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RESEARCH

# THE VALUE OF UPGRADING FROM JD EDWARDS TO ORACLE CLOUD ERP

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## THE BOTTOM LINE

As industry standards, technological capabilities, and customer expectations have evolved, more and more companies are looking to modernize information technology (IT) stacks and transition their workloads and applications to the cloud. With improved internet speed and connectivity, mission-critical applications for enterprise resource planning (ERP) have gradually been transferred to the cloud, enabling finance and operations teams to leverage new capabilities and benefits such as increased ability to access and share information, and access to the application anywhere, from any device via the internet. Nucleus interviewed Oracle JD Edwards customers and partners that have migrated their on-premises ERP deployments to Oracle Fusion Cloud ERP to understand the use cases and benefits.

## OVERVIEW

There are a number of underlying trends driving the most recent wave of enterprise resource planning (ERP) deployment migrations to the cloud. Organizations now recognize the value and importance of data and analytics for decision making, and the siloed information inherent to legacy on-premises setups do not contribute to fast or efficient operations, particularly when data from multiple departments are required. Additionally, work has decentralized from the office and it is critical for companies to equip their workers with the tools to drive results from remote locations. The lower total cost of ownership (TCO) of cloud solutions compared to internally managed on-premises deployments, combined with improved security, automatic updates and reduced downtime in the cloud further demonstrate the validity of the strategy (Nucleus Research s132 – *The cloud benefits companies of any size* – September 2018).

Customers must also be cognizant of how overall investment trends will affect their short-run and long-term information technology (IT) strategies. Business applications vendors are more actively prioritizing their investments in cloud systems and applications as the value propositions of those technologies become stronger. Nucleus believes that cloud investments have surpassed on-premises development plans within vendor roadmaps for some time now and the best path to longstanding value is to adopt cloud solutions wherever possible.

As companies undertake technology modernization and digital transformation initiatives, taking a phased approach and moving applications to the cloud in a strategic manner is instrumental to the success of the initiative. Nucleus has built a framework for assessing the potential value of a technology project based on breadth, repeatability, risk, collaboration, and knowledge. Using this framework in conjunction with JD Edwards and Oracle Fusion Cloud ERP customer feedback, Nucleus identified the advantages and key benefit areas of transitioning JD Edwards workloads to Oracle Cloud ERP implementations.

## WHY ORACLE FUSION CLOUD ERP

From interviewing Oracle Cloud ERP customers and partners who migrated away from JD Edwards deployments, Nucleus identified four areas that companies cited as key factors in the decision: reducing risk and IT complexity, increasing overall business agility with remote access, improved collaboration, and breaking down departmental silos by unifying business applications on a single platform.

## REDUCED RISK AND IT COMPLEXITY

Eliminating the costs associated with maintaining an on-premises deployment was the primary factor for the majority of interviewed customers. Companies were able to eliminate some hardware costs—the cost of purchasing and running servers, the cost of the electricity to power the servers and cool the data center, and the cost of some dedicated staff whose responsibilities included managing the system, building out custom feature requests, reporting, and installing updates. Keeping up with update schedules for multiple solutions often becomes overwhelming, and it's all too easy for a company to end up multiple versions behind. This “technology debt” can lead to a chaotic inventory of systems which both forces organizations to rely on outdated technologies and inhibits efforts to modernize operations and strategies.

Transitioning JD Edwards implementations to Oracle Cloud ERP eliminates the hard costs of managing the infrastructure and allows organizations to restructure the IT teams to pursue value-add work with the reduced administrative responsibilities. Additionally, the migration outsources the application security and performance management from the customer to Oracle; with industry-leading cloud security and reduced downtime, migrating to Oracle Cloud ERP delivers an improvement to both security and availability compared to legacy on-premises deployments.

## INCREASED BUSINESS AGILITY

Cloud technology enables greater responsiveness and increased overall business agility. With Oracle Cloud ERP, customers can access ERP data from anywhere via the web and mobile apps, allowing users to have real-time access to current data. Additionally, users can create new dashboards or reports natively in Oracle Cloud ERP without needing to push a request to IT—this allows users to ask questions and dig down into data, resulting in more streamlined operations and higher close rates. One company was able to reduce the number of requests for reports or analysis to IT by 50 percent in the first year of moving to the cloud from the self-service tools and easy-to-use interface of Oracle Cloud ERP.

## CENTRALIZED BUSINESS APPLICATIONS

The legacy model of manually integrating multiple point solutions is inefficient, costly, and can lead to gaps in visibility where insights are missed, and operations are misunderstood. Current best practices emphasize a platform approach to eliminate silos and consolidate data. This model comes with its own associated challenges like indexing the data and governing access; however, it enables more sophisticated, cross-departmental analyses, increases high-level visibility to the state of the business, and reduces the overall system complexity to help cut costs in IT. Adopting a platform-based approach in the cloud is top-

of-mind for many customers, and solutions like Oracle Cloud ERP lend themselves well toward this type of migration.

## KEY BENEFITS

Nucleus spoke with JD Edwards customers who transitioned to Oracle Cloud ERP deployments and identified the following key benefits:

### REDUCED COSTS

By transitioning from an on-premises legacy system to Oracle's cloud platform, customers have reduced operational costs from eliminated equipment and related IT department resources. Customers no longer have to maintain on-premises hardware nor manage internal applications including system updates and integration with legacy systems. The reduction in customer-side responsibilities, including the elimination of security management, also leads to further cost savings as the associated headcount is reduced or redeployed.

### IMPROVED INFORMATION SHARING AND DATA ACCESS

Oracle Cloud ERP breaks down departmental silos and separate databases from legacy solutions to grant cross-departmental visibility to customer data. On the cloud platform, sales service and marketing teams can collaborate to deliver seamless personalized customer experiences, resulting in more productive customer interactions. An inclusive data system also enables holistic analytics and cross-departmental reporting.

### IMPROVED DATA-DRIVEN DECISION MAKING

Oracle Cloud ERP manages and unifies data for ad-hoc and custom reporting via easy-to-use applications, reducing the need for costly training and dedicated personnel costs. With access to unified data, customers can generate more sophisticated reports and make more educated data-driven decisions to drive business changes. Oracle's continued investments in new functionalities and infrastructure developments also contribute to customers driving long-term value from their Cloud ERP deployments.

### INCREASED USER PRODUCTIVITY

Access to Oracle's solution via the internet enables users to reach the platform and company information on the go with mobile devices or any computer with an internet

connection. Operations employees save time from generating reports and searching data since information is readily accessible on Oracle Cloud ERP, thus eliminating the time-consuming process of using a dedicated system to query data. Furthermore, IT time previously allocated to managing security, implementing updates, and performing routine system maintenance can be redeployed for other value-add tasks.

## CUSTOMER PROFILES

### ENTERTAINMENT AND MEDIA ORGANIZATION

An entertainment and media organization was using a long-standing implementation of Oracle JD Edwards as its centralized system of record. However, the company was forced to set up separate instances of the solution for each of its three divisions and as a result, had to reconcile and work with three sets of financial and operational data at all times. The resulting set up worked well for over a decade but started to fall behind as the company deployed other enterprise applications and began working towards merging two of its divisions into one entity. System upgrades were both complex and time-consuming as they had to be rolled out to a wide range of third-party data connectors before regular operations could resume.

The company wanted to consolidate its enterprise application ecosystem in a way that would both align with its forthcoming organizational changes and drive long-term value from modern cloud technology. After a thorough evaluation period, the company selected Oracle Cloud ERP because of its extensive support for complex financial structures and native integrations with external systems. The company also felt that Oracle Cloud ERP had the best approach for managing its application and data security.

The organization is still in the process of finalizing its implementation Oracle Cloud ERP but has already begun eliminating the costs associated with maintaining its on-premises deployments. Quarterly updates are rolled out automatically and employees have more flexibility to analyze data and carry out higher value-add work. The company plans to broaden the deployment's scope to additional divisions as part of an ongoing campaign to standardize its internal operations, which it could not have done within its on-premises JD Edwards deployment. The resulting changes will both decrease enterprise application costs and enable the organization to adopt new ERP capabilities as they are released to drive additional long-term value.

## ALTERNATIVE ENERGY PROVIDER

An alternative energy provider was running an old version of JD Edwards as its ERP system which could not provide timely access to company data during its monthly financial close. The company invested in a third-party solution to complete its work but was still in danger of missing its deadlines. Employees were constrained by the legacy software's inefficient workflows and could not complete required reporting on a timely basis. The organization also saw an opportunity to consolidate its IT costs by moving its ERP solution the cloud, which would allow it focus additional resources on other more valuable activities.

The company assessed numerous ERP solutions but quickly focused on a short list of three options that provided the best combination of functionality support and cloud delivery. The organization ultimately selected Oracle Cloud ERP because of the solution's broad support for data integrations with external enterprise applications. The company needed its new ERP system to work quickly within its existing operational environment while also providing employees with greater flexibility to carry out their own work without needing a supervisor's confirmation.

The company went live on its deployment of Oracle Cloud ERP in mid-2020 and has begun the process of democratizing reporting capabilities to a wider group within its employee base. The company expects to accelerate its month-end closing process by up to 40% as its employees learn more about the new system and optimize their current workflows to increase their productivity and drive additional value. Replacing JD Edwards with Oracle Cloud ERP required a large amount of upfront investment, but the company views the upgrade as a necessary component of its long-term success.