

FOOD AND BEVERAGE MANUFACTURERS UPDATE ERP TO ENSURE QUALITY AND COMPLIANCE

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Top performers take advantage of capabilities contained within their ERP solution's most current release to improve traceability and process standards.

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Keeping Current Keeps You Compliant

Aberdeen's *[Don't Be Caught Off Guard: Proactively Manage Food Safety and Compliance with Integrated ERP](#)* identified the top challenges facing food and beverage manufacturers today (Figure 1).

Figure 1: Compliance and Safety Pressures from Customers and Regulators



Source: Aberdeen Group, April 2016

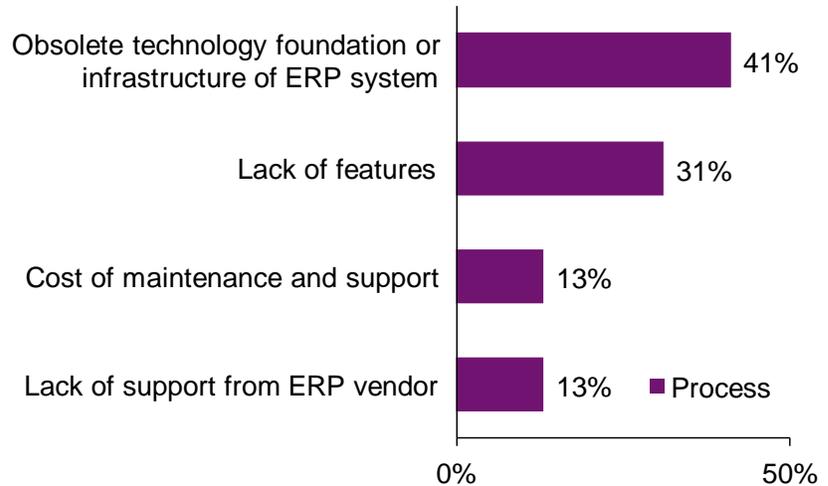
Survey takers were asked to select their “top two” pressures. In food and beverage manufacturing, regulatory requirements that are frequently changing are the most significant. For example, the Food Safety Modernization Act is a relatively recent, and evolving, mandate that requires manufacturers to focus on preventing contamination rather than simply containing it. This caused manufacturers to significantly change how they design products and acquire materials. Concurrently, global standards designed to improve visibility in supply chains across a worldwide, and varied, landscape are frequently changing, requiring updates to reports and processes. Not only do these concerns bring the potential of the negative impact of noncompliance such as fines and reputation, but also the potential cost of change to operations and technology.

At the same time, food and beverage manufacturers are wary of the demands of their customers. Increased competition makes quality and safety competitive differentiators, but at the same time the risk of a damaged reputation due to noncompliance and recalls is substantial. Therefore, food and beverage manufacturers have additional pressure beyond regulatory compliance to do all they can to proactively manage compliance and provide visibility internally and externally.

Like all other manufacturers, food and beverage manufacturers look to their Enterprise Resource Planning (ERP) solutions in order to meet their challenges. These solutions help to enforce process standards, provide visibility, and contain functionality that enables capabilities that directly support organizational needs. ERP is the foundation of organizational success; therefore, it is of utmost importance that a food and beverage manufacturer’s ERP solution supports them effectively. Unfortunately, this is not always the case. Sometimes, organizations find that their ERP solution no longer fits their needs and a change must be made.

Data collected for Aberdeen's *Agility and Communication in the Cloud: Top Manufacturers Stay on Top of ERP Updates* uncovered the reasons that process manufacturers replace their ERP solutions (Figure 2).

Figure 2: Why Replace?



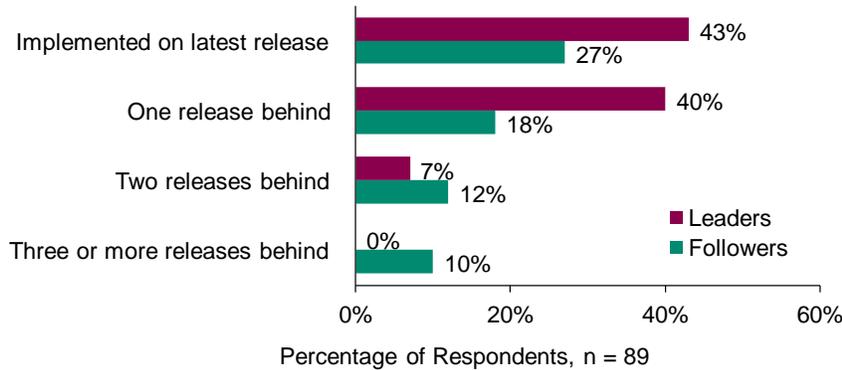
Percentage of Respondents, n = 33

Source: Aberdeen Group, April 2016

In many cases, process manufacturers find that their ERP solution can no longer support them due to obsolete technology or a lack of features. In fact, Leading manufacturers understand the pitfalls of obsolete technology. Old solutions may not support new best practices for product traceability and quality; emerging technology such as social, mobile, cloud, or analytics; as well as ever changing regulatory requirements. This leaves these organizations with two choices. Either wholly replace their ERP or stay updated on the most current version of their existing solution. Either way, it is most important to ensure that the technology being used is up-to-date, and contains all of the features essential to running the business. Tellingly, Leaders are more likely to take advantage of available upgrades to their business systems (Figure 3). On the other hand, Followers are more likely to be two or more releases behind. Implementing a

new solution or upgrading an existing one is a way to ensure that technology is up-to-date and effective.

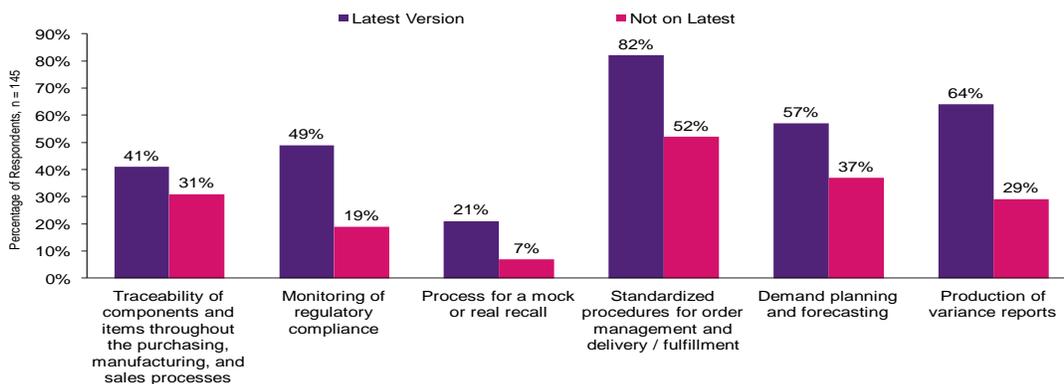
Figure 3: Leaders Stay Updated



Source: Aberdeen Group, April 2016

So why would a food and beverage manufacturer choose to upgrade their existing solutions? When polled, the number one reason that these organizations cited for upgrading their solutions is the need to take advantage of new functionality. In order to understand how this can benefit your organization, study the differences between those on the latest version of their ERP in comparison to those not on the latest version as found in data collected for Aberdeen’s *The Fear of Being Left Out: What’s Your ERP Upgrade Strategy?* (Figure 4).

Figure 4: Upgraded Solutions Enable Food and Beverage Capabilities



Source: Aberdeen Group, April 2016

Those on the latest version of their ERP are more likely than those that are not to have capabilities that directly combat the challenges that food and beverage manufacturers face today. For example, when it comes to compliance and quality, those on the latest version are more likely to have capabilities that enhance traceability, which is a core competency that enables compliance monitoring, and enables the ability to do recalls. These are essential capabilities for ensuring that quality standards are met, the customer satisfaction is met, and that fines and damaged reputations are avoided.

Further, the best practices contained within updated ERP solutions make for more efficient and effective operations and decision-making. For example, not only are those on the latest version better able to standardize delivery, but they are also more effective at demand planning and forecasting. Since these organizations have better visibility and process standards, they can better manage their inventory to meet customer needs. These capabilities directly combat the competitive and demand pressures that were noted earlier.

In a competitive environment with volatile regulatory conditions, food and beverage manufacturers need to rely on an ERP solution that will support them through change. Top performers ensure that their business solutions are implemented on the most recent version. This ensures that they have all of the tools they need to compete in the modern environment.

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