



Composable ERP

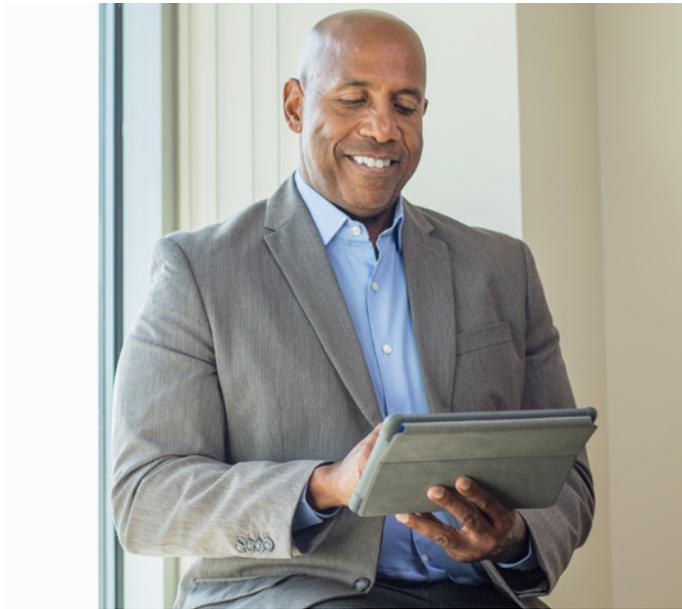
An ERP strategy for a fast-changing world



Syntax Systems is a member of United VARs, which is an SAP Platinum partner

Introduction

The Covid-19 pandemic has certainly affected the business world, impacting supply chains, businesses, workforces, and customers globally. It has also revealed the vulnerability of many organizations' business models. Companies accustomed to operating at peak efficiency have found that embracing flexibility is required in order to respond to changing business conditions, and discovering that their ERP and other systems were too rigid to deliver what they need.



But companies and their CIOs were challenged by their ERP systems even before the pandemic struck, as the accelerating pace of technological change and ever-evolving customer behaviours and demands were already pressuring organizations to be more innovative, adaptable, and agile. Unfortunately, companies adhering to a traditional, 'monolithic' approach to ERP are being held back by vendor-defined restrictions, heavy customization, and significant technology debt. Other organizations have turned to cloud-based services and other applications to augment their ERP systems with new capabilities; however, these 'add-on' services and solutions are only as effective as their integration with core systems, often adding even more complexity.

Innovation, flexibility, and agility will only become more critical to an organization's ability to adapt and thrive in the coming years. CIOs will need to ensure that their organization's ERP systems help the business remain as nimble and responsive as it needs to be. But how?

Composable ERP may be the answer.

Composable ERP: The shape of things to come

Imagine an ERP system that allows organizations to quickly and easily build and rebuild new applications and capabilities as the needs of the business change, swapping them out or removing them entirely as required. That's the basic idea behind composable ERP.¹

Gartner introduced the concept of composable ERP in 2020, positioning it as an evolution of its 'postmodern ERP' concept. Gartner defines composable ERP as "an adaptive technology strategy that enables the foundational administrative and operational digital capabilities for an enterprise to keep up with the pace of business change." This strategy, Gartner writes, delivers both "a core of composable applications and, as a service, software platforms that are highly configurable, interoperable, and flexible, to adapt to future modern technology."

Composable ERP reinforces the importance of thinking about ERP as a technology strategy rather than a product. As a strategy, ERP needs to be continually evaluated and re-evaluated to ensure its portfolio of applications aligns with and facilitates the organization's business objectives. As business needs and objectives changes, the ERP strategy needs to shift accordingly, adding or 'composing' new applications,

'recomposing' existing ones that still have use, and discarding those that are no longer needed as part of an ever-changing 'playlist' of applications and capabilities.

While composable ERP may be a new concept for many organizations, it's garnering significant interest in some sectors. According to research by Boomi, a provider of cloud-based integration platform as a service (iPaaS) technology, 94 percent of manufacturers surveyed are eyeing composable ERP as a way to overcome legacy applications' limitations, modernize their business, and sharpen their competitive edge² — and at least 70 percent of those surveyed say they've begun the ERP modernization effort already. By 2023, asserts Boomi, organizations that have adopted a composable ERP strategy will implement new features 80 percent faster than their competitors.³



¹ Gartner, "The Future of ERP Is Composable." <https://www.gartner.com/en/documents/3991664/the-future-of-erp-is-composable>.

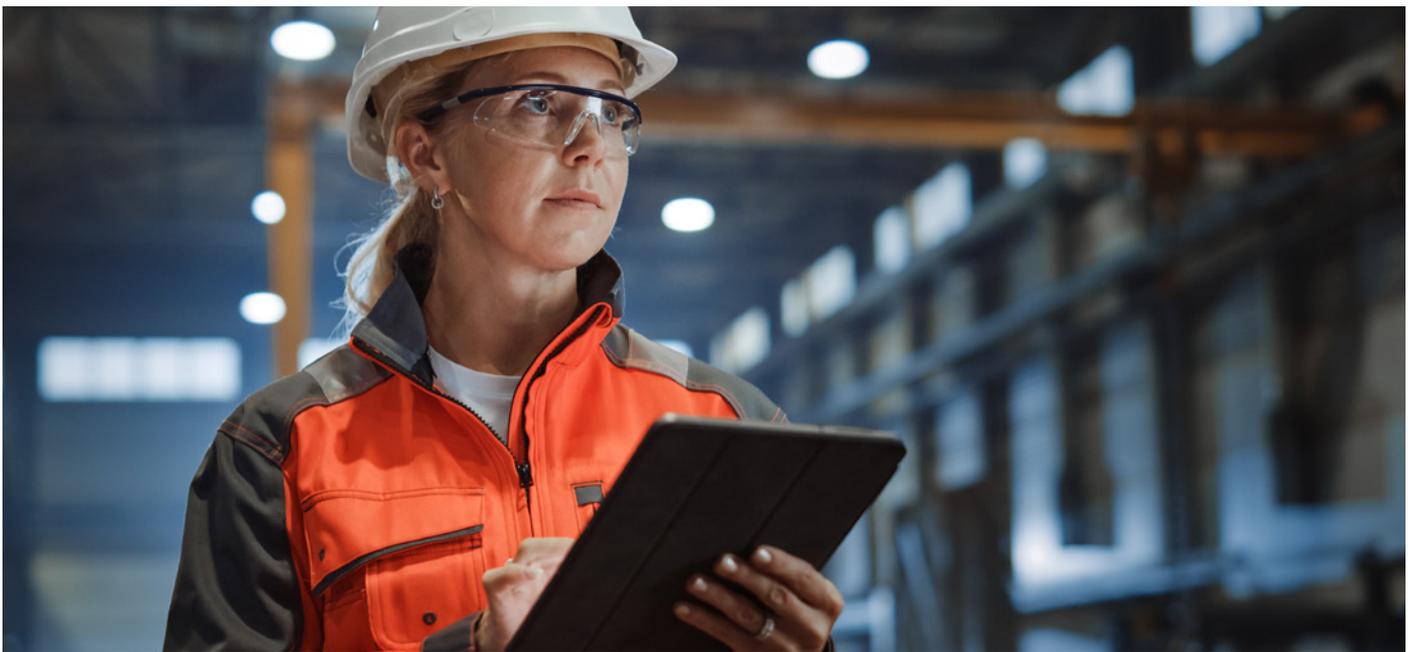
² MachineBuilding.net, "95% of manufacturers in survey turning to composable ERP."

<https://www.machinebuilding.net/95-of-manufacturers-worldwide-turn-to-composable-erp>.

³ Ibid. (See graphic of Boomi ERP Survey 2021.)

Composable ERP and SAP

At Syntax, we believe composable ERP aligns very well with SAP's vision of the Intelligent Enterprise, which takes a federated approach to delivering the applications and capabilities a business needs: S/4HANA provides the core business services, while cloud-based solutions deliver vital but non-core applications.



Today, for example, S/4HANA users can augment the core Human Capital Management functionality with specialized, non-core applications for recruitment, performance evaluation, and more. As the business's needs change, these and other specialized applications can be added, removed, or modified.

Augmenting S/4 HANA's core applications with cloud-based, platform-as-a-service (PaaS), infrastructure-as-a-service (IaaS), and other applications means that the bulk of customization work organizations often require can be done outside the core. As a result, the core stays 'clean', which enables SAP to innovate and update core ERP functionality — and roll out those innovations and updates to its customers — faster and more easily.

Composable ERP offers similar benefits: it allows organizations the freedom to develop, customize, update, replace, or remove highly specific applications and functionalities, rather than undertake a potentially costly and time-consuming overhaul of the overall ERP system. The result? Greater organizational agility and responsiveness as business needs change.

Composable ERP unlocks ways of delivering value that traditional, monolithic, deeply customized ERP suites can't necessarily match. It frees organizations' IT departments to develop and deploy the precise combination of applications required to meet the unique needs of the business, changing them as needed. Do you need multiple cloud services with different vendors to deliver end-to-end processes? Or what about ramping up new applications or services to deal with a new acquisition? Do you no longer need an application used by a division that's been sold? Composable ERP can handle it.

In a composable ERP world, writes Gartner, "the ERP application becomes the maestro that weaves the data and applications together to fulfill the needs of the business. As the business changes and new models are required, the applications are recomposed to deliver the new capabilities."⁴

⁴ Gartner, "The Future of ERP Is Composable." <https://www.gartner.com/en/documents/3991664/the-future-of-erp-is-composable>.

Integration a key challenge with composable ERP

Adopting a composable ERP strategy offers significant potential benefits, but organizations must overcome important challenges to realize them — particularly around integrating the new composable applications so that they work together and share data effectively.

To be sure, ERP vendors have come a long way towards facilitating the integration of new applications through the use of open architectures, APIs, and other technologies — and ERP vendors are also developing improved capabilities for processing events and data in real time, rather than through traditional batch processing. With ERP vendors placing increasing effort into making integration possible, getting those integrations right has never been more important — or valuable — to businesses.

But integration still isn't easy. More than half (58 percent) of those surveyed by Boomi report that they're encountering problems with the complexity of technology integration and maintenance costs, and 40 percent say they're incapable of managing their complex hybrid IT environment. Traditional integration solutions can require costly, time-consuming custom development work, which is why today's IT teams place such a high priority on optimization and automation.

Boomi CEO Chris McNabb notes that the typical organization uses an average of 850 applications — less than a third of which are connected or integrated with one another. "The biggest challenge every business faces today is unifying their increasingly fragmented digital ecosystem so they can create the integrated experiences expected by customers, employees, and partners," he says.⁵ Organizations that effectively integrate and automate processes and data flows will be the best positioned to thrive in the years to come.

Ultimately, the success of an organization's composable ERP strategy will depend on how well different vendors' applications and suites integrate. ERP 'maestros' will need to ensure the applications and suites chosen play well together to deliver the harmonies that businesses, employees, and customers expect.

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The biggest challenge every business faces today is unifying their increasingly fragmented digital ecosystem

⁵ Boomi, "Businesses Are Prioritizing Composable ERP Strategy as Pandemic Accelerates Cloud Migration." <https://www.prnewswire.com/news-releases/businesses-are-prioritizing-composable-erp-strategy-as-pandemic-accelerates-cloud-migration-301293394.html>.

Syntax's perspective

The pace of change has greatly accelerated in the past two or three years, compressing a decade's worth of change into a much shorter span of time. This acceleration is driving companies in all industries to look at new, different ways of doing business – and to become more agile, responsive, and resilient in the face of changing business conditions and customer expectations. Composable ERP provides a strategy for organizations to achieve these goals.

At Syntax, we know that SAP provides organizations with powerful tools to help them manage their business and succeed. However, we also know that not every business process should be built into an ERP suite. What matters is that organizations assemble a whole solution that reflects their specific and unique needs and the business conditions they face today, as well as in the 'near' tomorrow. Businesses should feel empowered to move from their older, less agile, monolithic legacy ERP and adopt a new, more flexible ERP strategy such as S/4HANA with its associated Intelligence Enterprise put forth by Gartner. Business needs to change; ERP strategy needs to change, too.

One of the more promising aspects of composable ERP is that it could enable organizations to innovate more rapidly with respect to developing new capabilities. Using today's no-code or low-code development tools, companies could quickly build – or compose – applications to meet emerging business needs. At the outset, these new composed applications may not be perfect, but they can be refined and 'recomposed' to improve their functionality. More importantly, this work can be done without requiring developers to get under the hood of the core ERP suite.

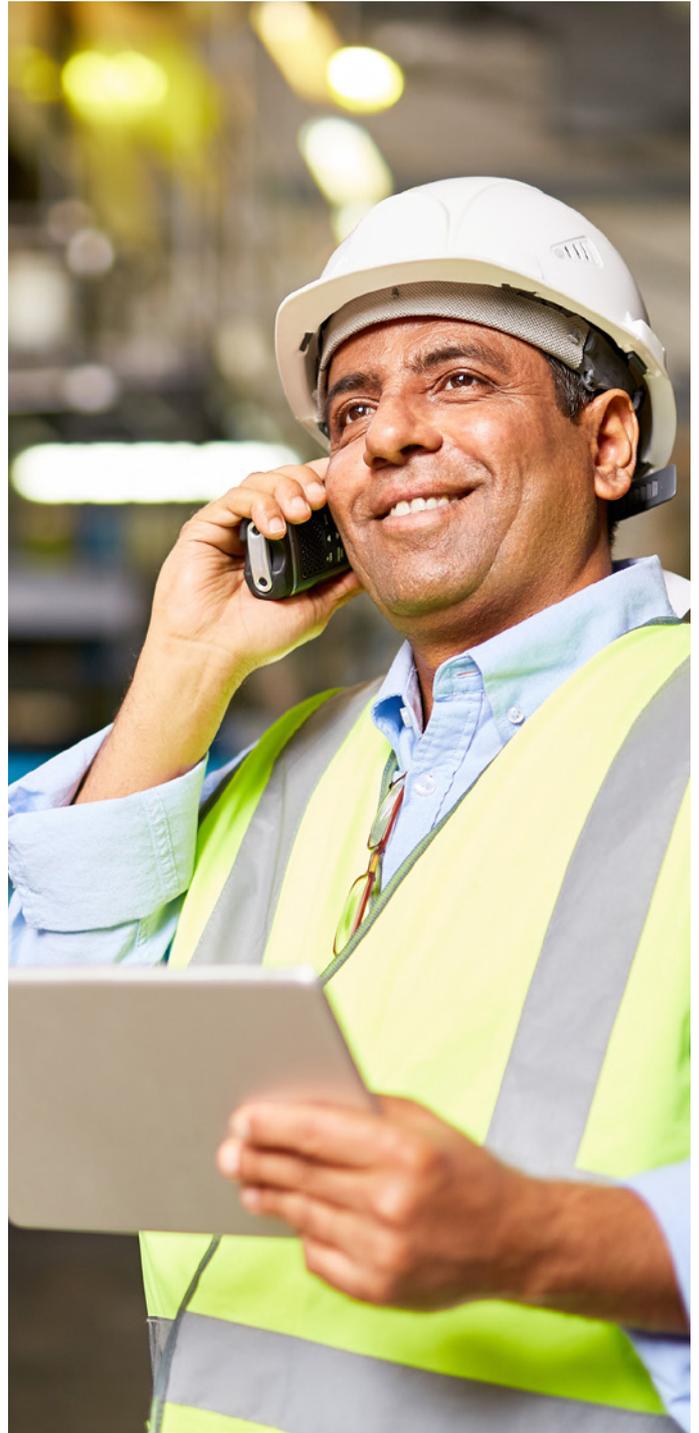


In this way, composable ERP could transform the relationship between companies and their ERP vendors. Traditionally, ERP customers issue a change request, and the vendor's development teams moves into action. Providing customers' IT teams with the tools and skills to update or tinker with non-core applications would enable vendors to better triage customers' ERP change requests and get involved only when absolutely required — and to the extent required. This could enable ERP customers to reduce change-related development costs while implementing those changes more quickly than ever.

However, while the low-code or no-code technologies and applications that would enable ERP customers to take a DIY approach to composing and recomposing new capabilities show a great deal of promise, they certainly have their limits. In Syntax's experience, these low-code and no-code tools and applications can fall short when faced with more sophisticated or complex business needs.

For instance: An organization's IT team successfully develops a composable application to meet a specific requirement of the business, using low-code or no-code technologies. But then the business decides the new application must be available offline, as well. That raises a host of issues and introduces far more complexity: How will data be transmitted and synchronized? How will application updates be pushed out? How will the IT team handle change management overall? Complex matters such as these can quickly overwhelm the capabilities of the organization's IT team and the development technologies they're leveraging. In cases such as these, organizations may be required to rely on the experience and resources of their ERP vendor to successfully meet the needs of the business.

Additionally, composable ERP is positioned as a strategy to help organizations be more innovative. But adopting a new ERP strategy won't, in itself, make a company more innovative. Organizations must keep innovation top of mind to realize composable ERP's full potential. Because composable ERP requires organizations to not just respond to the challenges and opportunities that arise as business conditions evolve; they need to anticipate those challenges and opportunities, too, continuously scanning the horizon for what's coming. Composable ERP also demands that organizations are comfortable with experimentation, trial and error, and the reality that new ideas don't always play out as originally hoped.



Interested in composable ERP? Here's what you can do today

Is composable ERP part of your organization's future? Yes – at least in some form – though how quickly organizations embrace the new approach will undoubtedly be influenced by where they happen to be in the ERP sales cycle. Organizations eager to move away from older, more monolithic ERP installations may be some of the first to adopt a composable strategy.

For SAP customers, we believe that S/4HANA and Intelligent Enterprise offers the flexibility that's so central to composable ERP, along with the capability to build application for the business.

CIOs interested in composable ERP can take action now to prepare for a new, composable future. The first step is to obtain licences for various business technology platforms and understand the technology available on each platform. Next, consider how to upskill your existing IT workforce so that it has the skills and knowledge needed to compose, recompose, and integrate the small, specific, highly tailored applications that are core to composable ERP. Also, look forward constantly

in order to anticipate the solutions you need to address today's business challenges – and tomorrow's.

There's no reason organizations can't begin to experiment with composable ERP-type solutions today. Is part of the business dealing with an important, 'must-solve' issue? Bring IT and the business together to explore the issue and potential solutions from all angles. Determine if the value delivered justifies the time and cost of development, and then decide whether to do that development work in-house or team up with your ERP vendor instead. Start small and move quickly, building, testing, and refining the application iteratively, rather than aiming for perfection from the start.



Composable ERP is coming – in some form. Syntax is here to help



The world is changing fast, and ERP is changing along with it. Composable ERP offers a vision of what the future of ERP could be, and it's a strategy that's capturing the imagination of companies around the world. Syntax is ready to help your organization embrace this new vision of ERP, using the power of SAP to become more innovative, responsive, agile, and successful.

**Ready to move forward?
Contact us today.**



Why Syntax

Syntax provides comprehensive technology solutions and trusted professional, advisory, and application management services to power businesses' mission-critical applications in the cloud. With 50 years of experience, 700+ customers, and over 2,700 employees around the world, Syntax has deep expertise in implementing and

managing multi-ERP deployments in secure private, public, or hybrid environments. Syntax partners with SAP, Oracle, AWS, Microsoft and other global technology leaders to ensure customers' applications are seamless, secure and at the forefront of enterprise technology innovation.

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