

THE FUTURE OF EMPLOYEE PRODUCTIVITY BEGINS IN BACK OFFICE

The technology innovations that increase employee productivity are being supported by ERP systems, and this includes embedded AI technologies.

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The main ERP drivers of employee productivity may be in back-office tools, such as embedded analytics in financial applications and other platforms. But these improvements have a limited impact on a firm's overall productivity.

For a firm to increase employee productivity in a major way, it will need systems that affect every aspect of a business – from back-office tools to robots – but that is far from widespread, according to analysts.

A finance application with embedded AI is a tool that “would be great at Starbucks’ headquarters to make them more productive, but it doesn’t help the barista at all,” said Michael Fauscette, chief research officer at G2 Crowd, based in Chicago.

Firms may be using AI-type technologies, robotics and other tech to improve worker

productivity, but their use is “still fairly contained,” Fauscette said.

Economists imagine productivity gains will be evident with wide deployment of advanced technologies.

“We really haven’t reached the critical mass of investment and adoption within the guts of these legacy companies that’s enough to move the needle [on productivity] on a national or even global basis,” said Howard Rubin, an expert on technology economics at Rubin Worldwide in Pound Ridge, N.Y.

ERP vendor’s tool helps business change

ERP vendors are encouraging use of these analytics, either through their own systems or on cloud platforms.

One firm that has made use of these technologies is GoFresh

Produce, a fruits and vegetables distributor in Tulsa, Okla., that serves four states. It made a major change in its business model thanks, in part, to an analytics system made by VAI, its ERP software vendor.

GoFresh previously outsourced the work of cutting up fruits, such as a tray of pineapples. But the firm, founded in 1941, believed it could do a better job if it did this work in-house.

The company recently added a 20,000-square-foot addition to a 50,000-square-foot warehouse and created a separate area for the cutting operation.

It was the job of David McMillon, a business analyst at GoFresh, to calculate all the cost involved in cutting up the fruit and vegetables. This meant analyzing every single penny of cost, including raw products, as well as labor,



packaging and all the associated overhead.

GoFresh knew it could insource this work. But if the products were distributed “at the wrong price point, or we were not aware of what our real costs were, then it wouldn’t be a successful venture,” McMillon said.

GoFresh used VAI’s S2K analytics, which has embedded machine learning analytics. Without the software, McMillon said he would have had to rely on spreadsheets and formulas to do the calculations.

The software modeled the production and “opened our eyes to how real [insourcing cutting production] was,” McMillon said.

GoFresh opened its production facility earlier this year. Without the software, McMillon said he believes it would have taken longer to begin production. The software also helped them “avoid some of the extra hiring that we probably would have needed,” he said.

Tools have an impact on hiring, more and less

The productivity gains that Jessica Karsies, senior accountant at Berkshire Hathaway HomeServices, realized with a move to Vena Solutions’ corporate

performance management software resulted in some significant productivity gains. The firm, which had relied mostly on spreadsheets, is now able to budget down to the individual office – something it could not do earlier.

Karsies said the productivity gains included “more time to spend on financial analysis and better reporting.”

Reports that once took a week can now be turned around in far less time, Karsies said. The business has been growing. They have several years’ experience on the platform, and without the software tool, “we would have needed more people,” she said.

Employee productivity improvements can also lead to the hiring of more people.

The White House Utility District (WHUD) in Tennessee was losing about \$1 million a year in water due to leaks. The district covers some 600 square miles in a rural area. Finding leaks was difficult and reactive. It often involved using devices to help listen for the telltale sounds of a leak. The repair work was often in response to customer complaints of low water pressure, and undiscovered leaks could sometimes damage roads.

They installed sensors in the pipes to give them a far more accurate and detailed insight into what was going on in their systems. The sensors pick up variations in the water flow, indicating leaks. They used OSIsoft’s PI System, a software platform that gathers data from different devices, as well as cleans and structures it. This system works with the WHUD homegrown ERP system. The vendor’s software also generally works with ERP systems.

They had 1.5 people dedicated to finding and fixing leaks prior to making this upgrade.

WHUD cut its water losses in half with the sensor technology and software platform. The calculations they need are now automated. With that savings, they now have four people dedicated to addressing leaks. “They are multiple times more productive because they have data to act on,” said Pat Harrell, district engineer at the district.

Ultimately, the discrete, one-off productivity may be large enough to change that national productivity. Some economists and analysts believe the real AI and robotics revolution has yet to arrive. And when it does, it will be reflected in the national data.

