Why automotive tier suppliers must upgrade to AI-powered, multi-tenant cloud ERP

Unlocking agility, innovation, and cost efficiency in a disruptive era

Geopolitical and trade uncertainties, rising costs, raw material scarcity—including rare earth metals—and evolving customer expectations are driving the automotive industry's transformation under enormous stress. It remains a profound, ongoing shift. The automotive landscape in 2025 is defined by artificial intelligence (AI)-driven development, software-first vehicle platforms, deep connectivity, sustainable mobility, new business models, and tightening cybersecurity and regulatory frameworks. External forces such as trade policy shifts and electric vehicle (EV) incentive rollbacks further shape strategies for manufacturers globally. As the industry ecosystem is shaken, many tier suppliers are now struggling to survive.

In this context, continuing to rely on legacy on-premises enterprise resource planning (ERP) systems—once the backbone of operations—now represent a strategic liability. This executive brief examines why upgrading to a multi-tenant cloud ERP is no longer optional but imperative for automotive suppliers. Beyond modernizing information technology (IT) infrastructure and lowering IT costs, this transition unlocks new capabilities such as process mining and AI-driven analytics that drive efficiency improvements, sharper insights, and cost reductions. It enables businesses to become agile, resilient, and innovation-driven to compete in the future of mobility.

Challenges facing automotive tier suppliers

In the wake of the continuing connected, autonomous, shared, and electric (CASE) transformation and current volatility, tier suppliers face unique challenges, as they must adapt quickly to original equipment manufacturers (OEMs) and Tier 1 suppliers' demands.

Cost pressures and margin erosion

Maintaining profitability amid inflation of material and energy costs, evolving tariffs, and competitive pricing pressures is critical.

Rising expectations

OEMs demand faster turnaround, enhanced product quality, and co-innovation.

Supply chain challenges

Responding to market volatility with improved demand forecasting, sourcing, and operational planning.

Digital ecosystems and tighter integration

OEMs increasingly require their suppliers to share data on a collaborative platform, based on the OEM's standard.

Increasing disruption and volatility in OEM production schedules

Automotive supply is made to order, and tier suppliers depend on accurately forecasting the production schedule of their customers, the OEMs. Trade disruptions, slowing market demand, and shifting market share add to the uncertainty of suppliers.

Rising reporting requirements for ESG and cybersecurity compliance

OEMs are increasingly held accountable for compliance with environmental, social, and governance (ESG) and cybersecurity regulations. They pass the buck to their suppliers, requesting transparent and standardized reporting—sometimes even anticipating regulation.

Continuing to rely on monolithic, on-premises ERP architectures impairs the ability to meet these challenges effectively and to compete.

Past technologies, like on-premises IT systems and single-tenant cloud, are holding tier suppliers back

On-premises IT systems impose rigidity, inflate costs, and expose companies to cybersecurity risks, undermining their ability to respond swiftly to OEM and Tier 1 suppliers' demands.

Impact of on-premises systems on the ability to do business

In an industry as integrated as automotive, real-time visibility and connectedness are business imperatives. However, on-premises IT systems are unable to integrate the vast and varied data sources essential for modern automotive operations, including connected vehicle data, supply chain information, and customer insights.

Suppliers are left with limited capabilities. At best, they struggle to respond quickly to OEM and Tier 1 supplier demands or schedule changes. At worst, they risk being excluded from digital supply chain ecosystems, an increasingly common requirement among OEMs and Tier 1 suppliers.

On-premises ERPs are monolithic, siloed, and not scalable. These systems can't support the standardization of business operations, adapt to the rapid evolutions of customer demand, or create a culture where decision-making is data-driven—thus preventing organizations from finding efficiencies, controlling costs, and protecting margins.

Rising costs of on-premises systems

Traditional on-premises ERP systems have often been developed and personalized over many years. Maintaining these systems gets more complex and expensive every year. From costly upgrades—too often delayed till the cliff edge—to maintaining the infrastructure, as technology evolves, the impact on the bottom line increases and the value delivered to the business reduces, while businesses are left vulnerable to cyberattacks.

Seven ways an AI-powered, multi-tenant cloud ERP helps tier suppliers control costs, and improve resilience and outlook

What is a multi-tenant cloud ERP

A cloud ERP is an ERP system hosted on cloud infrastructure rather than on a company's own physical servers. This means the software and data reside on remote servers maintained by a cloud service provider such as Amazon Web Services®, accessible via the Internet.

Multi-tenancy explained

Multi-tenancy is a key architectural feature of modern cloud ERP systems. In a multi-tenant environment:

Multiple customers (tenants) share the same application instance and infrastructure.

Each customer's data and configurations remain isolated and secure from others.

Users are always on the latest version—software updates, patches, and new features are deployed centrally by the cloud provider and instantly available to all tenants.

1 Scalability and cost efficiency

Multi-tenant cloud ERP systems significantly reduce IT overhead by eliminating the need for on-premises servers and expensive maintenance. Shared cloud hosting drives down per-user costs, while subscription pricing offers predictable budgeting and financing flexibility.

- **Automatic updates and maintenance** are handled by the vendor, freeing internal IT teams to focus on innovation rather than system upkeep.
- **Scalability without waste.** Cloud platforms adjust resource usage dynamically, enabling tier suppliers to manage seasonal or demand fluctuations without waste and to only pay for what they use.

2 Enhanced collaboration and integration

Cloud ERP systems unify operations across multiple plants and offices, fostering consistency and collaboration across the organization. Real-time data sharing improves coordination not only internally but also with OEMs, Tier 1 suppliers, logistics providers, and third-party logistics partners (3PLs). Integration with supplier and customer portals supports just-in-time delivery and faster, more informed responses to bids and schedule changes.

3

Improved supply chain visibility and responsiveness

End-to-end supply chain visibility, supply and demand balancing, as well as multi-site finite planning and scheduling capabilities allow teams to optimize sourcing, production, inventory, and resource allocation in real time. Live dashboards and analytics reveal material flows, supplier performance, and landed costs. This transparency enables agile decision-making, optimizes capacity utilization and demand fulfillment amid sudden demand shifts, tariff changes, or trade policy updates.

4

Adaptability to changing customer expectations and technologies

Cloud ERP accelerates the ability to roll out changes quickly and supports the integration of emerging technologies such as Internet of Things (IoT), AI-driven analytics, and connected product modules. Suppliers can maintain alignment with dynamic OEM and Tier 1 requirements and leverage innovation to deliver enhanced value and strengthen collaborations.

5

Leaner operations

Automation and data-driven insights powered by cloud ERP promote lean manufacturing initiatives, reducing waste, inventory holding costs, and quality defects.

- Just-in-time workflows and process optimization improve operational agility and throughput.
- Quality is improved, as AI and automation analyze data to reduce non-conformances, avoiding rework delays and potential fines.

6

Advanced security, compliance, and continuous updates

Multi-tenant cloud ERP platforms incorporate robust cybersecurity measures and compliance with global standards like General Data Protection Regulation (GDPR), the United States-Mexico-Canada Agreement (USMCA), and the International Organization for Standardization (ISO). Frequent, automatic updates reduce vulnerabilities and ensure alignment with evolving regulatory landscapes.

7

Enriching cloud ERP with AI and process mining: A new frontier for automotive suppliers

Beyond these foundational benefits, process automation and the integration of process mining and advanced AI technologies into multi-tenant cloud ERP platforms dramatically elevates operational excellence and cost reduction potential. Process mining is a data-driven technique that analyzes event logs from IT systems to visualize, monitor, and improve actual business processes. Unlike traditional methods, it pinpoints bottlenecks, inefficiencies, and deviations, enabling fact-based process optimization.

How AI complements process mining and ERP

Process optimization

AI algorithms analyze process mining insights to recommend workflow redesigns, automate repetitive tasks, and predict process deviations before they occur.

More accurate probability forecasting into the OEM production schedule

Suppliers can deploy AI to anticipate the production requirements of their customers with higher accuracy to be prepared for change, improve procurement, and optimize working capital.

Cost reduction

By identifying inefficiencies and optimizing resource allocation, AI reduces operational waste, improves inventory turnover, and decreases non-conformance costs.

Predictive maintenance

Machine learning models predict equipment failures and schedule maintenance proactively, preventing costly downtime.

Predictive quality

Analyze process data to predict deviations and prevent out-of-specification parts being produced.

For automotive suppliers, this means:

- Improving processes and reducing material costs as well as overheads
- Detecting delays and bottlenecks in procurement, production, or order fulfillment
- Reducing cost of quality and risks of potential fines
- Monitoring compliance with standardized processes and OEM requirements

With AI and Process Mining integrated into their cloud ERP platform, tier supplier companies gain actionable insights to streamline operations, reduce cycle times, and cut costs.

AI-driven process optimization and cost reduction

AI, process automation and machine learning can proactively optimize business processes by:

Automating routine tasks such as invoice processing, claims handling, and inventory replenishment

Enhancing quality control through anomaly detection

Supporting decision-making with scenario simulations and risk analysis

These capabilities maximize resource utilization and minimize waste, translating to significant savings and improved margins.

What moving to the cloud with Infor could look like

Let's imagine a Tier 2 automotive supplier. The company produces wiring harness components for Tier 1 integrators across the European Union (EU), and faces demand fluctuations, rising material costs (copper and polymers) and the constraints of an outdated on-premises ERP system.

Before multi-tenant cloud ERP adoption	After multi-tenant cloud ERP adoption
• Lack of scalability and flexibility made it hard to adapt to evolving demand • Inaccurate inventory data caused overstocking and urgent expediting • Production schedules were often off due to disconnected planning and operations • Manual spreadsheets used for forecasting were prone to errors • Increased regulatory complexities were difficult and expensive to comply with • The company lost a major contract due to late shipments and poor traceability	• Forecast change is automatically ingested • Planners instantly recalculates material requirements planning (MRP), production shifts, and supplier orders • Avoids overbuying copper and plastics when demand drops, as the system flags purchase orders (POs) that can be paused • Procurement renegotiates based on real-time bill of materials (BOM) cost delta • Finance runs a scenario showing profit impact in a few clicks • Production is scheduled and optimized based on capacity constraints • Tablets on the shop floor display live work orders and quality checklists, improving efficiency and reducing paperwork • Quality uses AI to speedily identify major reasons for non-conformances, reducing claims. • On-time in-full (OTIF) is maintained, preserving customer satisfaction, avoiding penalties, and substantially reducing shipping costs

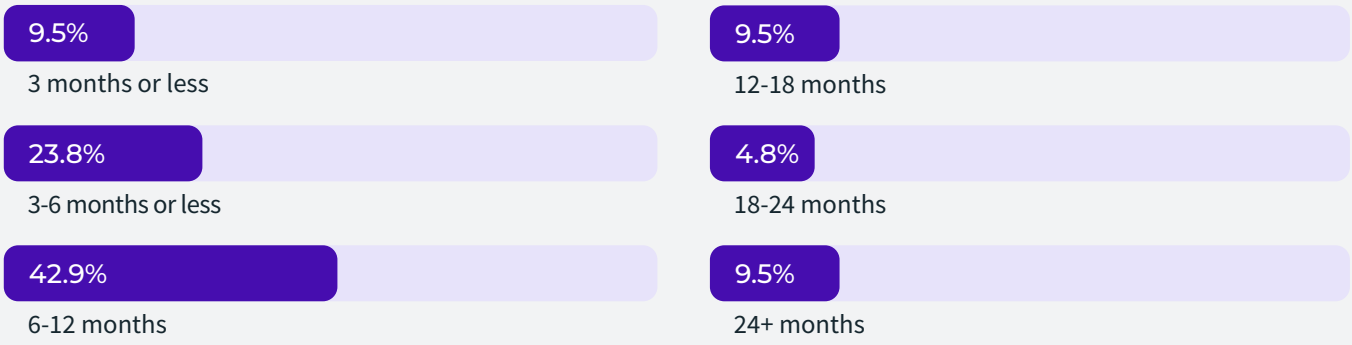
Overcoming barriers to adoption

Many companies face challenges in upgrading due to:

- Organizational inertia and cultural resistance
- Skills gaps in cloud, AI, and data analytics
- Complexity and perceived risk of migration

To succeed, companies must adopt agile transformation practices, emphasize change management, and invest in trainings and partnerships with experienced cloud providers.

How quickly could you see measurable improvements after deploying Infor in the cloud? We asked our customers, see what they told us.



UE verified: 06/27/2025
Survey of 35 Infor users, conducted by UserEvidence.

Source: UserEvidence, 2025

Start your move to the cloud with Infor

Cloud ERP goes beyond digitizing processes—it empowers businesses to control cost drivers and respond swiftly to customer and market demands. Infor CloudSuite™ Automotive is a multi-tenant cloud ERP with hundreds of built-in industry-specific processes and ready-to-use AI innovations, designed to support automotive suppliers navigate disruptions. It delivers:

Fast return on investment (ROI)
Reduced costs and increased efficiency help improve cash flow

Efficiency
A single source of truth improves operations and employee productivity

Survivability
Enhanced planning and forecasting reduce the risk of overproduction or late deliveries

Future-readiness
A platform on which to build business resilience and agility, and to easily take advantage of the latest AI technologies without requiring in-house expertise

In a market defined by disruption, survival isn't guaranteed. A multi-tenant cloud ERP isn't optional for automotive suppliers—it's mission-critical. It delivers the speed, control, and resilience needed to stay ahead.

About Infor

Infor is a global leader in business cloud software products for companies in industry-specific markets. Infor builds complete industry suites in the cloud and efficiently deploys technology that puts the user experience first, leverages data science, and integrates easily into existing systems. Over 67,000 organizations worldwide rely on Infor to help overcome market disruptions and achieve business-wide digital transformation.

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Stay competitive in automotive with multi-tenant cloud ERP

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