

Three ways your enterprise software in the Energy sector can set you on a road to nowhere

IFS White Paper



Your business changes continuously. New opportunities are often on the horizon, sometimes through diversification, joint ventures or acquisitions. Your customers demand you adapt to environmental, social and climate change objectives.

You are pressured by regulators, stakeholders and asset owners to track more and more data on your operations in a highly specific way. Your ability to quickly re-engineer outdated processes, extend your operations to subcontractors and specialty contractors providing a seamless flow of information on project updates. This is fundamental to providing a positive experience and has become a key competitive advantage rather than nice-to-haves.

If contractors could have addressed these problems with disruptive technologies like artificial intelligence (AI), IoT and virtual/augmented reality (VR/AR) a few years ago, they sure would have. As the industry continues to embed these innovative technologies into their methodologies, stakeholders, asset owners and customers become less patient with project delays and process gaps in operational execution, having become accustomed to Amazon-style e-commerce and logistics on the consumer side.

So if you have had to change and adjust your business in line with new regulations, customer requirements, sustainability reforms, adjusting to new technology, then isn't it strange that some ERP vendors don't follow the same rules and often simply drop entire products and orphan others without new technology investments, leaving you marooned?

1. Too many ERP baskets

While the old adage is that you should not put all your eggs in one basket, vendors that have too many different baskets of software will struggle to invest in disruptive technology in all of them—at least not on the fundamental level that can enable you in turn to transform the business. They may launch an AI-driven feature for predictive inventory replenishment, but it is really like a point solution, and cannot help you achieve the efficiencies and new opportunities of a true intelligent company.

This is the first of several reasons to ask a potential enterprise software vendor how many enterprise resource planning (ERP) products they sell. Multiple different products mean their research and development dollars will be divided among them. These products often come by acquisition, and that means they have been developed separately, with different databases, data structures and technical architectures. Trying to develop broad and transformational approaches to resource optimization, mobile workforce management, asset investment planning plus other innovative asset management processes and technologies.





2. Consolidation creates winners and losers

Consolidation is a well-documented trend and is to be expected in a maturing market such as enterprise applications. In its wake, many products may be widowed or orphaned, having been purchased by conglomerates that may not intend to continue investing in research and development. Sometimes, as is the case with the old BPCS product, rebadged as Infor XA, the product is discontinued and customers are pushed onto another product in the portfolio. Other enterprise application products have been purchased by vendors that announce coming, new, products to unite them all but may not reliably do so.

Collectors are enterprise software companies that are growing rapidly through acquisition. Oracle and Infor Global Solutions are good examples. Oracle became the number-two enterprise applications vendor behind SAP with the 2003 purchase of JDEdwards and PeopleSoft. Infor Global Solutions became the number-three enterprise application vendor behind SAP and Oracle in 2006 with the purchase of SSA Global and Systems Union Group. Infor also acquired a broad spectrum of disparate products for various industries including Energy and Utilities.

Here are key questions to ask collectors:

- How do you plan to evolve this product to embed transformational technologies into this product on a fundamental level?
- How many different data architectures or data structures does the product involve (a collector will sometimes sell multiple legacy products behind a common interface)?
- How are you adapting this application to enable best practice in the energy industry?
- What have you invested in the last two years in research and development of this application?

3. No roadmap or destination

If you have no destination, you are sure to get there. That is a nice pithy saying, but not when it is applied to enterprise software. For these systems, programs and investments that underpin your business, you want to have clear visibility into where the product is going. An enterprise software vendor ought to have a detailed roadmap that includes anticipated trends and assumptions of where their customers and their industries are headed and what capabilities and architectural changes will come into the product to help customers adapt.

That roadmap should be in writing, and a vendor ought to be able to point to a strong track record of doing what they said they would do in these documents. The lack of a roadmap is a concern, as is the inability to instill confidence in a roadmap if one is offered.



In evaluating that roadmap, it also makes sense to look at where the bulk of investment is going in a vendor's portfolio. They may not broadcast this, but looking at recent news announcements and release notes for a portfolio of products you may be able to discern where funds are being invested. If it is not in the product you are considering, it could mean that the product will turn into a burning platform. The vendor will either slow investment to the point where the product becomes non-viable for a changing business or it will be discontinued entirely, leaving customers orphaned.

IFS has been watching this dynamic closely. We have engaged in our share of acquisitions, most notably in field service management, air frame maintenance and customer experience and complex (aviation) asset management solutions. We have not necessarily purchased multiple ERP systems that compete or conflict with our own though. And with the launch of IFS Cloud, we have also brought our acquired solutions together as part of a single, cohesive platform with a unified architecture for easy interoperability.

Conclusion

Selecting an enterprise application is not a lifetime commitment, but it is a commitment that will last 10 years or even longer. Given the degree of product complexity and pressure vendors feel to sell new licenses, caveat emptor—or buyer beware—has never been better advice for software purchasers.

You can count on vendors to tell you what you want to hear about whatever products they are trying to sell you. They will claim either that their products meet your needs today or that the software will do so somewhere down the road, in a subsequent release.

It is important to keep in mind that the best predictor of future behavior is past behavior. Vendors tend to announce their plans to release new products well in advance. Perhaps the best way to tell whether an application vendor will make good on its promises is to look at the promises it has made in the past, either in public or to individual customers. Did the company keep these promises? Did development timelines slide? Or did product roadmaps disappear entirely? Don't be afraid to ask tough questions because the answers are critical to your selection of an enterprise application.

About IFS

IFS develops and delivers cloud enterprise software for companies around the world who manufacture and distribute goods, build and maintain assets, and manage service-focused operations. Within our single platform, our industry specific products are innately connected to a single data model and use embedded digital innovation so that our customers can be their best when it really matters to their customers—at the Moment of Service.

The industry expertise of our people and of our growing ecosystem, together with a commitment to deliver value at every single step, has made IFS a recognized leader and the most recommended supplier in our sector. Our team of 4,000 employees every day live our values of agility, trustworthiness and collaboration in how we support our 10,000+ customers. Learn more about how our enterprise software solutions can help your business today at ifs.com.