

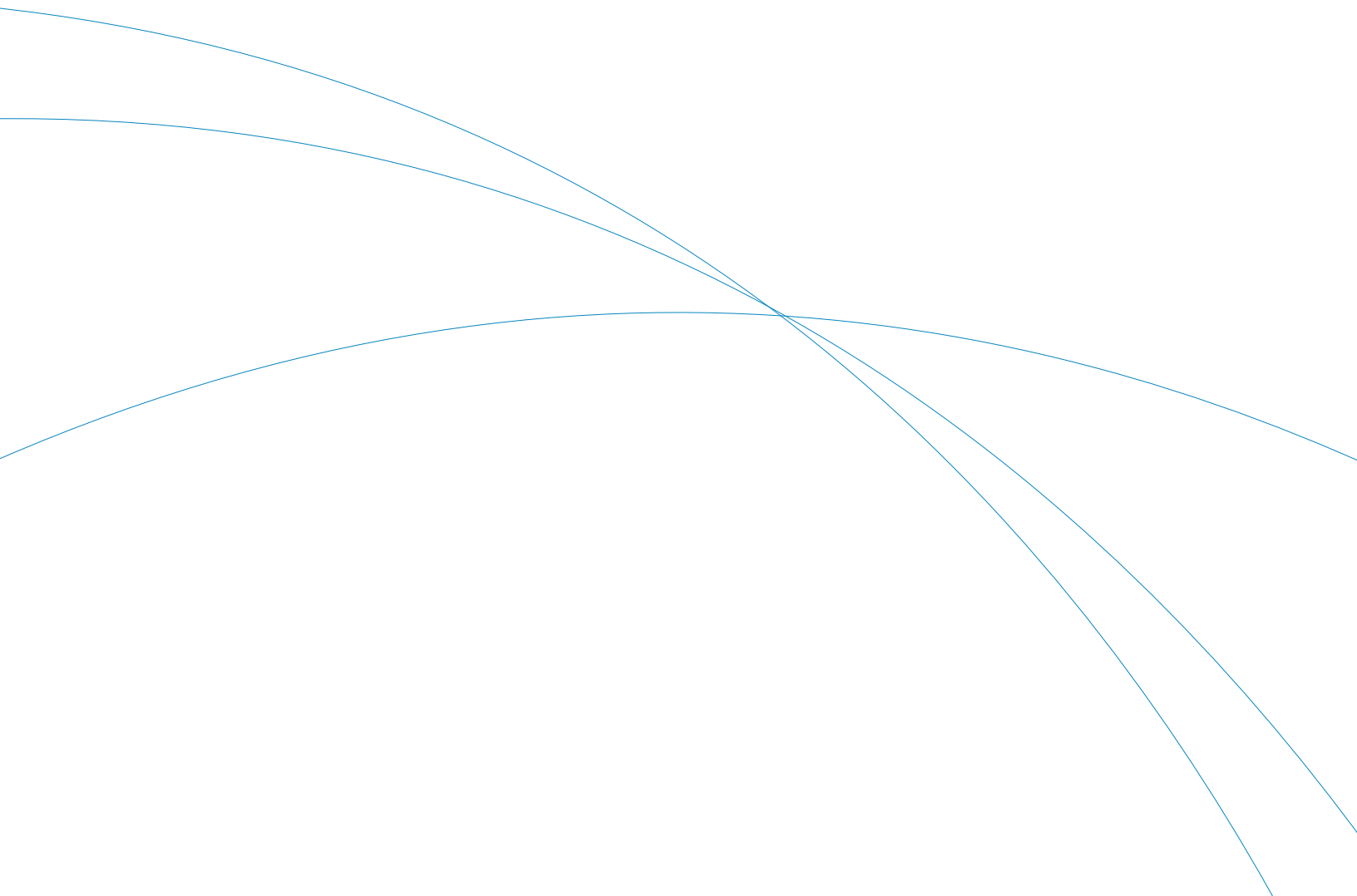


White Paper

How Cloud ERP Can Help Your Company Embrace Disruptive Innovation



ERP for the Connected World



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The new normal is never “normal”. We no longer operate in an environment where tried and true business practices can be applied to resolve the issues that arise in the marketplace. Instead, traditional business is constantly being impacted by overwhelming and sudden shifts in the marketplace that require significant adjustments to business operations. The name of the game in this new normal is “disruptive innovation”. But what is disruptive innovation and how can your company use Cloud ERP to stay in the game?

Disruptive Innovation—Coming to a Business Near You

Disruptive innovation happens when an organization introduces of a new way of solving the needs of customers, often by bringing together existing technologies that do not seem related to existing solutions. The new offering is not an incremental change to an existing market, but instead achieves a dramatically better value proposition that creates an entirely new market and new value network. As a result, the new offering makes some existing markets obsolete and displaces established companies.

Disruptive innovation impacts every industry and is usually fueled by creative combinations of existing and new technologies. Often the organization that delivers a disruptive solution is not even trying to compete in the affected market. For example, cell phones were initially created to allow customers to make phone calls from anywhere—intentionally impacting the telephony market—but have evolved into mobile devices that are the bane of publishers, camera manufacturers, and personal computer manufacturers, to name a few. Over the next decade, technology advances such as 3D printing, robotics, cloud, big data, the Internet of Things, and advanced materials promise to disrupt everything from healthcare delivery to shop floor design, transportation, textile production, construction, and more.

But the introduction of a new innovation alone is not sufficient to create a disruption. The disruption happens when customers defect—seemingly en-masse and overnight—to the new offering. Sudden market shifts happen more frequently and rapidly than ever before because technology has empowered customers with “perfect information” in the economic sense: instant access to reliable information about new products and services, and the ability to rapidly and easily share that information with others. As a result, the chasm between early adopters and mainstream customers has become a mere hop, and mainstream customers adopt the new offering in a much shorter timeframe.

Strategies for Embracing Disruptive Innovation

Disruptive innovations are usually delivered by smaller organizations that have the freedom to test their offerings in the market—and fail often—without significant penalty. The business strategy may be only loosely defined and changes often based upon feedback from the market. And when the disruptor finally gets the new offering right, rapid customer adoption eliminates many constraints on growth.

Needless to say, established companies have taken note. The superior scale and efficiency enjoyed by larger organizations are often accompanied by a certain degree of bureaucracy that can impede innovation. So, established companies are setting up separate operations that have fewer organizational constraints and are allowed more freedom to experiment with products, business models, and customer engagement. Two broad categories of operations include new business units and acquisitions.

Separate Business Units

Separate business units may be created to allow established companies to enter promising new markets. The new market may be characterized by a new product category which incorporates emerging technologies, an unfamiliar customer base (such as a foreign market where the company has not traditionally done business), a different business model and value network, or all of the above.

Acquisitions

When a disruptive offering seems to be gaining traction, established companies sometimes acquire smaller, more agile businesses that compete in the new market. Often, the acquired business continues to operate independently while benefitting from the broader range of resources available from the established company.

From an operational perspective, these strategies are challenging to execute. For example, the IT systems that most established companies have in place are too rigid, complex and antiquated to move quickly on new operations.

Sometimes, Technology Prevents Innovation

New business units and acquired companies both require business software to help them track progress, capture successful business practices, and share financial and operational information with the head office for reporting and analysis. However, legacy ERP systems can be a significant obstacle to your efforts to move quickly and foster innovation.

Most companies use legacy ERP systems that have not been upgraded for several years. According to Aberdeen Research, the ERP systems used by product companies have not had a significant update for eight years, on average. Many product companies use ERP systems that are out of date by fifteen or more years. According to Aberdeen's assessment, after seven years, the benefits of an ERP system—such as cost reductions and decision improvements—steadily erode.

In addition, legacy ERP systems lack key capabilities that are necessary to build an innovative business, are too slow and costly to deploy for fast-moving initiatives, and cannot keep pace with the speed of change required for today's disruptive environment.

Outdated Functionality

The average legacy ERP system in use today—out of date by only eight years—lacks the capabilities that have become available since then, such as cloud-based deployment, social interaction, mobile access, and real-time insight. These capabilities are especially critical for fostering user adoption, communication, collaboration, and better decisions in new business units or acquired companies.

Complex, Slow and Expensive

Legacy ERP systems require purchasing, housing and maintaining servers, then deploying, configuring and maintaining the software. Historically, business cycles have generally been predictable and repetitive, and so it made sense to make large, up-front investments in legacy ERP systems to support the business. This is no longer the case: the disruptive business environment requires fast and relatively inexpensive iterations as the company learns what works in the marketplace. Legacy ERP systems—even those which are already deployed for the existing operations—are much too complex to deploy quickly and too expensive to maintain, especially for new business units and acquired companies.

Inflexible

Companies that want to embrace disruptive innovation must ensure that new business units and acquired companies have the freedom to experiment and make rapid changes to the organization. Legacy ERP systems were designed for efficient transaction processing, not for experimentation. Once you have made any choices about how to set up the system, it is very difficult or even impossible to change the system, even if unlimited resources were available.

Kenandy Cloud ERP: Uniquely Positioned to Support Disruptive Innovation

Modern Capabilities for Today's Business

Designed for the next generation of workers—native mobile and social users—Kenandy empowers flexible collaboration, connectivity from anywhere, and fast and informed decisions.

- **Better Collaboration**—Kenandy delivers global access to a single source of truth and social collaboration that is built into the ERP platform. This means that customers, suppliers and employees can easily share any kind of information, debate issues and iterate on new solutions.
- **Mobile Connectivity**—Remote and on-the-go employees need to stay connected to what's going on in the office. Kenandy provides built-in mobile support that allows mobile access to any information, from anywhere, on any device. The integrated mobile support can better support disruptive innovation, since you can design new mobile experiences and interfaces with your customers that are automatically integrated with your business operations.

Immediate Access to Information Secures the Deal

Helix Linear Technologies makes precision miniature lead screw assemblies that are used in a variety of applications. Helix was created three years ago as a new subsidiary by its parent company, Nook Industries, to focus on the high-growth small electronic devices market.

The Helix team knew that providing sales people with mobile capabilities was a key success factor. Most Helix customers place custom orders and sales people must collect very precise specifications to support customers' product designs. Helix has been able to capture market share by giving sales people the ability to use their mobile device to confirm that a particular screw to be used as the basis for a custom design is in stock. "Before, we were using a really complex non user-friendly system, with too many screens and unnecessary fields to get information," says Mr. Nook, "So, sales people would call the factory, hopefully getting through to someone who is available. When and if they were able to reach someone, then there was the search for the part number, whether it was in stock, and so on. The old system really slowed down the sales cycle."

- **Real-time visibility**—Perhaps the most transformative benefit of Kenandy is real-time global visibility. Kenandy's single data model and intuitive reporting tools allow anyone, with proper security access, to gain the real-time insight needed to make better decisions. Global visibility to a single source of truth from anywhere, on any device is now a reality. How much faster could you make adjustments to your business if you could see it happening in real-time?

Merrow Sewing Broadcasts Kenandy in Real Time—And Doesn't Miss a Stitch

Merrow Sewing Machine Company builds custom sewing machines for a variety of customers and applications and manufactures thousands of different sewing machine parts distributed in 65 countries.

"One of the most remarkable things about Kenandy is that it lets us really see what's going on in our business," says Charlie Merrow, CEO. "We have Kenandy running on three 50-inch flat-screens in our big lobby space. Plus, in each department, there's a giant flat-screen with dashboards showing what's going on in that particular area—how many invoices need to go out, for example, or what packages are shipping. We've never had access to information of this breadth and depth before. It's really extraordinary, and it's making an enormous difference."

Rapid, Cost-Effective Implementation

Kenandy Cloud ERP lets you move fast and requires no upfront investment in software and hardware. When you need to get new operations up and running quickly, Kenandy lets you instantly provision new locations, and Kenandy's agile implementation process ensures rapid results.

Big Heart Loves Fast Deployments

Del Monte Foods acquired another company in 2013, recently re-launched as Big Heart Pet Brands. As Del Monte had already selected Kenandy as its go-forward ERP platform, the acquisition presented the perfect opportunity for rollout. Using Kenandy's agile implementation methodology, Big Heart Pet Brands was able to go live on its new ERP software 90 minutes after the acquisition was completed.

As you learn what works with new business units and acquisition, you may want to replicate the success to other growth initiatives. Kenandy allows you to create implementation templates that can be applied to new business units and to integrate acquired companies. The templates also support business unit- and region-specific set up, which allows you to maintain central control while complying with local regulations, fostering local innovation and meeting different sub-industry needs.

Built-In Flexibility

Kenandy Cloud ERP was designed with a fundamentally different architecture. Unlike legacy ERP or cloud ERP solutions that simply replicated legacy ERP architecture, Kenandy is designed from a clean sheet of paper to take advantage of the elastic computing power of the cloud. Built natively on the Salesforce Platform, the # 1 PaaS, Kenandy has a unified data model that integrates easily with other systems. This simple architectural difference, between Kenandy and legacy ERP, is the key to the flexibility that allows business to keep up with rapid market change.

With Kenandy Cloud ERP, you can modify business processes, user experience and dashboards with clicks, not code. Add fields, change workflows, develop new mobile experiences and bring new businesses online very quickly. And, here's the best part: Kenandy preserves your changes and custom applications during upgrades, so you can stay up-to-date without interrupting your business. Now you can stay ahead of the competition and seize opportunities with an ERP system that supports you every step of the way.

Blue Clover Flexes It's Processes

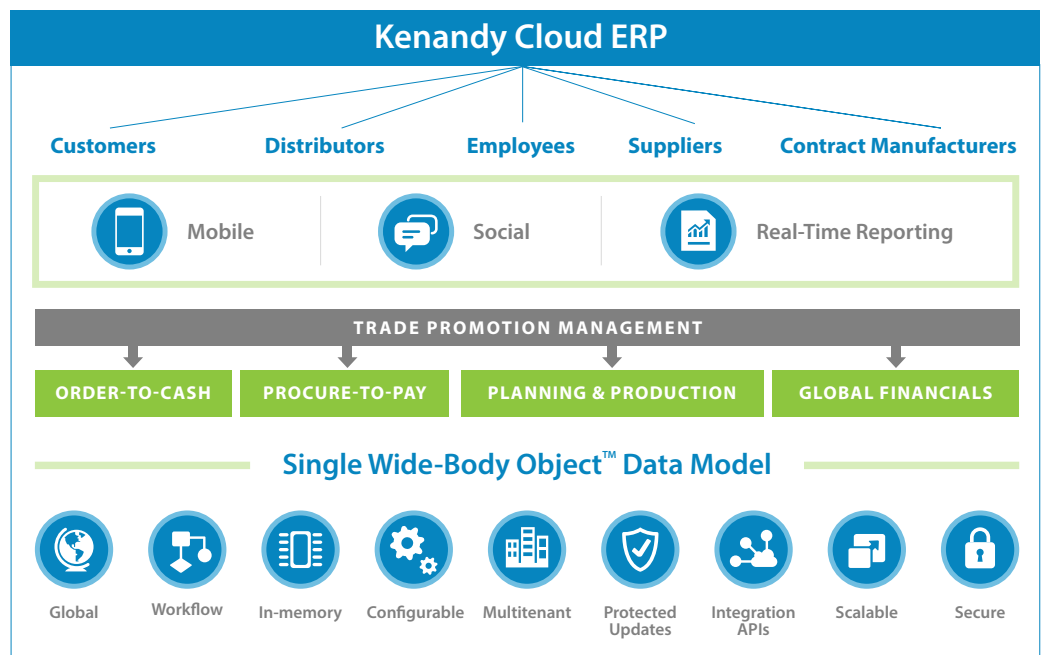
Blue Clover Devices is an award-winning original design manufacturer (ODM) that produces UL-certified power and audio accessories for some of the world's most popular digital devices. During a trial run of Kenandy ERP, Blue Clover discovered that drag-and-drop templates let users easily create customized objects, processes and dashboards. The simplicity and ease of changing the system was a key to selecting Kenandy.

"I immediately saw how easy it is to add and extend capabilities with Kenandy," says Pete Staples, President and Co-founder Blue Cover Devices. "Kenandy is like Legos whereas the traditional ERP systems are more like a stack of lumber and blueprints. With Kenandy, it's fundamentally easier to put things together and make them work. We really like that."

Kenandy Cloud ERP: Empowering Real People

Cloud, mobile, social and global real-time visibility – these are the technologies that you need in your business processes to stay relevant today. But, most of all, you need to be able to adapt to the next change, because change is happening at an ever faster rate.

That's why we created the Kenandy Cloud ERP platform. We use new technology as an opportunity to rethink ERP, to design from a clean sheet of paper. The result is a totally different type of solution that adapts to your business today, rather than your business adapting to the system, and it can keep pace with the changes that tomorrow will bring.



Empower Your People, Transform Your Business



The Kenandy Cloud ERP platform accelerates disruptive innovation initiatives by empowering people with modern capabilities, deploying rapidly, and providing the flexibility to change your software as you learn what works. Kenandy works in partnership with customers to realize their vision of the future. Disruption is coming to a business near you... so call Kenandy to get started today.

About Kenandy

Kenandy is the cloud ERP platform for the modern enterprise. Kenandy Empowers Real People to work the way they want to work on any device anywhere in the world—it's easy to use, implement, and change. Kenandy automates all of your core business processes including order-to-cash, procure-to-pay, planning and production, and global financials. For more information, visit www.kenandy.com.



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