innovations in cybersecurity with all of the regulations complying with all of the regulations, that's just not enough. Security as a process within your own company in terms of governance and how you operate, how things are provisioned, the user accesses, and all of that does really matter. There is that human side as well. Many breaches happen because of phishing, weak passwords. People are knowingly sharing information. So awareness and training and building a culture of [00:23:00] security also goes a long way.

[00:23:02] **Oyku:** And do you have any specific customer case study that shows in transformative power of modern cloud solutions?

[00:23:09] **Abhishek:** Absolutely. So, I can speak to one of the companies where we recently wrapped up an implementation. This was for an up-and-growing company. They were growing very, very fast. Like any other company were looking for an integrated ERP system, the motivation was that they were operating on multiple different systems. In some cases, more manual ways of working through Excel files and whatnot. So there were siloed ways of working for different business functions. The sales didn't know what procurement was doing. The procurement didn't know what manufacturing was doing. So classic case of the growth pains where they're growing too fast, but their systems were not keeping up, and they were not able to take on more business because of a lack of visibility across different business functions. And where really the efforts are being spent, and not being able to scale, with their production and procurement processes. Not really talking to one another. So that was the prime intent motivation for them to come looking for an integrated ERP [00:24:00] system. And of course, we demonstrated how SAP as a cloud ERP system can certainly help them with all of its extended functions like transportation, warehousing, all of these different solutions all coming under one roof, as one cloud ERP system. So we did that implementation for them over a period of

three plus years, as I said, like we still need to think about crawl, walk, run. The customer really understood that, the customer understands that while the system has all of these capabilities, you still need to be able to have a roadmap that's more digestible. You're taking on what's more critical for your businesses, the low-hanging fruit. So with that, we were able to build a roadmap and do an implementation for them, and this includes all of the core functions like your sales, procurement, finance, manufacturing, alongside an extended warehousing implementation and a transportation management implementation. This took about three plus years now, and, from a transportation perspective, they were able to completely take out the third party from the management of carriers and outsourcing to a third-party logistics [00:25:00] company. They were able to bring it in-house, where they were able to say that they saved eight to 10% of the freight spend that you typically pay to your three pls as commissions. And then on top of that, from a warehousing perspective, to cut down material movement processing time by like 15%. Their efficiency went up with the picking. Efficiency went up by like 35%. From a core ERP, from a core operations perspective, there's complete visibility across different business functions in terms of what sales was doing or procurement was doing of its production, planning was doing. And with real-time data flowing across different systems, they went from building the reports after the fact to making, um, in-the-moment decisions. So no more spreadsheets floating around, no more chasing down updates, everything was live in an integrated and actionable ERP system.

[00:25:44] **Richard:** That's a great example, and it's a great way to wrap up the conversation. Because we're right at the end of the podcast. But before I do, I have one final question that we ask all of our guests. So if you had to summarize in a sentence or two from your [00:26:00] perspective, what's the future of ERP?

[00:26:02] **Abhishek:** The future of ERP is about bringing everything together, the old ways of working. It's about real-time visibility across different businesses. So the teams can stop working in silos and start making better and informed decisions. You're not waiting for any more of these reports to run overnight or a couple of days, with spreadsheets being pieced together for you to be able to make decisions. You live in a world where decisions have to be made in the moment based on the data that you have in front of you. And that's what the future of ERP really is. Also, you're moving more towards a managing by exception model and letting automation and AI handle the routine stuff, whether it's a simple task or a complex process. Now, ERP becomes something you can actually talk to and get answers from. That's how far we have come along. And this ERP space is gonna be very exciting for the next five plus years

because a backend system anymore like it used to be. It's really becoming the brain of your business.

[00:26:55] **Richard:** That's a great answer. Abhishek, thanks for a great conversation. It's been really [00:27:00] interesting.

[00:27:00] **Abhishek:** Thanks, Richard. Likewise.

[00:27:01] **Richard:** And thanks, everyone, for listening. Please mark us as a favorite. You can get regular updates and information about future episodes and check the show notes to find more about how Westernacher can help in your ERP implementations. But until next time, from Abhishek, Oyku, and me, thanks for discussing the future of ERP.