How **Cloud-based Software** is Disrupting Traditional ERP Practices?

EBOOK

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Introduction

The first ERP systems emerged in the industry in the 1990s to help construction companies focus on areas such as planning, inventory, project management, purchasing, and finance, all under a single roof— offering an "all-in-one" solution. On the other hand, on-premise ERP systems still hold massive value in their recorded data archives and customizations.

Additionally, ERP systems also have a lot of pressure regarding server maintenance, software, and hardware advancements, and bucks and time spent data re-entry and repetitive manual processes.

Companies are willing to refine processes to equip the ERP system and finance ongoing training of IT staff and system users. If the system is installed on-premises, extra hardware may be required.

Today, cloud-based platforms rapidly acquire market share due to their lower maintenance costs, quicker time to value, scalability and integrations, and mobile solutions.

Typically, ERP solutions are based on the idea that one software vendor can handle your complete technology stack. It is an unrealistic expectation when you consider the intricacies and quirks that can live in individual construction project units and various other segments.

One of construction firms' most significant pain points is integrating different point solutions needed to operate multiple facets of construction management.

From managing payroll and accounting to operations and scheduling, construction firms with ERPs are pushed to cover an extensive selection of applications without the possibility for data exchange and scalability.

Business owners buy added solutions from other vendors because, for example, the ERP's package is valuable for human resources, progress claim tracking, accounting, and inventory control but inadequate for sharing and marking-up project plans on the site.

Most of the software solutions aren't integrated with each other. They require more user credentials with distinct user interfaces and workflows that drive more organizational work for teams. These one-off software solutions eventually bring you back to the starting point.

Still, instead of operating on scattered email communications and spreadsheets, you're attempting to streamline siloed applications that yield multiple data points. These data points don't communicate with one another—leaving you with no single space for data.

You're stuck with redundant and frequently inconsistent information that must be reconciled for each transaction. As a result, companies try to build individual point-to-point interfaces that connect each independent system—creating an even more complex jumble of messy integrations.

If you get stuck with duplicate and often conflicting information, it must be reconciled for every transaction. As a result, companies try to create unique point-to-point interfaces that connect individually independent systems—constructing complex chaos of confused integrations.

This is why shifting to a cloud-based platform like ProjectPro has become essential to creating the next generation of software solutions. Each piece of software works as a single cohesive system to track the construction process. Manage everything seamlessly from the initial planning phases to completion and even post-project management.

Unfortunately, siloed information and software's incapacity to integrate often cause ample rework and mismanaged budgets. Contractors are forced to support redundant and conflicting information across numerous solutions with no place to turn for a solid repository of up-to-date data.

Disadvantages of Using an Outdated ERP Method

Since the Industrial Revolution started, there has been no turning back for the construction companies that have evolved into more extensive and more complicated organizations with time.

Driving them was challenging, as the resources multiplied and the complex structure became further complicated. The need of the hour was to simplify these rather intricate operations, scattered apart into different interdependent modules.

To manage these intricacies, Enterprise Resource Planning Software came into the picture as the technology was invented in the late 1980s. It was a trajectory that helped the companies manage their tasks online using desktops and maintain proper records of every activity.

What made it even more prosperous was the acceptance that desktops and the internet achieved in the market. ERP became ubiquitous in industrial geography during those times.

Gradually, the localized ERP software unexpectedly failed in managing the construction projects that were no longer localized. The desktop-based ERP software, which is in use in many places, cannot deliver as thoroughly as desired. Since other technologies expanded, desktop-based ERP systems were left behind in the race to be beat.

Let us emphasize some of the critical disadvantages that have made traditional desktop-based ERP software leave the market and be replaced with cutting-edge cloud-based ERP software.

• Location limitations

Construction businesses are expanding and are no longer confined to a particular location. With the internet, as companies have got the opportunity to go globally, they have arisen from current location borders that restricted them to precise locations.

Amidst this, localized ERP software has become a notable shortcoming, as it cannot be used across several locations of the same construction company. Whenever you wish to go through the records, they need to be sent over email, making it a time-consuming job to manage the resource control centrally.

This creates a gap in the construction organization between the on-site and office teams, posing difficulty in managing them on a central administrative level.
With a cloud-based ERP, one can efficiently manage resources via a central cloud-based system that can be accessed across the globe.

• Poor scalability

Desktop-based ERP software is hard to scale because every time It is to be scaled, it needs reconfiguration. This is time-intensive and makes it challenging for expanding construction companies to keep up their operations seamlessly in the fast-paced economy.

The contractors give a lot of effort to the growth, and one can witness a lot of contractors scaling their operations. This illustrates that the demand for scalability is essential and must be fulfilled instantly. It would help construction companies to hold on to a powerful position in the dynamic industry, that is rapidly growing.

The software must be effortless to scale and seamlessly yield to the business needs of growth without any hassle.

On the other hand, cloud-based ERP software makes scaling a breeze, where you can run your operations as and when you need them without worrying about ongoing operations.

• Costlier

Desktop-based ERP software is expensive for the company as it needs to be installed at every site where it operates. Their lower flexibility also adds to the cost, as they ought to be reconfigured every time a modification is required. In addition, they consume a lot of resources, which is expensive for the construction company.

Cloud-based ERP systems, on the other hand, are much more cost-efficient, as their resource needs are low and they offer excellent flexibility.

• Improper Resource Utilization

Desktop-based ERP software has more resource needs as they need real desktops to operate the system, which increases every time you plan to grow.

Cloud-based ERP systems use cloud resources smartly without stressing the company with resource needs.

Use ERP & Cloud-based Platform Altogether

Every facet of the construction business involves working with others. Because of this, ERP systems are ineffective when it comes to collaboration, as they were never made to work with teams. A construction project can only move as quickly as the decision-making process of its team associates. Thus, site teams' restricted access to project data dynamically hinders the communication and collaboration required for timely decision-making and judgment calls.

Site teams need accurate data and complete accessibility to that data—for all projects. Numerous construction companies considering the latest technology think it has to be one key or the other: a dedicated Tier 1 ERP system or cloud-based platform. But this is not correct. You can have the best of both.

Keep your ERP system running with business-critical applications with specific requirements or technical restrictions. With proper control and data centers, invest in a cloud-based platform to break through the longstanding drawbacks of your ERP systems by providing complete agility.

When you choose a cloud-based platform, you will be able to:
- Provide a centralized information source
- Connect all of your team and applications
- Enable all the involved parties to plan and execute concurrently—all in real-time.

This will enable your team to collaborate seamlessly and share data more widely, quickly, consistently, and transparently. It will be less dependent on proprietary hardware or software.

With a cloud-based platform created for mobile site use, you can integrate solutions, efficiently reusing data created in one application to colonize data fields in other applications—sidestepping extravagant double entries.

With data hovering voluntarily between devices, systems, and software applications within a construction business, qualified employees and leaders will have real-time access to the latest data across their procedures.

Moreover, with connected and aggregated data, company executives can pull business intelligence—helping them make better, more knowledgeable decisions.

For the first time in the narrative, the construction life cycle has the prospect of being suitable and effortlessly predictive. Imagine knowing you could accurately predict next year's profits before you begin a single building or controlling accidents before they occur. That's the type of predictability the platform offers.

Benefits of Using Cloud ERP Solutions

Construction companies are revamping their business models, processes, and involvement within the industry as they grow and adapt. Organizations rely on real-time collaboration and data exchange platforms for the necessary business growth.

1. Reasonable Implementation

One of the most prominent compelling aspects of Cloud ERP is its precise and inexpensive implementation.

With cloud ERP, there's no need to purchase all that costly hardware to manage your data like you would with an on-premise system. You also won't need to spend the employee hours required to maintain that hardware as the vendor takes care of it.

These two factors combined ensure that a cloud ERP implementation won't impact your budget, so you can use that money to improve your business.

2. Improved Productivity

With an easy implementation comes improved productivity. With cloud ERP systems, you have much less downtime. This implies you can do business as usual rather than placing your processes on hold while your system gets up and operating.

Cloud ERP also allows for a more significant degree of automation. Since the data is stored and accessible in the cloud, strategies like online order management can consistently have the most recent figures for things like inventory.

This relieves the need to copy and paste data from one source to another and encourages a unique customer experience.

3. Better Accessibility

Cloud ERP permits your employees to discover information whenever and wherever they need it – all they need is a device with an internet connection.
For instance, your sales department could access order statuses, inventory levels, and more, all while on the go. They won't have to stress about their data being up to date either since all data is revised and uploaded to the cloud in real time.

There's also no requirement to stress about misplaced or stolen data if it needs to be accessed beyond the office since no data needs to be stored locally on an individual's device. Every user also has a password-protected account, so your whole construction project doesn't have to be lost when that laptop backpack gets lost at the airport.

4. Complete Security

We understand that giving up control and switching to cloud ERP can be difficult. The data you keep in an ERP system is important to your business, and delegating it to someone outside your business is a decisive step. But don't be upset; the cloud ERP systems are highly secure.

Cloud ERP vendors have rigorous expectations for their security, and most offer better security services than most construction companies could afford in-house. Vendors are held accountable by numerous customers who have entrusted their data to the cloud, and that's good news for your construction business because it means there won't be any cut corners when it comes to keeping your data safe.

5. Grows with your Business

If your construction business is growing or you need more computing power at specific times of the year, cloud ERP can assist you.

Cloud ERP can quickly scale up and down, relying on your business needs, so you don't have to re-implement every time something varies.

Conclusion

With the significant disadvantages of the traditional desktop-based ERP software, it is essential that construction companies see-through to better opportunities for a way forward that can help them come up with robust solutions.

Cloud-based ERP solutions enable contractors to go ahead and overcome these drawbacks.

If you are suffering from the drawbacks of desktop-based ERP software, it is the right time to look forward to a cloud-based ERP solution that could assist you in accomplishing better.

The cloud adoption trend will continue to be popular across the construction industry. It also creates new opportunities for experts to adapt to current changes to reap its advantages, keep up with the growing tech environment, and stay relevant in the cloud computing space.

About ProjectPro

ProjectPro is a division of Netsmartz LLC global group of companies. ProjectPro is specifically designed for construction firms and powered by Microsoft Dynamics 365 Business Central to make sure you get the most out of your business software.

Stand out of the league by streamlining your business processes, controlling costs, and offering timely and accurate information. ProjectPro holds the potential to integrate your crucial job quoting, project accounting, resource management for labor and equipment, and much more all in a single database.

With integrated data, intelligent transaction processing, and robust analytical and reporting capabilities, you can reduce the time and effort it takes to access meaningful information necessary to make good business decisions.

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