SAP Business Trends: Business Networks - ERP of Future

Posted by [Vineet Gupta](#) Oct 26, 2014

Business networks will transform the IT systems of every organization. Let's imagine a very simple process of B2B. Today customer maintains a vendor master record, creates a purchase order for the vendor, receives goods from the vendor receives invoice and then issues a payment. The vendor has quite the same but complimentary steps. Maintain a customer master record, create sales order, create delivery and ship goods, issue invoice and finally receive payment.

Welcome to business network world. All businesses have a record on the business network, so no one needs to maintain customer and vendor masters. A common contract serves as the purchase orders and sales order. The vendor ships and the customer receives. Customer and the vendor share the goods issue and goods receipt document. The business network transfers payments from customer to vendor. Financial books of both parties are updated. The business network guarantees payments. No payment terms are needed. No special discounts or complex pricing procedures. One price on the contract. Network handles the taxes. Single source of truth, shared "responsibly" between both companies. Processes such as discounts and payment terms are the result of businesses not being able to communicate in real time.

Benefits of business networks are obvious and the design idea is not revolutionary either. The technological innovations of cloud computing and the power of in memory database has made such a system feasible as a business. It does need a company with the ability to create, deliver and sell such a system. Like any other network, a critical number of businesses have to sign up for this concept to take off. It is a huge risk but the rewards are likely to be proportional to the risk.

SAP has history of delivering such innovations. With SAP R/3 integrating all aspects of a companies business, they created the ERP category 20 years ago. Not a extraordinarily creative idea, but executed to perfection to become a huge success in the business. Now with SAP HANA as the leading in memory database product in their arsenal, Ariba network as the nucleus of such a global network, will we see the network of future emerge from SAP HANA cloud platfor, using functionality of their portfolio of cloud and on premise applicatio. GRC enables responsible sharing of common documents between business partners. Everyone benefit's, simplified IT, efficient business processes and simplified tax collection on and regulations for the government.
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