

EXECUTIVE BRIEF

Why Asian food producers are turning to the cloud

Consumers today are more demanding than ever, accustomed to personalised, digital conveniences enabled by modern smartphones and constant connectivity. At the same time, global food compliance standards are steadily increasing, in line with heightened quality demands and a growing general awareness about the importance of food safety.

Rising expectations

While sustainability and food safety concerns are easy to understand, aspects of rising customer expectations can be traced back to emerging business models, such as direct food delivery and “cloud” kitchens that prepare food for multiple outlets. Given how these services can deliver your favourite dishes to your doorstep in about the time it takes to drive to a restaurant, it’s easy to see how their popularity is skyrocketing in Asia—and reshaping customer expectations.

Whether delivering cooked or personalised selections of ready-to-cook items, innovations like direct food delivery raise new challenges for food producers. Foremost is the question of traceability. Where does the blame fall should food be contaminated, or when allergen-free meals or produce are inadvertently stored with other types of food during delivery? Without a comprehensive tracking system, food producers cannot be certain that problems occurred outside of their remit.

As the Asian market matures, customers are also more concerned with sustainability. The extensive use of plastic packaging and inefficient food supply chains are just two examples of practices that don’t fit well in an environmentally conscious world. And any conversation around sustainability cannot preclude the water used in food production, given the finite nature of potable water.

A better approach

With the judicious application of technology, food producers can manage their disparate challenges—meeting evolving customer requirements, tracking a myriad of ingredients used in food production to establish traceability, or increasing production efficiency to lower an organisation’s carbon footprint and minimise the use of water.

Yet, developing a new system using a traditional IT approach requires a massive up-front investment, which can also be prone to project overruns and be incredibly complex to maintain beyond a single location. On the other hand, a cloud-based approach can be deployed far quicker and cheaper, while delivering an always-accessible enterprise resource planning (ERP) system that is highly extensible and can be continuously improved.

In a world of razor-thin margins and relentless pressure to move quickly, food producers have scant room for mistakes or experimentation. Rather than building from scratch, they need something that is proven to work and can be deployed straight away. This makes a cloud ERP system ideal for accessibility, speed-to-market, and reliability.

Moreover, data stored within a single cloud repository can serve as a single version of the truth across the entire organisation, nullifying potential finger pointing between departments before they begin. Having partners and suppliers on the same page, offers the added benefit of helping to ease supply chain enhancements and new innovations.

Why the cloud works

One common misconception about a cloud-based ERP system is the notion that differences in operational norms and unique practices automatically prevent a food producer from a cloud approach. While it is natural for organisations to have processes that differ from their peers, these differences are readily addressed with a modern ERP system.

To start, the default code base of a cloud ERP system can typically support most of the capabilities that a food producer requires out-of-the-box. The remaining features can be met through a combination of personalised configuration tweaks with some code-level extension—the latter realised through custom modules that integrate with pre-existing API hooks.

Once in the cloud, the possibilities expand dramatically. Previously disparate processes and independent silos can finally be integrated as part of a coherent whole, offering deep insights into interrelated business processes that were not previously evident.

New technologies can also be implemented more easily in the cloud. For instance, a food producer in Asia turned to the Internet of Things (IoT) to equip its herd of cows with wearable sensors. With data from its herds available in the cloud, the producer was able to access a host of invaluable data necessary to raise healthier, faster-growing animals.

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