

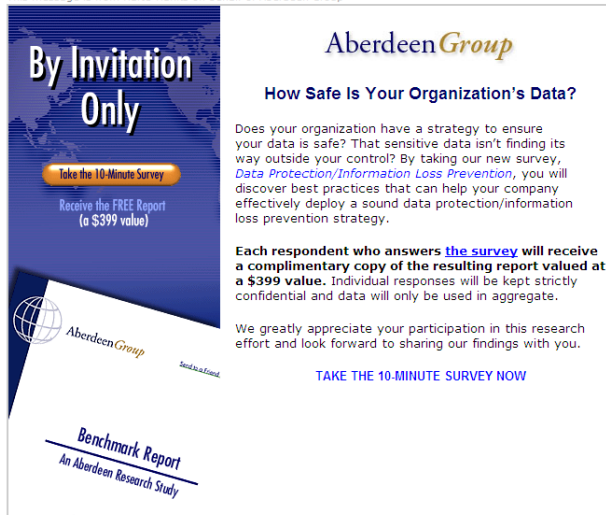
ERP in Manufacturing in 2008

Cindy Jutras
Vice President and Group Director
Aberdeen Group

Aberdeen Benchmark Survey Structure

- Aberdeen PACE Model
 - Pressures
 - Actions
 - Capabilities
 - Enablers
- Strategies and Tactics
- KPIs – Usage and Specifics
- Follow-up Surveys
interviews

This message is from Harte-Hanks on behalf of Aberdeen Group



By Invitation Only

Take the 10-Minute Survey

Receive the FREE Report (a \$399 value)

Aberdeen Group

How Safe Is Your Organization's Data?

Does your organization have a strategy to ensure your data is safe? That sensitive data isn't finding its way outside your control? By taking our new survey, *Data Protection/Information Loss Prevention*, you will discover best practices that can help your company effectively deploy a sound data protection/information loss prevention strategy.

Each respondent who answers the survey will receive a complimentary copy of the resulting report valued at a \$399 value. Individual responses will be kept strictly confidential and data will only be used in aggregate.

We greatly appreciate your participation in this research effort and look forward to sharing our findings with you.

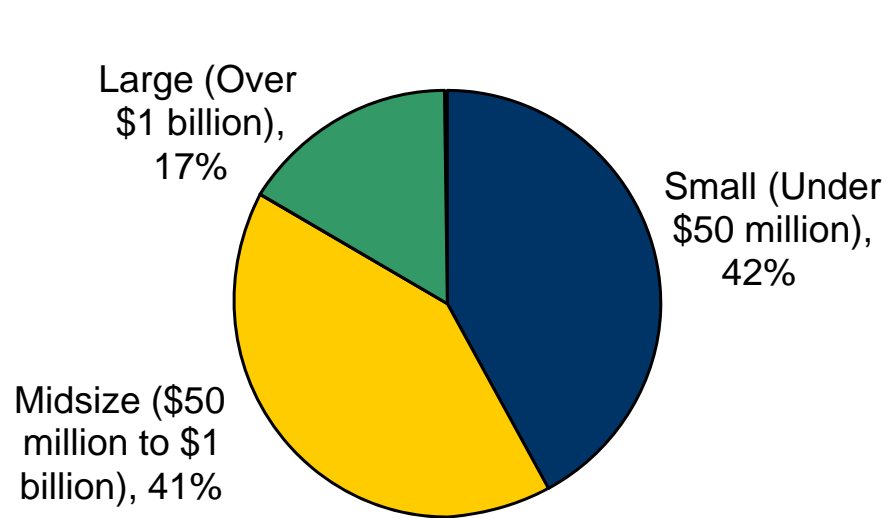
[TAKE THE 10-MINUTE SURVEY NOW](#)

Benchmark Report
An Aberdeen Research Study

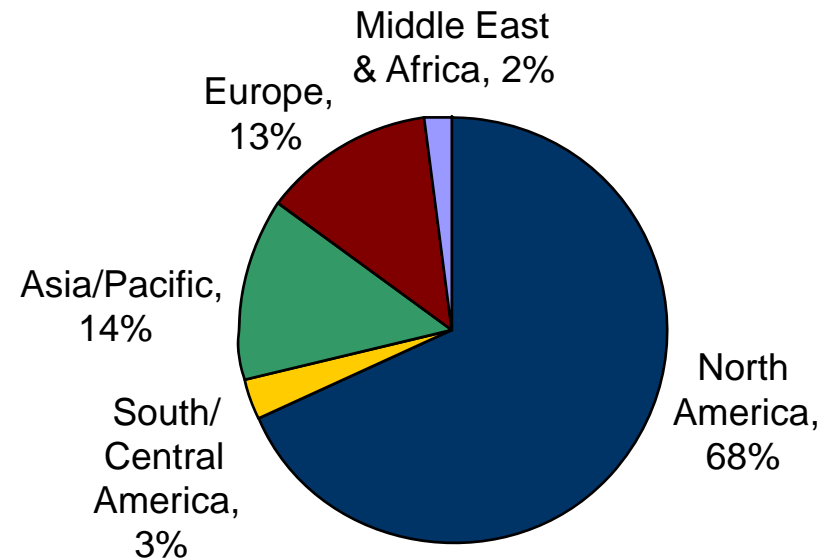
Contact Us: member.services@aberdeen.com • 617-723-7890
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Respondent Demographics (1436 respondents)

Revenue

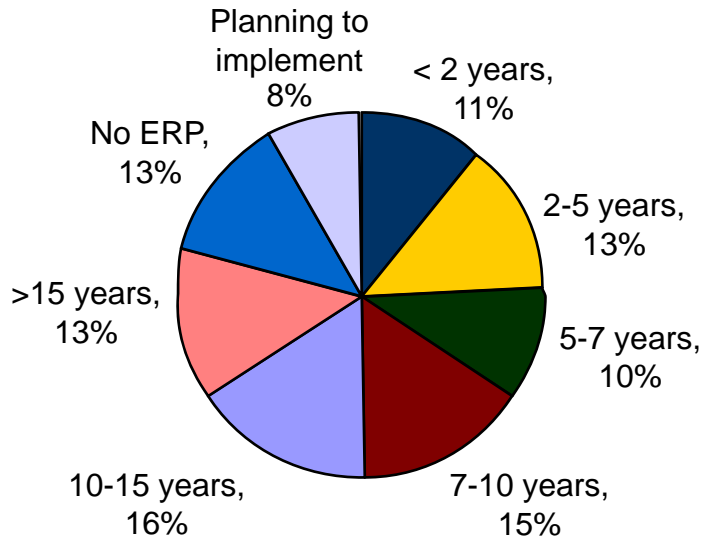


Geographies



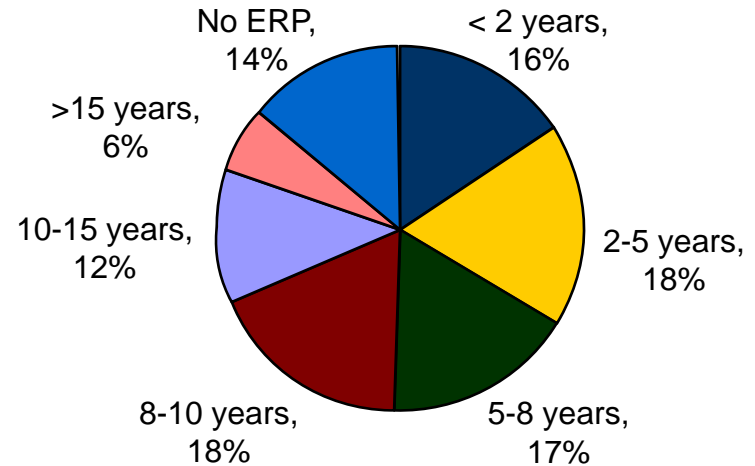
Maturity of ERP Implementations

2007



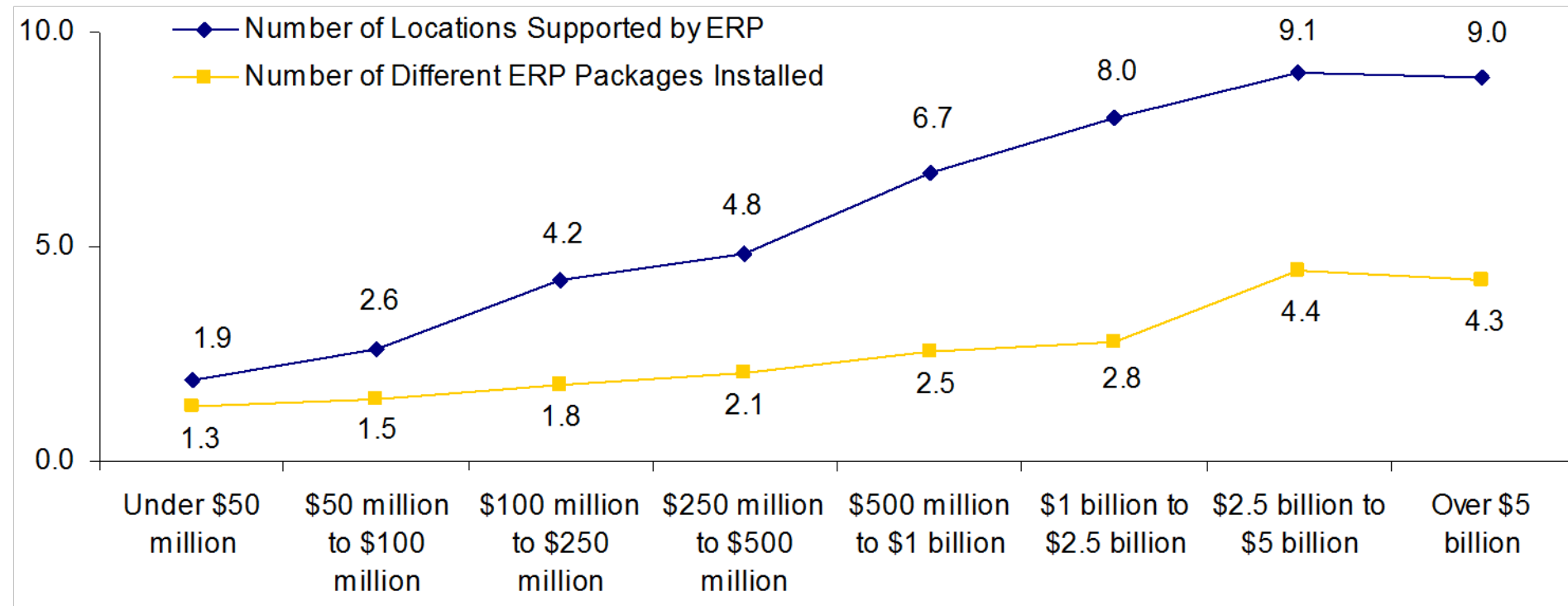
Average Age: 9 years

2008



Average Age: 7 years

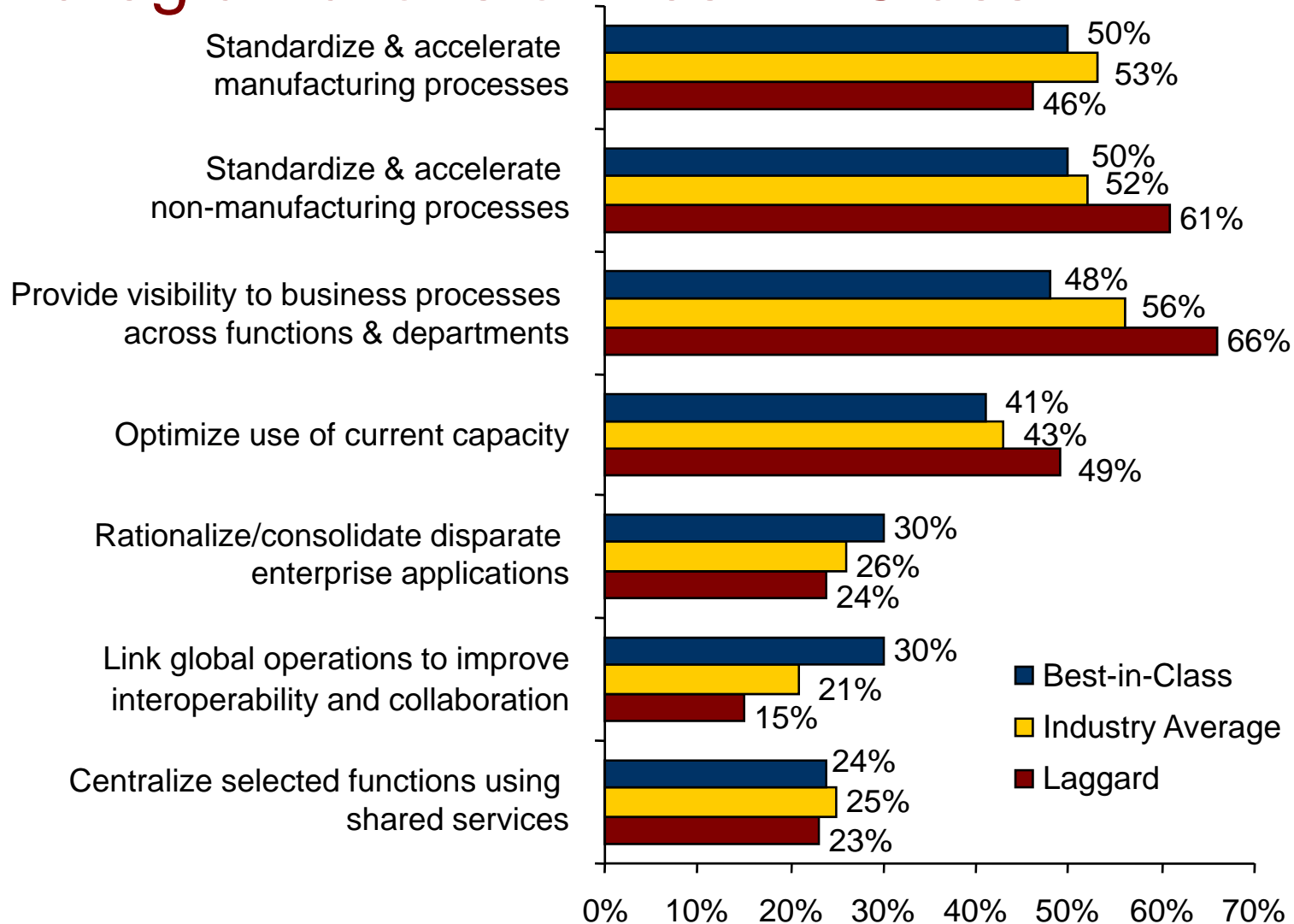
ERP Across the Distributed Enterprise



Business Drivers Impacting ERP



Strategic Actions of Best-in-Class



Best-in-Class Criteria

| Definition of Maturity Class | Mean Class Performance |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Best-in-Class: Top 20% of aggregate performance scorers | <ul style="list-style-type: none">▪ 21% reduction in inventory levels▪ 97% inventory accuracy▪ 3.3 days to close a month▪ 96% manufacturing schedule compliance▪ 97% complete and on-time shipments |
| Industry Average: Middle 50% of aggregate performance scorers | <ul style="list-style-type: none">▪ 12% reduction in inventory levels▪ 91% inventory accuracy▪ 5.5 days to close a month▪ 89% manufacturing schedule compliance▪ 91% complete and on-time shipments |
| Laggard: Bottom 30% of aggregate performance scorers | <ul style="list-style-type: none">▪ 5% reduction in inventory levels▪ 83% inventory accuracy▪ 7.2 days to close a month▪ 76% manufacturing schedule compliance▪ 82% complete and on-time shipments |

Characteristics of Best-in-Class ERP

- ❑ Use more modules and functionality
- ❑ Manufacturing operations are integrated and coordinated with service, logistics and delivery organizations
- ❑ Line of Business owns the success of ERP
- ❑ 70% have standardized enterprise-wide implementation
- ❑ Measure KPIs and improvement
- ❑ More likely to stay current

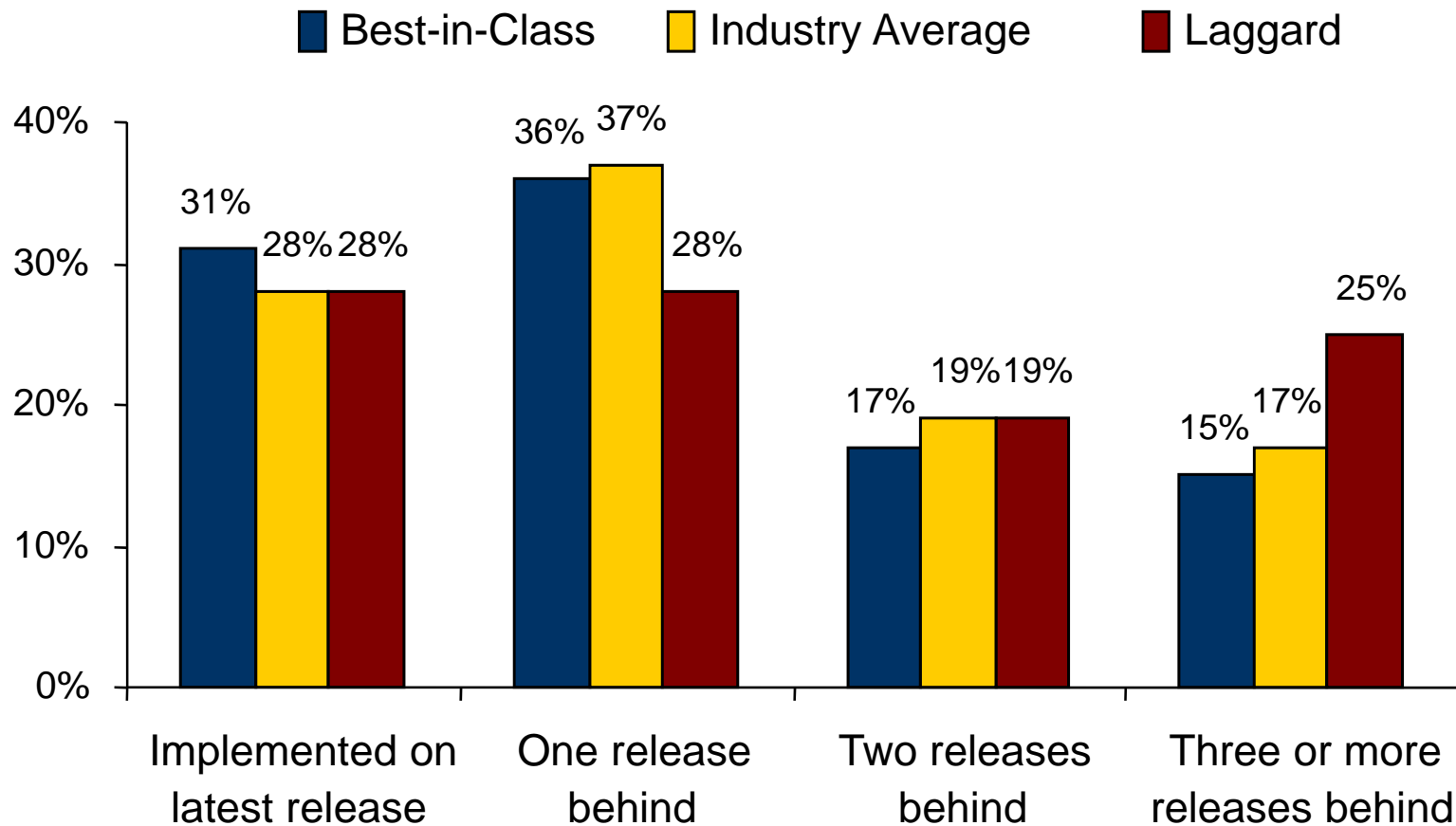
Three Year Trends in ERP installations

| | 2006 | 2007 | 2008 |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Technology | ERP Usage: | | |
| | <ul style="list-style-type: none"> ▪ Average of 10.5 modules implemented ▪ 63% of available functionality deployed ▪ 27.6% weighted average usage of ERP | <ul style="list-style-type: none"> ▪ Average of 10.5 modules implemented ▪ 71% of available functionality deployed ▪ 31.2% weighted average usage of ERP | <ul style="list-style-type: none"> ▪ Average of 10.7 modules implemented ▪ 73% of available functionality deployed ▪ 32.5% weighted average usage of ERP |

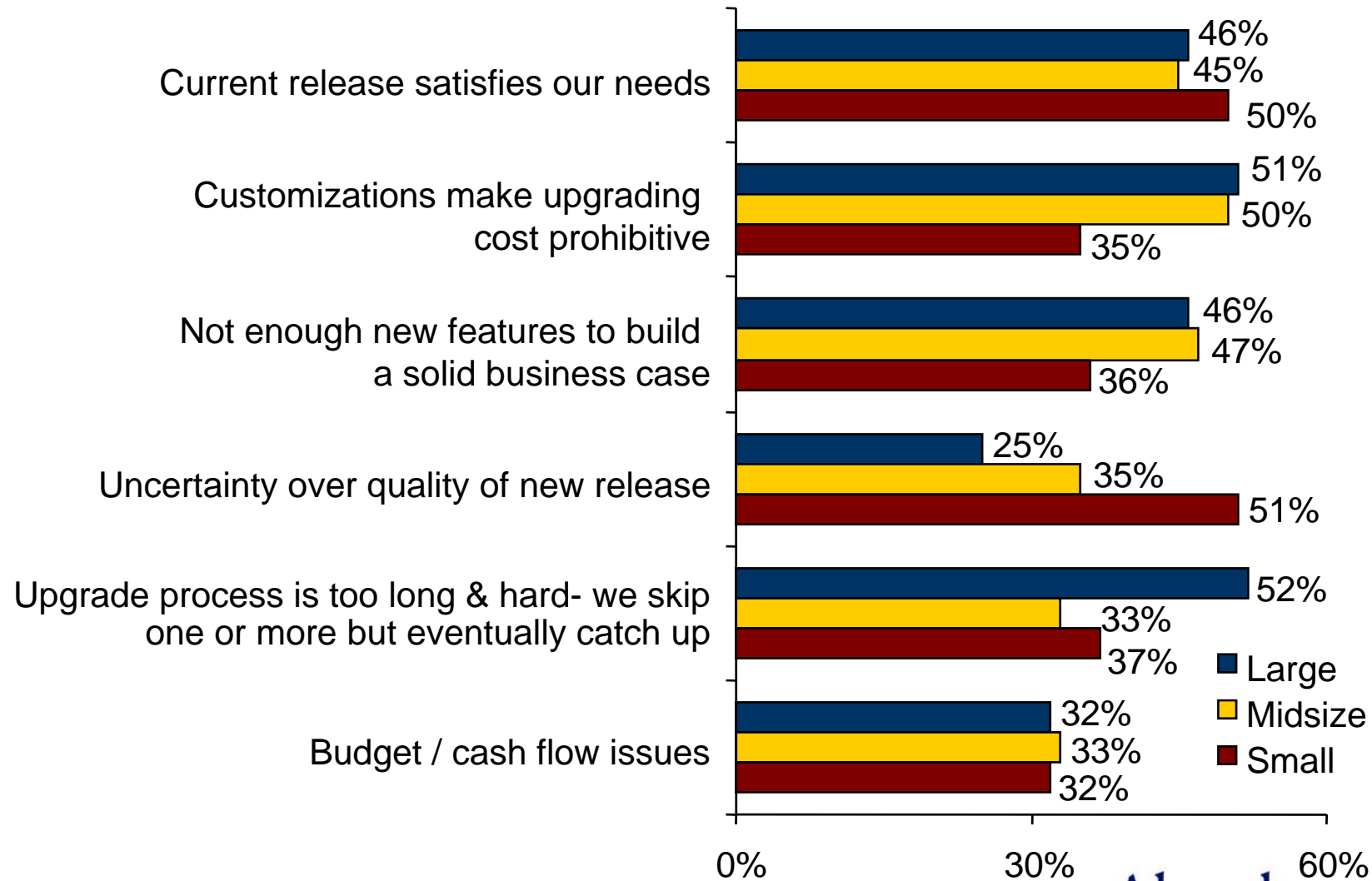
The Competitive 2008 ERP installation

| | Best-in-Class | Average | Laggards |
|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Technology | ERP Usage: | | |
| | <ul style="list-style-type: none"> ▪Average of 12.1 modules implemented ▪81% of available functionality deployed ▪40.8% weighted average usage of ERP | <ul style="list-style-type: none"> ▪Average of 10.9 modules implemented ▪72% of available functionality deployed ▪32.6% weighted average usage of ERP | <ul style="list-style-type: none"> ▪Average of 10.3 modules implemented ▪71% of available functionality deployed ▪30.6% weighted average usage of ERP |

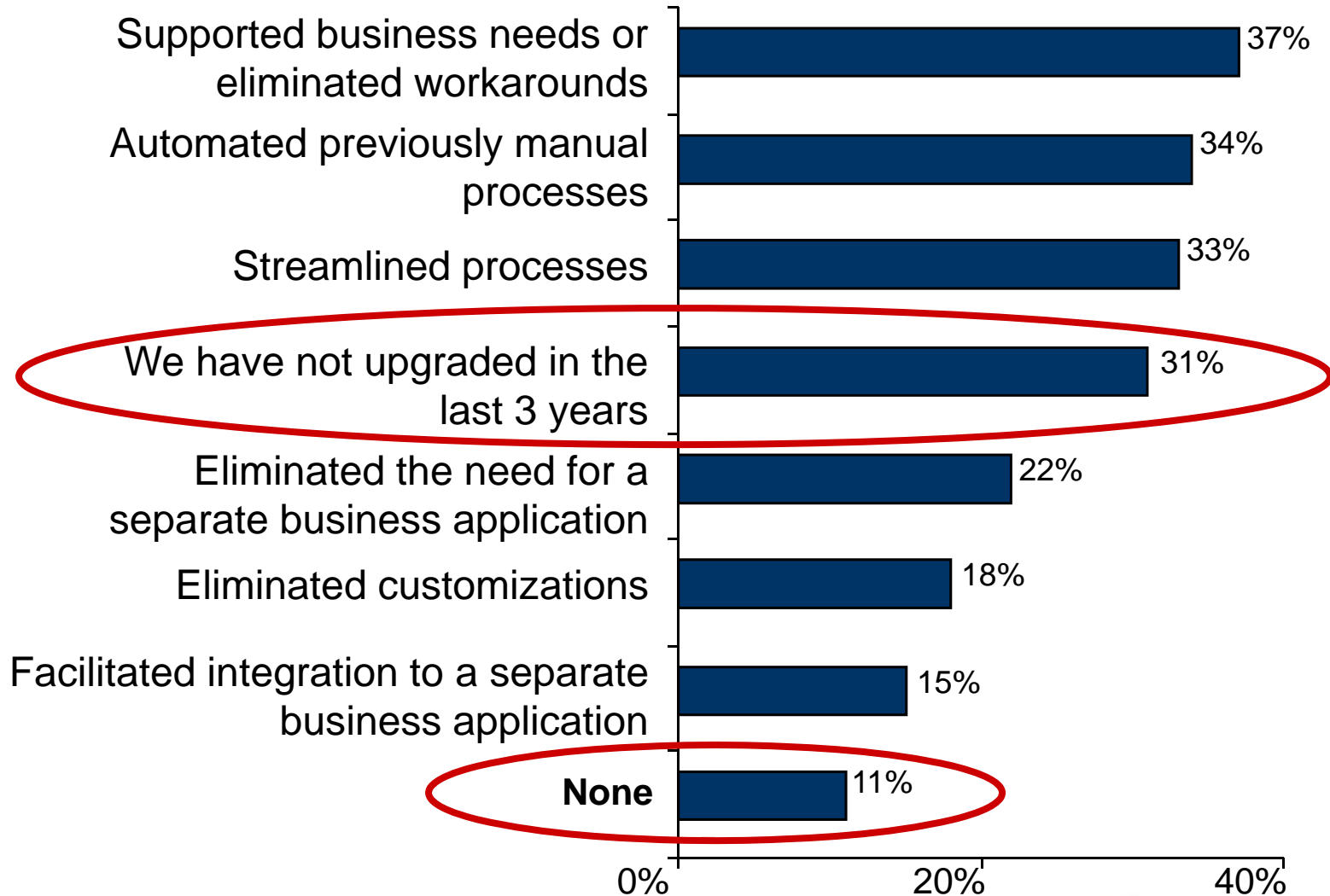
Release Status



Reasons for Delaying Upgrades



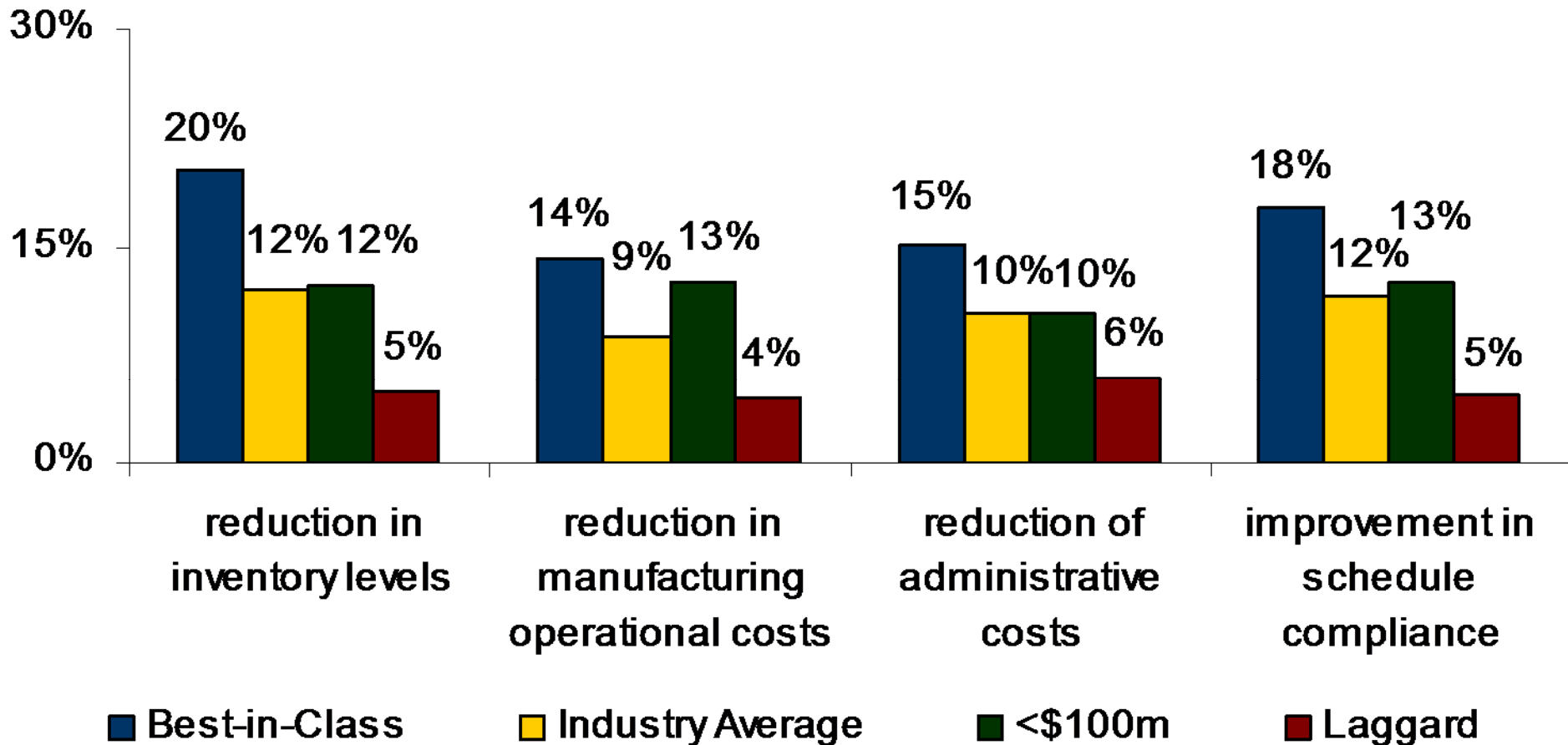
Business Value Gained from Upgrades



Best-in-Class Criteria

| Definition of Maturity Class | Mean Class Performance |
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| <p>Best-in-Class: Top 20% of aggregate performance scorers</p> | <ul style="list-style-type: none"> ▪ 21% reduction in inventory levels ▪ 97% inventory accuracy ▪ 3.3 days to close a month ▪ 96% manufacturing schedule compliance ▪ 97% complete and on-time shipments |
| <p>Industry Average: Middle 50% of aggregate performance scorers</p> | <ul style="list-style-type: none"> ▪ 12% reduction in inventory levels ▪ 91% inventory accuracy ▪ 5.5 days to close a month ▪ 89% manufacturing schedule compliance ▪ 91% complete and on-time shipments |
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Results

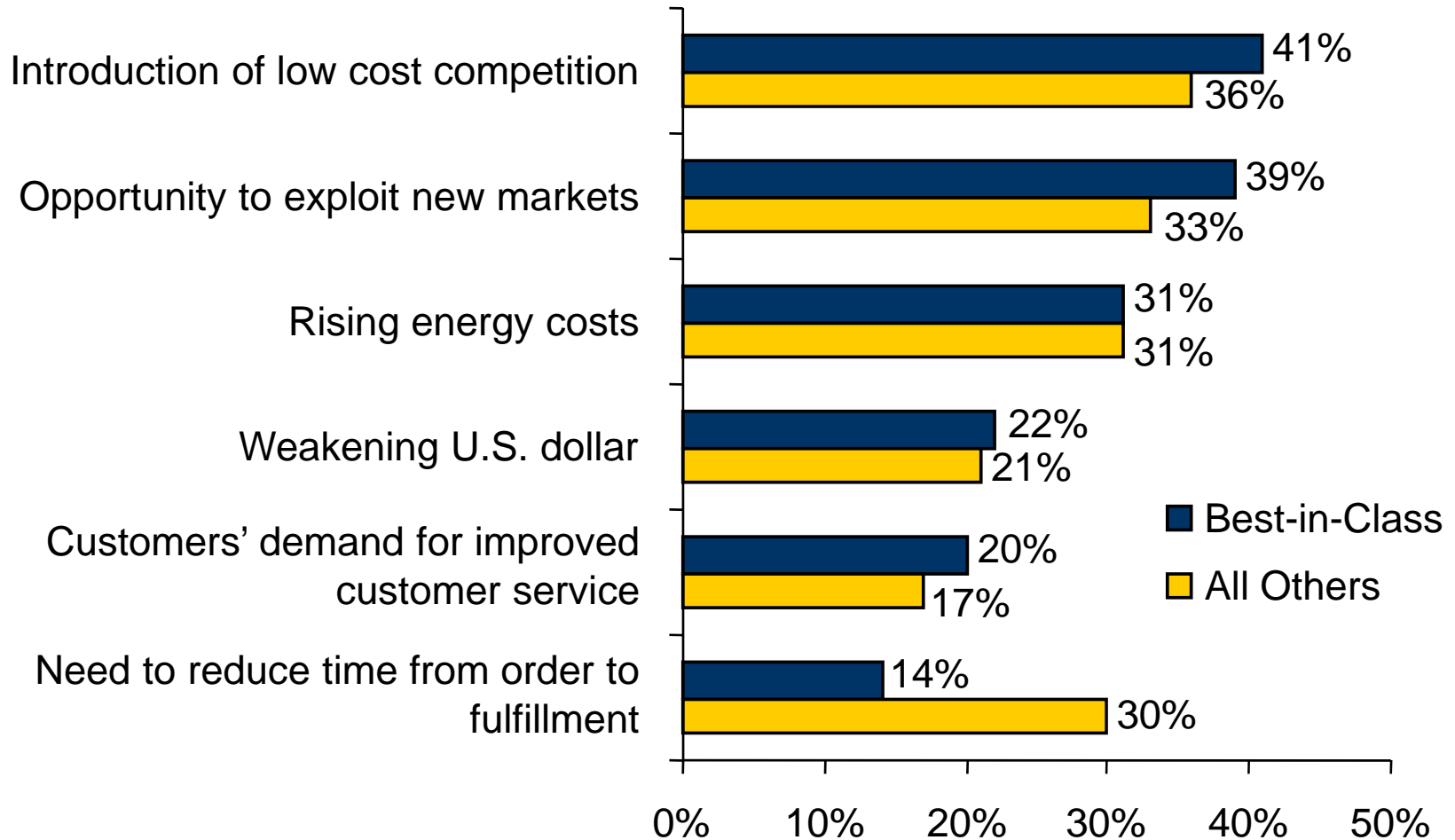




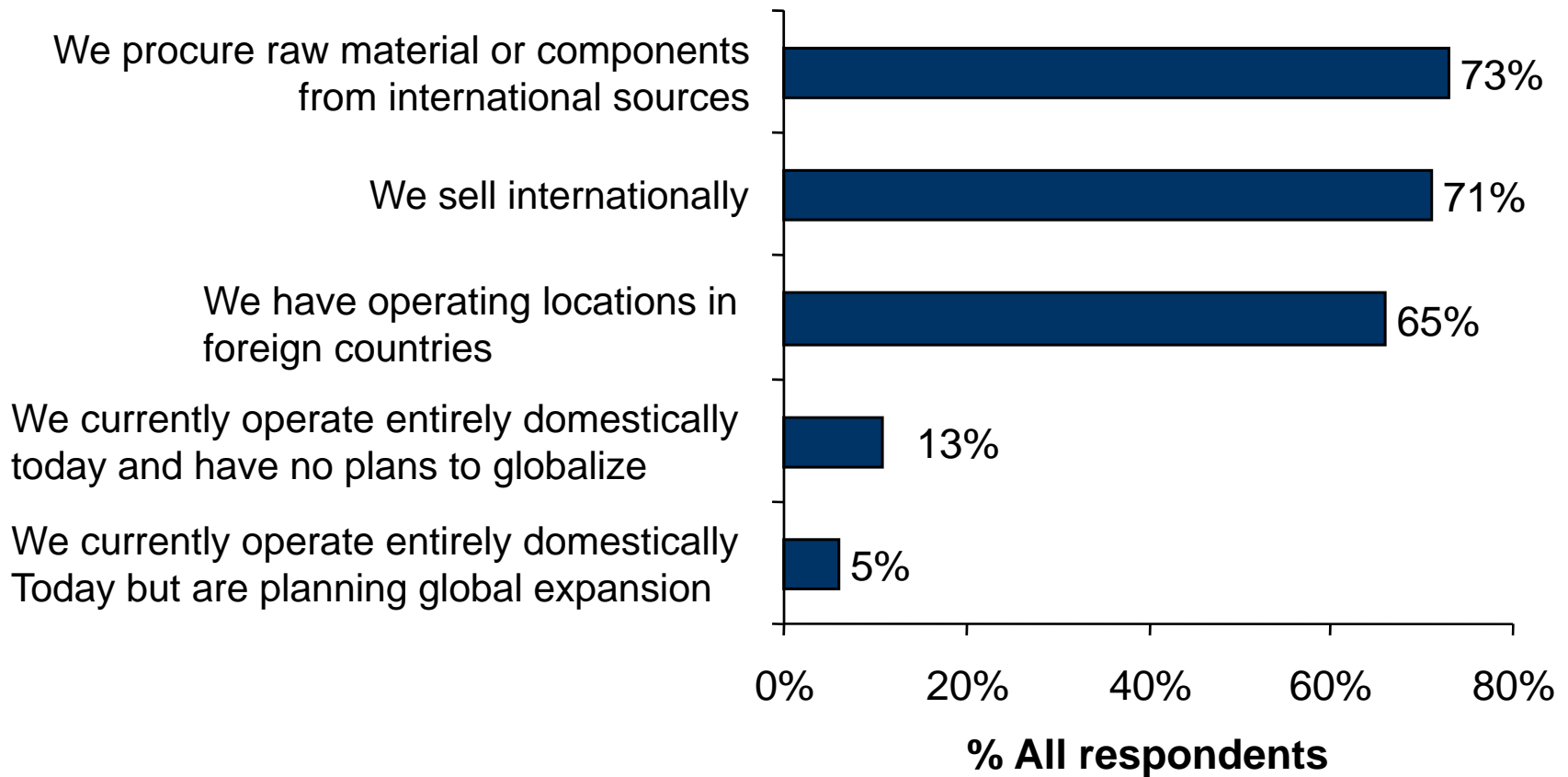
Shifting Sands of Globalization Strategies: Building a Firm Foundation with Enterprise Applications

Given the current economic climate.....

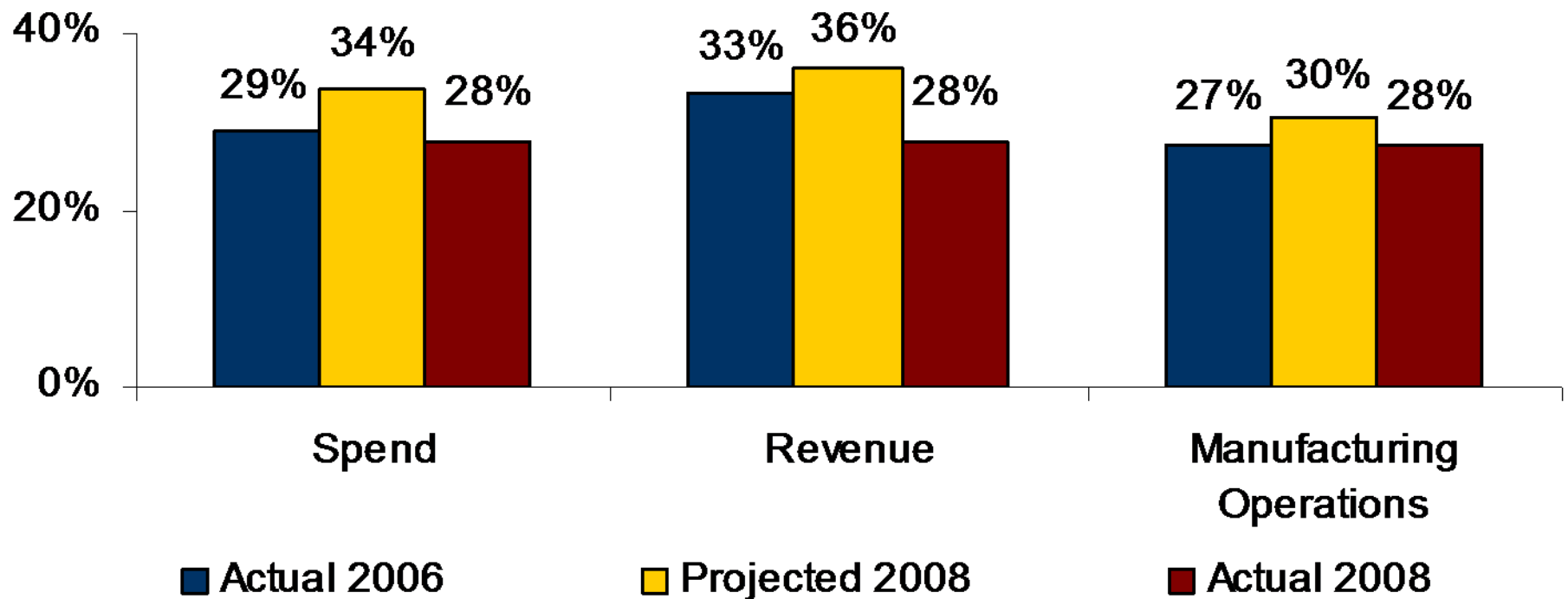
Business Drivers Impacting Globalization Strategies



How Global are You?



Planned versus Actual Globalization



Best-in-Class Criteria

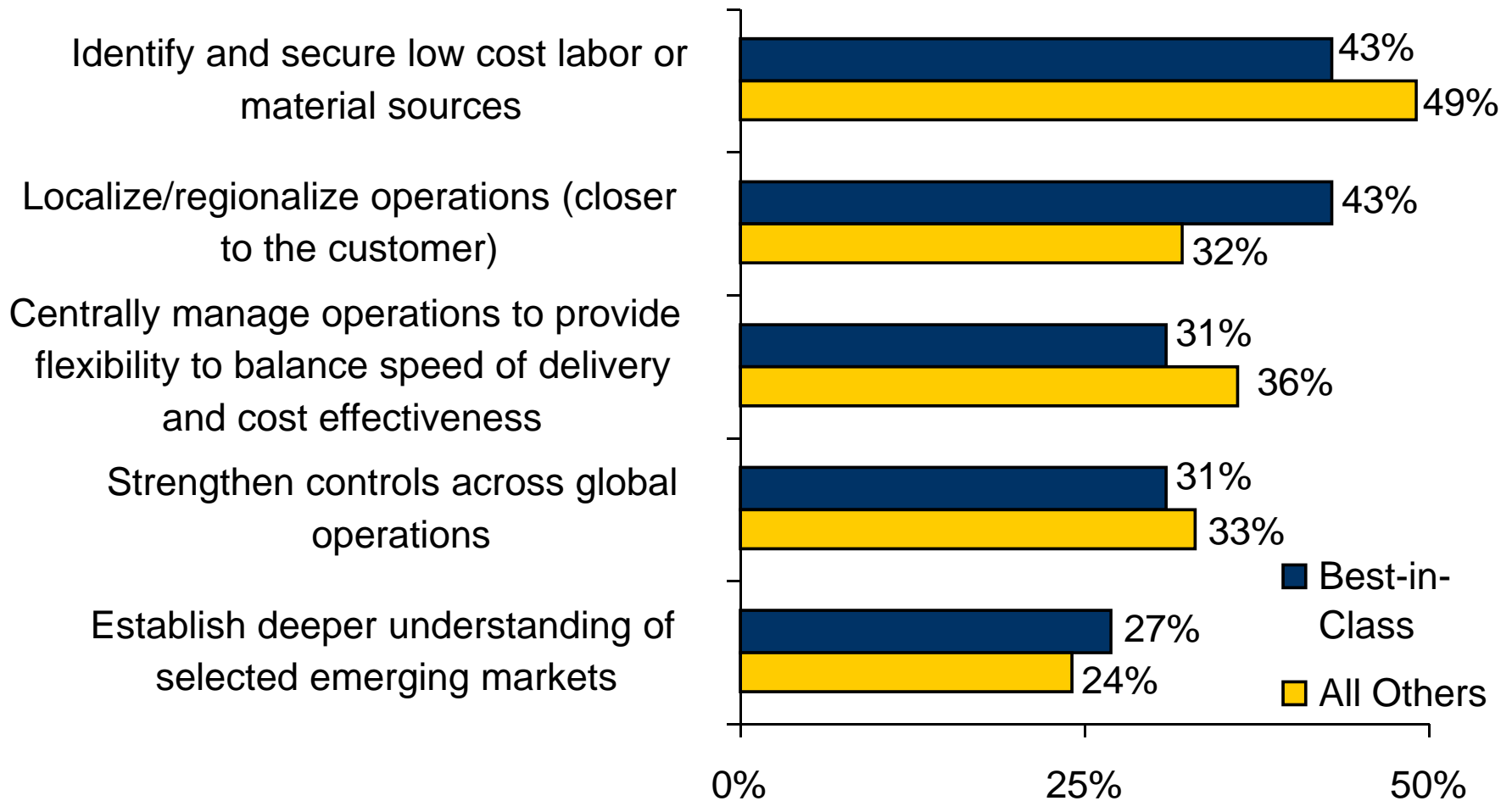
| Definition of Maturity Class | Mean Class Performance |
|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Best-in-Class: Top 20% of aggregate performance scorers</p> | <ul style="list-style-type: none"> ▪ 18% increase in Revenue year over year ▪ 27% of growth is from new international markets ▪ Achieved 75% of plan for growth from new international markets ▪ Achieved 85% of planned cost reduction ▪ 96% Complete and On-time shipments |
| <p>Industry Average: Middle 50% of aggregate performance scorers</p> | <ul style="list-style-type: none"> ▪ 10% increase in Revenue year over year ▪ 20% of growth is from new international markets ▪ Achieved 46% of plan for growth from new international markets ▪ Achieved 39% of planned cost reduction ▪ 91% Complete and On-time shipments |
| <p>Laggard: Bottom 30% of aggregate performance scorers</p> | <ul style="list-style-type: none"> ▪ 4% increase in Revenue year over year ▪ 9% of growth is from new international markets ▪ Achieved 22% of plan for growth from new international markets ▪ Achieved 16% of planned cost reduction ▪ 79% Complete and On-time shipments |

Significance of Challenges

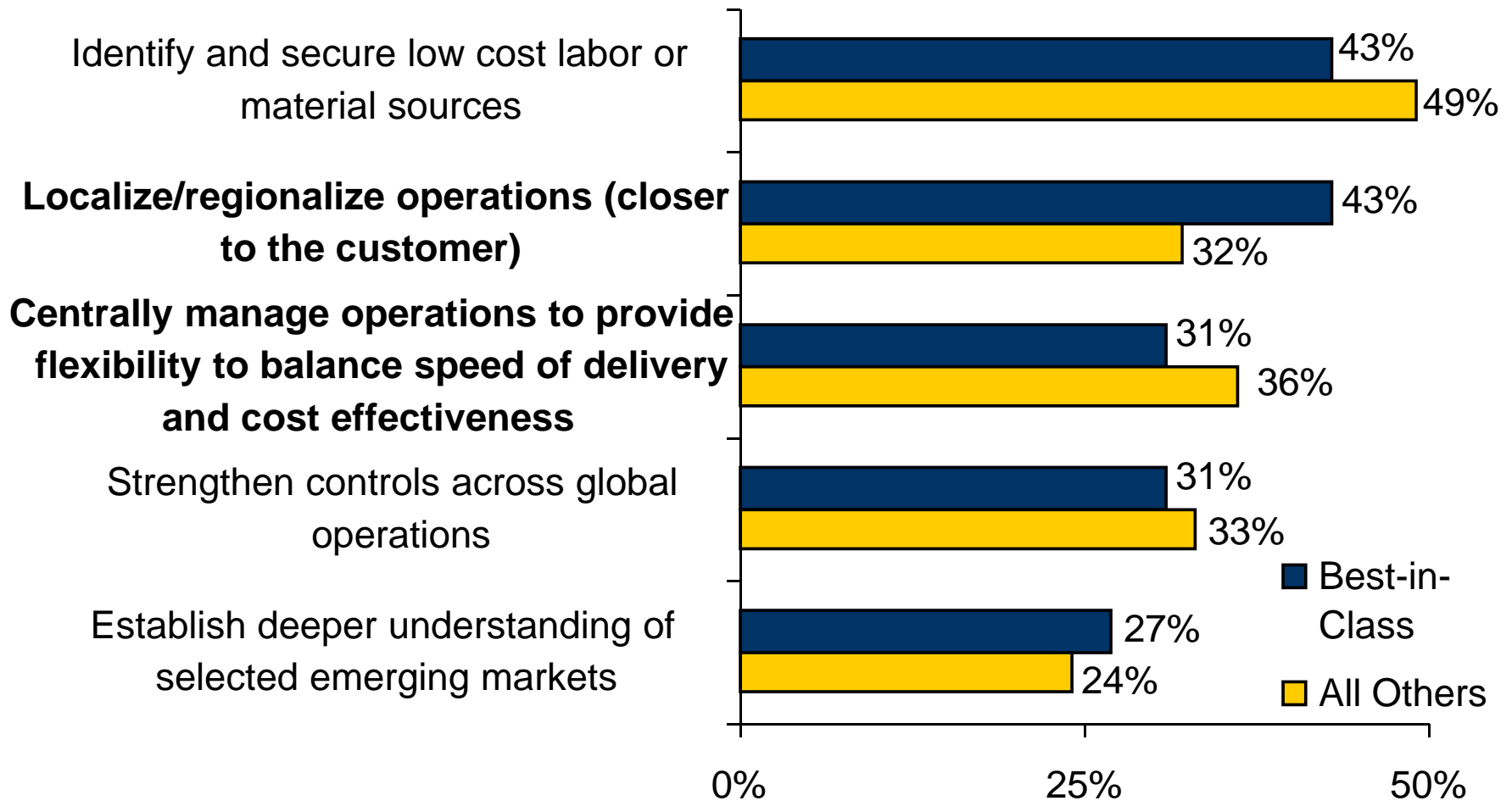
rated on a scale of 1 to 5

- 3.8 Increased supply chain complexity
- 3.7 Assuring quality from suppliers/partners
- 3.7 Increased business risk
- 3.7 Cost savings eroded by transportation costs
- 3.6 Lead times inhibit ability to meet demand
- 3.5 Difficulty in protecting IP
- 3.4 Lack of Visibility into supply chain
- 3.3 Preservation of Brand Equity
- 3.2 Trade-offs – velocity and landed cost

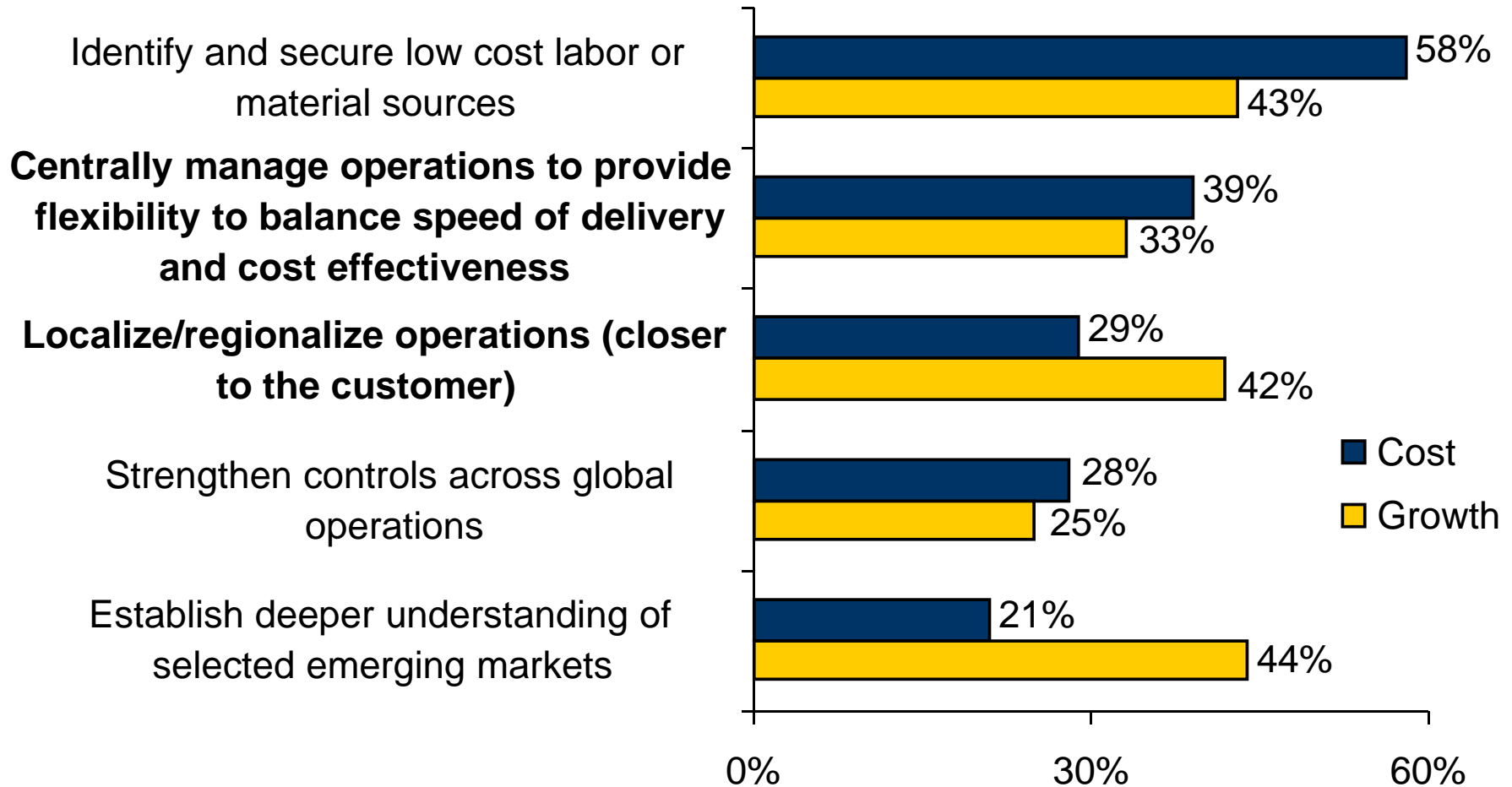
Strategic Actions of Best-in-Class



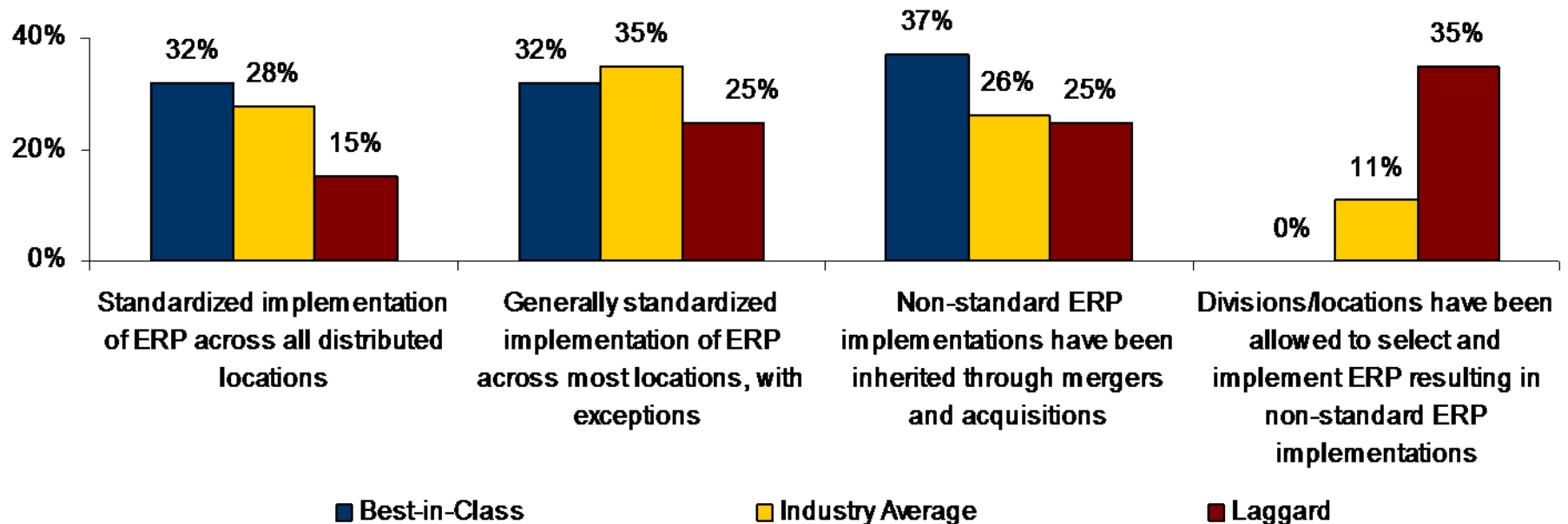
Strategic Actions of Best-in-Class



Strategic Actions by Business Drivers

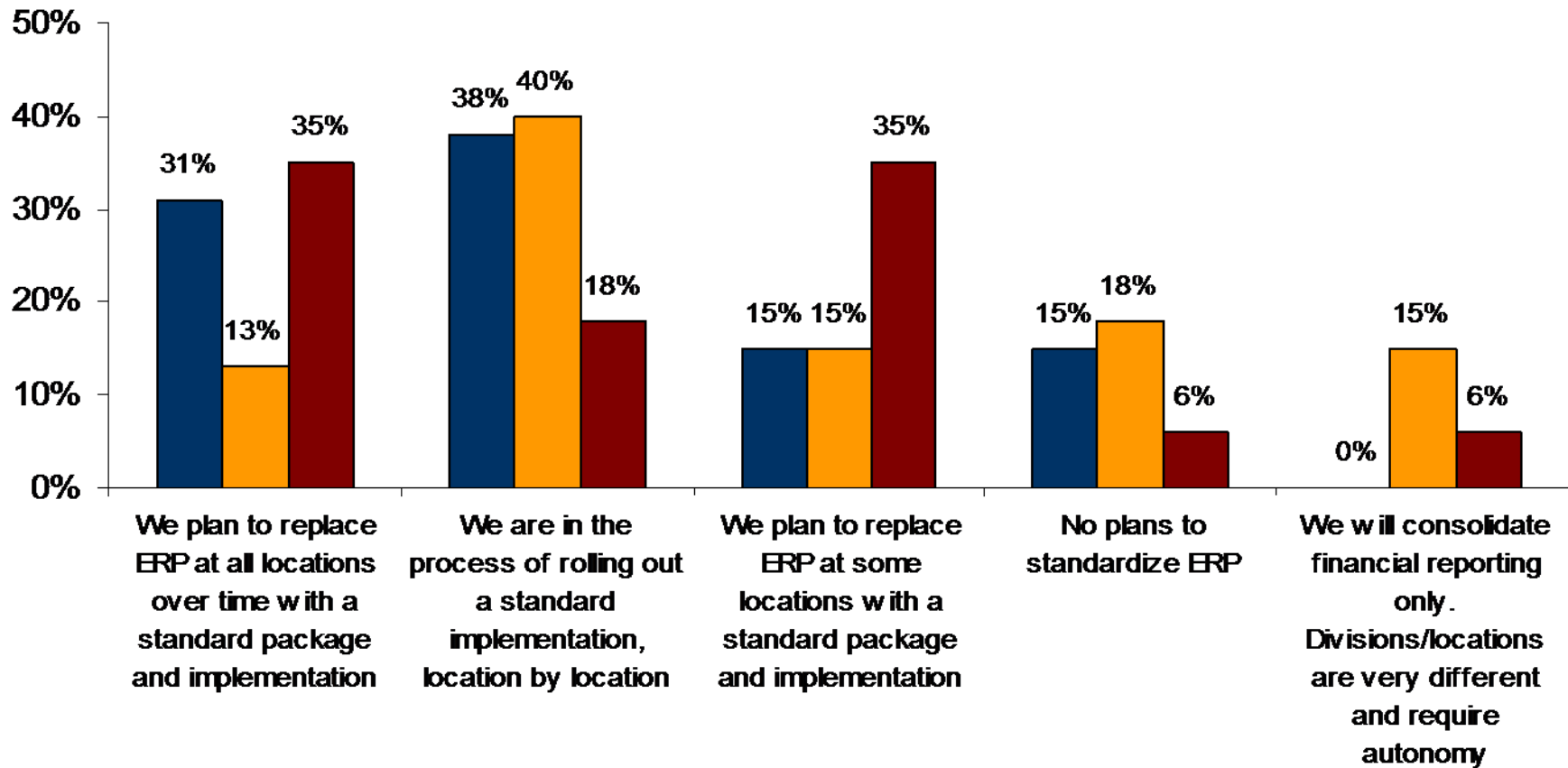


Standardization of ERP



Plans for Standardization

■ Best-in-Class ■ Industry Average ■ Laggard



Prioritization of ERP Global Features *rated on a scale of 1 to 5*

- 3.8 Global consolidation across a multi-site/multi-database implementation
- 3.8 Multi-site planning
- 3.7 Multi-site production capabilities
- 3.7 Multi-site support from a single instance
- 3.5 Multi-national Inter-plant transfers
- 3.5 Multi-national outside processing
- 3.4 Local language end-user support
- 3.4 Localized version in all locations
- 3.3 Local language user interface

Recommended Actions - Laggards

- ❑ Assign ERP ownership to the line of business executive who stands to gain the most benefit from the implementation
- ❑ Formalize and document current processes
- ❑ Keep current on ERP solution providers' latest releases
- ❑ Don't let divisions go off on their own to choose their own ERP

Recommended Actions - Average

- ❑ Evaluate current documented processes, comparing them against functionality and best practices published by the current or proposed ERP solution provider
- ❑ Broaden and deepen use of ERP
- ❑ Take advantage of tools that provide the ability to review summary data and optionally drill down to successive levels of detail
- ❑ Evaluate trade-offs between centrally managed and regional operations

Recommended Actions – Best-in-Class

- ❑ Centralize selected functions using shared services. This is an important option provided by standardizing common business processes across the enterprise
- ❑ Improve real-time visibility to the entire quote to cash process
- ❑ Align ERP strategy with your globalization strategy



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