QAD CHANNEL ISLANDS:
QAD ENTERPRISE PLATFORM IS THE NEXT STOP ON THE JOURNEY TO THE EFFECTIVE ENTERPRISE

QAD defines the Effective Enterprise as one “where business processes are operating at peak efficiency and perfectly aligned with strategic goals.” Yet given the ever-accelerating pace of change in our world today, QAD also recognizes that the Effective Enterprise is more of a journey than a destination. The journey is one of continuous improvement and carefully balanced objectives.

The same could be said for the software that runs the business. Which is why its “Channel Islands” initiative has been divided into milestones. Over the past few years QAD has (figuratively) hopped from one island to the next on its journey. The journey began in 2014 with extensive research and the goal of improving the overall user experience (UX). A year later it released Anacapa and with each subsequent year has added a new island. Santa Cruz came in 2016, followed by Santa Rosa in 2017. By 2018, what started as a “user experience” initiative had been been transformed and San Miguel emerged as a full-blown platform: the QAD Enterprise Platform.

And so, the Channel Islands journey is drawing to a close. But the journey to the Effective Enterprise will continue as it is a never-ending journey, and QAD will very likely embark on other additional adventures suitable to whatever the future might bring.

CHANNEL ISLANDS: AN APPROPRIATE METAPHOR

QAD appears to have chosen the name of its multi-year initiative well. Originally focused on the user experience, QAD’s Channel Islands program very quickly developed a dual purpose. The metaphor is perfect because the first goal - re-inventing the entire user experience of QAD ERP - made it more natural (intuitive), visually appealing and easy to use. The Channel Islands of California are a chain of eight islands located in the Pacific Ocean off the coast of southern California along the Santa Barbara Channel near QAD headquarters. The main attraction of the real Channel Islands is their natural beauty, providing relief from the cluttered, hard-to-navigate urban setting.

But the second goal of the initiative makes it even more appropriate. The islands are divided into two groups—the Northern Channel Islands and the Southern Channel Islands. The four Northern Islands used to be a single landmass, but as water levels rose (thousands of years ago), Anacapa, Santa

About QAD
Founded in 1979 by Pamela Lopker, QAD provides integrated enterprise solutions for manufacturers. Ms. Lopker was later joined by her husband Karl Lopker, and the two remain at the helm of what is now a company with 1,600+ employees in 27 offices around the world.

Headquartered in Santa Barbara, CA, QAD is publicly traded (NASDAQ – QADA) and closed its fiscal 2016 (ending January 31, 2016) with revenues of approximately $278 million. Its customers employ 3 million people and generate $1 trillion in revenues globally in over 90 countries.

QAD ERP is a good fit for the following manufacturing industries:

- Automotive
- Consumer Products
- Food & Beverage
- High Tech
- Industrial
- Life Sciences

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Cruz, Santa Rosa and San Miguel emerged and evolved as separate islands. While QAD ERP was originally developed as a single, tightly integrated, monolithic solution that needed to move forward in lock step, the goal quickly expanded to support more modular upgrades, allowing different modules and disciplines (think finance versus purchasing or production) to move forward independently at their own pace. Mint Jutras often refers to this approach as “loosely coupled” versus tightly integrated and monolithic, but it should not be confused with a collection of point solutions with arms’ length interfaces. Just like the Northern Islands, under the surface all these different functional areas are still connected.

In fact that was why QAD named the first phase Anacapa. Of the four Northern Channel Islands, Anacapa appears to be the smallest, but in fact has an enormous land mass hidden under the surface of the water. This is representative of the work done to re-architect the underlying infrastructure, reworking the application programming interface (API) structure and protocols, and future proofing the user interface (UI), including the framework for connecting devices. This supports the theory that sometimes the best UI is no UI at all and paves the way for succeeding phases (Islands).

And therefore the journey has been somewhat circular. The desire to create a new user interface prompted QAD to take a platform approach. The result: the QAD Enterprise Platform. And from the platform emerged a new and better user experience.

**THE VALUE OF THE QAD ENTERPRISE PLATFORM**

While the user experience aspects of QAD Channel Islands get most of the attention (more on that later), the QAD Enterprise Platform is equally important. While Mint Jutras is a strong proponent of taking a platform approach, we realize the typical business decision maker might not fully understand or appreciate what this means today.

In some ways any ERP solution is built on a development “platform.” In the early days of ERP, the platform equated to the programming language, the operating system and the data structures used (e.g. a flat file structure or a relational data base). Data structures for enterprise applications tended to be hierarchical in nature and rather complex. Enterprise application solution providers would develop standard routines for common tasks like retrieving and storing data or printing, but there was still a lot of heavy lifting to be done in developing code, and most so-called platforms were closed in that it was hard for anyone apart from the original author to add value beyond invasive customization.

Today a platform approach means much more. Modern platforms allow developers to create software without the complexity of building and maintaining the infrastructure and services typically associated with developing an enterprise application.
The most important benefit of a platform: It brings agility - the ability to easily innovate, evolve and respond to the rapidly accelerating change all businesses face today.

**LOOSELY COUPLED ➔ MODULAR UPGRADES**

In order to better understand the advantage, let’s first recap how traditional Enterprise Resource Planning (ERP) in general, and QAD ERP in particular (prior to the Channel Islands initiative), has always worked. Mint Jutras defines ERP as an integrated suite of modules that forms the operational and transactional system of record of a business. This is a rudimentary definition because today ERP is likely to do much more than this, particularly in a manufacturing business, and QAD ERP is no exception. Its footprint has grown over time to be very extensive, reaching into many different functions and disciplines within a manufacturing company.

Not only do all modules of an ERP solution share a common database, but also all are developed using the same tools and technology and they all move forward in lock step. This eliminates data redundancy and any need for separate integration efforts. Everyone stays “in step.”

But there was also a very real drawback of this monolithic approach and it has everything to do with the part about all modules moving forward together. It means accounting can’t move forward until order management, shop floor control and inventory management are ready to move. It takes massive efforts of coordination for all departments within a customer’s organization to take those next steps all together. And they might not all have the same level of motivation.

The new revenue recognition rules surrounding ASC 606 and IFRS 15, which came into effect (for public companies) in 2018, provide the perfect example. These new rules created the most significant changes accountants faced in many, many years, providing lots of incentive for the finance department to move forward with innovation that addresses them. Not so much for the rest of the company. This was why QAD chose finance as the first island to separate from the mainland. As a result, QAD customers did not face the usual disruption that typically occurs with a major company-wide upgrade.

**EXTENSIBILITY**

Modular upgrades certainly help QAD customers to keep up with innovation provided by QAD, but what happens when you need to do something beyond the capabilities of your current solution? Perhaps disruption is introducing a new business model (think Uber, Netflix and Airbnb). Or perhaps you have hit upon a great new way of differentiating yourself in the market. In the past this would have been addressed through clumsy work-arounds or invasive
customization. But as soon as you resort to either of these alternatives, you build in barriers to further innovation.

The QAD Enterprise Platform addresses this by creating components rather than a single monolithic line of code. New components can be added as extensions, or used to replace existing components without having to invasively modify that monolithic structure. It supports loose coupling of these extensions by providing modern APIs (application programming interfaces) that negate the need for invasive customization.

This type of loose coupling is often described as microservices. For the reader with a technical background, microservices, also known as the microservice architecture, is defined (by Wikipedia) as an architectural style that structures an application as a collection of loosely coupled services. For those nontechnical readers, think of it as constructing a solution from a set of Lego building blocks.

Think about how you build a structure from Legos. Each Lego block is made of the same kind of material and is attached (connected) to the other Lego blocks the same way. In many ways they are interchangeable. But by choosing different colors and sizes, and connecting them with a different design, you can make a structure that is very unique. And once constructed, if you want to change it, decoupling some of the blocks and replacing them doesn’t destroy the parts that are not affected. There is far less disruption introduced than if you had constructed it with timber, a hammer and nails.

### THE USER EXPERIENCE

Of course the benefits of modular upgrades and extensibility should not detract from the value of the original objective of the Channel Islands initiative: an improved user experience. While many equate the user experience to navigation, look and feel (i.e. the user interface), in reality it goes well beyond this. And it reaches a far broader audience than ever before.

Gone are the days when ERP usage was limited to those doing heads-down data entry and a few super users. The percentage of employees with direct access to ERP has been rising over the past few years. While for years the percentage hovered between 15% and 20%, our 2015 Enterprise Solution Study found 51% of employees in participating manufacturing companies had direct access to ERP. For a couple of years it jumped to over 60% and then settled back this year to 54%. Why the dip? We believe it is due to the unusually high level of participation of companies running cloud-based software as a service (SaaS) solutions in 2016 and 2017. Note how the level of participation with SaaS-based solutions far exceeds that in tradition on-premise installations (Figure 1).
Figure 1: What percentage of your employees has direct access to ERP?

![Chart showing percentage of employees with direct access to ERP over years.]  
Source: Mint Jutras Enterprise Solution Studies

Additionally, while a few short years ago it was very rare for top-level executives to put their hands directly on ERP, today the majority has direct access (Figure 2).

Figure 2: What percentage of your employees has direct access to ERP?

![Chart showing access levels among different sectors and years.]  
Source: Mint Jutras 2018 Enterprise Solution Study

Progressive versus All Others

Mint Jutras defines a Progressive company versus All Others based on use of technology, both in terms of the completeness of the solution used to run the business (ERP), as well as the use of digital technologies.

We look at completeness of solution by functions in the organization, as well as business processes.

Progressive represents the top 15% with the remaining categorized as All Others.

However, some engage more effectively than others and we find “Progressive” companies engaging on a more regular basis. Mint Jutras defines a Progressive company as one in the top 15% based on completeness of solution running the business, as well as investment in advanced digital technologies.

But engagement is often largely dependent on ease of use, making QAD’s efforts to improve the user experience both timely and relevant. But “ease of use” means different things to different people, especially across the different generations (Figure 3). A year ago, our survey participants were asked to select the top three most important aspects of ease of use. While intuitive navigation and time to complete tasks consistently rise to the top of the list, other priorities are as much an indication of expectations as they are of the different roles played at different stages of a career.
Figure 3: Top 3 Most Important Aspects of Ease of Use

<table>
<thead>
<tr>
<th>Aspect</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intuitive navigation</td>
<td>41% 58% 59%</td>
</tr>
<tr>
<td>Minimize time to complete tasks</td>
<td>36% 50% 49%</td>
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<tr>
<td>Easy access to ERP from anywhere, any time</td>
<td>23% 43% 45%</td>
</tr>
<tr>
<td>Does what I need it to do easily and naturally*</td>
<td>22% 47% 52%</td>
</tr>
<tr>
<td>Ability to customize my own view</td>
<td>29% 47% 51%</td>
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<tr>
<td>Visually appealing user interface</td>
<td>35% 85% 21%</td>
</tr>
<tr>
<td>Let me stay in a workspace that combines enterprise apps with other tools</td>
<td>32% 27% 18%</td>
</tr>
<tr>
<td>At least some functions are optimized for mobile access**</td>
<td>20% 22% 16%</td>
</tr>
</tbody>
</table>

Source: Mint Jutras 2017 Enterprise Solution Study

For example, Millennials, who often treat their smart phones like an extension of a limb, tend to place a higher priority on ease of access from anywhere, any time. Baby Boomers prefer to consolidate their decision-making activity in a single workspace, rather than jumping from email to applications to their calendar and then to another application. As they become more connected, they also become more tethered to the business, even during personal and family time, so the less intrusive and disruptive, the better. They are less concerned about the visual appeal (“pretty software”) than they are about preserving the business process, as are Gen Xers. In contrast, Millennials are more dependent on the software to define the business process, but are also very accustomed to a particular look and feel native to their own devices.

In response, the new and improved user experience delivered via Channel Islands is completely role-driven, which is why QAD has created two different aspects of the new user experience (UX): Actionable Insights and the Effective User.

While the Effective User improves navigation through transaction screens, Actionable Insights is a tool that is reflective of how management can (or should) engage with ERP today, with real time insights.

QAD Actionable Insights deliver customizable dashboards, with key performance indicators (KPIs), together with tasks and notifications, all refreshed in real time. Active collaboration is enabled through an activity feed, bringing a “social” aspect, enabling executives and staff to engage in a “data conversation.” The look and feel are new and modern, but more importantly, extremely flexible and deliver, as the name implies... actionable insights.

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### Definition of Generations

Generations are determined by the year in which the survey participant was born. While definitions can vary, particularly in the boundaries defining Millennials, Mint Jutras uses the following ranges:

- Baby Boomers: born in 1946 – 1964

### Channel Islands Key UX Components

- Role-based Menus
- Collaboration
- Menu options and intelligence
- Mobility
- Embedded Analytics
- Architecture and Business Services
KEY TAKEAWAYS AND RECOMMENDATIONS

Channel Islands should clearly be a destination of choice for any and all QAD customers. It provides an attractive, appealing and functional user experience that can be tailored to individual roles and needs. And it relieves you of the burden of coordinating all departments around a single, massive and potentially disruptive upgrade process. Look for ways to leverage the power of the QAD Enterprise Platform to extend (not customize) the solution to address any new business models that become necessary and/or provide clear differentiation in your market.

But don’t consider it a final destination, but rather a logical next step with a flexible way forward. The QAD Enterprise Platform facilitates more frequent and robust updates. With two releases a year and more modular upgrades possible, the path ahead is clear but also flexible.

For those not currently QAD customers, but in one of QAD target markets and perhaps looking to grow beyond the functional capacity of your current solution or to replace outdated technology... check out QAD Channel Islands and the QAD Enterprise Platform as a possible starting point for your new ERP journey. The views appear to be exceptional, any time of the year.

About the author: Cindy Jutras is a widely recognized expert in analyzing the impact of enterprise applications on business performance. Utilizing over 40 years of corporate experience and specific expertise in manufacturing, supply chain, customer service and business performance management, Cindy has spent the past 12 years benchmarking the performance of software solutions in the context of the business benefits of technology. In 2011 Cindy founded Mint Jutras (www.mintjutras.com), specializing in analyzing and communicating the business value enterprise applications bring to the enterprise.