

## Written Evidence submitted by Chris Richards, Regional President UK&I on behalf of Unit4

Unit4 is a global provider of enterprise resource planning software (ERP) for mid-market organisations in service-focused industries, including the public sector, professional services, higher education and non-profit. The company has a significant presence in the UK with a wide range of customers including many of the UK's local authorities, professional services companies (Buro Happold), higher education institutions (Kingston University) and leading charitable organisations (The National Trust, Save the Children).

The reason for contributing to this call for evidence is two-fold. Working with many mid-sized organisations we have an in-depth understanding of how they are addressing innovation and attempting to modernise their operations. Often, the discussion about the Industrial Strategy appears to be focused on the major contributors to GDP growth, such as automotive and aerospace industries, or the start-up communities, such as fintech, which are developing the next generation of companies. This is all perfectly understandable and right, but at Unit4 we would also argue that mid-size companies make up most of the businesses and entities in this country and it is critical to ensure that any discussion of the Industrial Strategy examines how such funds benefit such established organisations. [Comments from Andy Haldane and Vivian Hunt](#) for the Industrial Strategy Council summed why it is so critical to focus on these businesses:

*“Almost 70% of people employed in the UK work in low-productivity businesses, while the same figure for Germany and France is 60% and 65%, respectively. The majority of these companies are SMEs that lack the resources and capacity to adopt technology at scale.”*

### **Balancing resources against the need for innovation**

These mid-market companies are often the enterprises with the biggest challenges from an IT perspective, because they have built up a certain level of legacy IT infrastructure, as well as having both limited people resources and budgets to support the much-needed digital transformation of their operations. The pressure to change has only been emphasised as a result of the pandemic, with organisations being forced to switch to online trading and services in a very short timeframe. For example, [research from Be the Business](#) found that SMEs underwent three years' worth of innovation in just three months of the lockdown period. From this perspective, at Unit4 we would like to see some examination of how the Industrial Challenge Funds can be leveraged to support organisations driving innovation, particularly when they themselves have limited skills and funds to deliver such change.

The second reason for wanting to contribute is that Unit4 is in itself a case study of understanding the process required to use innovation to transform an organisation. In the last two years, the company has undertaken the most significant overhaul of its core product stack, which has been accompanied by a significant evolution of the company's culture and engagement with employees and customers. Traditionally, the company has provided its ERP software on premise to customers, but it has just announced [the launch of ERPx](#), its first fully cloud-based ERP suite. This suite integrates significant innovation in that it leverages artificial intelligence (AI) and automation tools, as well as using the latest application development methodologies around low-code/no-code

models, designed to offer far greater agility in the deployment of software. This journey has given us significant insight into the process of deploying innovative new software. Above all, it has been backed up by a new vision for the company focused around what we are calling “[people-centric](#).”

### **User driven innovation**

This is an acknowledgement that historically enterprise software has required the user to engage with the software on its terms, rather than responding to the user’s needs. Moving forward, we believe that innovation must be much more focused on users and their experience of the technology must be built around how they want to interact with the application. For example, using AI we are able to push notifications to users in the communications applications they are comfortable with, such as Slack and WhatsApp. The potential benefits are significant. [The Deloitte Government Trends report](#) in 2020 said 24 EU member countries have begun implementing the Once-Only initiative which is expected to save 855,000 hours for citizens and 11 billion euros for businesses annually by ensuring technology helps to simplify processes and interactions. Our aspiration for the innovation in ERPx is to create similarly simplified experiences for customers.

Our Chief Technology Officer, Claus Jepsen, talks about a future where we’re actually looking to minimise the need to interact with ERP applications. With the advances now available, we believe it is possible to focus on user experiences that offer far more efficiency and deliver greater productivity gains. This addresses a fundamental problem for users and office workers, who according to [a study we conducted in 2017](#) spend one-third of the working year completing admin or repetitive tasks. This lost productivity costs the service industry more than \$5 trillion USD every year.

### **Helping the UK Mittelstand to drive innovation**

We believe this perspective is valuable for the Industrial Strategy Challenge Fund on several fronts. Firstly, the application of innovation by mid-sized organisations should be a priority for the UK, because they are the engine of this country’s economy. The ambition should be for this country’s mid-sized organisations to become a similar engine of growth compared to the Mittelstand in Germany.

However, to embrace technology they require more assistance and there should be a role within the remit of the Challenge Fund to support these organisations to understand how the innovation in the pillars of the programme will benefit their businesses. Therefore, the question becomes what is the Challenge Fund doing to engage mid-sized companies? How is it fostering connections between innovators within academic settings and the start-up community with mid-sized organisations to understand how the Fund can be relevant to them in modernising their operations and becoming more competitive?

The second learning from Unit4’s experience transforming its product stack and organisation is around the application of innovation. There is a lot of hype around technologies such as artificial intelligence, but adopting new technologies is only part of the challenge. In our experience, we have seen many mid-sized organisations adopting technology, such as automation tools, and overlaying them on existing legacy systems. This can provide some level of incremental improvement, but the reason why digitally-savvy competitors have been able to survive the challenges of the pandemic better than most organisations with more established IT infrastructures is because they have had a clean sheet to adopt the latest technologies. This has allowed them to be more agile and responsive to the dramatic changes brought about by lockdowns.

## Cleansheet UK Plc

The opportunity for UK businesses offered by the pandemic is a “once-in-a-lifetime” chance to wipe the slate clean and redesign their business models and operations from the ground up. With flexible working being seen as integral to business models post-pandemic, senior executives must be able to use innovative technologies to address a range of business challenges. These include enabling greater collaboration between virtual teams, engaging customers via multi-channel strategies and making supply-chain operations more efficient using real-time data analytics.

This does require the Challenge Fund to continue to work closely with business to ensure technologies are being developed to solve real business problems, not be looking for a problem to solve.

However, just as important is how the Fund inspires the leadership teams with UK organisations. To deliver successful innovation projects requires brave or even maverick leadership. If we want the UK Mittelstand to be as competitive and productive on the global stage, adopting innovation requires organisational leadership and cultural change that will be highly disruptive to most businesses. At Unit4 our ‘[People-centric](#)’ vision underpins our approach to business, as well as engagement with our employees, customers and partners.

We invested just as heavily in the practicalities of what this means to the way our employees work and the service we offer customers as we did in our technology platform. We did this, because we understood the dangers of under-investing in the change management programme. We feel this approach is essential for any business using innovation to transform, because there is often a fear of change and a real need to disrupt learned behaviours among employees, just as much as implementing the technology to disrupt established business processes.

A question for the Challenge Fund as it looks to evolve and expand its reach is whether it should either develop programmes, or work with other bodies, to invest in change management education for those implementing technologies being inspired by the Fund? There has been a lot of talk about how AI is going to take away roles for existing employees, but equally create new opportunities which will require significant reskilling of the global workforce. For example, [McKinsey has previously estimated](#) that by 2030 as many as 375 million workers, around 14 percent of the global workforce, may need to switch occupational categories as digitization, automation, and advances in artificial intelligence disrupt the world of work. This creates a sense of fear and reluctance in the workforce to adopt new technologies. This can be addressed with effective education and professional development, especially for leaders within organisations.

[David De Cremer](#), founder and director of the [Centre on AI Technology for Humankind](#) underlines what is needed in terms of helping leaders to understand the value and benefit of innovation:

*“We are not doing a good job training our business leaders to think like this. Rather than making them think that they should become coders themselves, they should focus on becoming a bit more tech savvy so they can pursue their business strategy — in line with their values — in an environment where technology is part of the business process.”*

The [recent House of Lords report](#) “AI in the UK: no room for complacency” referenced the importance of skills and encouraged the Government to support reskilling of the workforce. If the Industrial Strategy wants to support the application of innovation, especially in the mid-market where organisations do not have infinite resources, then there is surely a need to provide leadership training and general skills training that will enable these companies to successfully implement innovation strategies?

## **About Chris Richards, Regional President UK&I, Unit4**

Chris joined Unit4 from cloud software provider Workday in November 2019, where she successfully led the business to significantly outperform growth expectations within the UKI Commercial market.

Prior to Workday, Chris spent more than five years at Software AG where she grew the business with an unprecedented 7-fold increase, before moving on to become the VP and General Manager of the UKI business. During her career, Chris has worked with both small and enterprise software providers including Citrix and Compuware. Chris also spent just under 3 years at Morgan Stanley where she led a product management team focussed on delivering business value across the organisation leading projects such as Windows7 upgrade and Desktop virtualisation.

As UKI Regional President for Unit4 her focus is on delivering on the in-region strategy and to drive growth through customer success across the UK and Ireland, while sitting within the Global Leadership Team. Chris is building on Unit4's corporate focus on the strategic concept of "People Experience", with Unit4 People, Unit4 customers and generating growth being the 3 key strategic focus areas.

Outside of work is mainly spent with her 3 children. Also an Everton Fan, she enjoys watching the football if her children will allow!

## **About Unit4**

Unit4's next-generation enterprise solutions power many of the world's most people-focused mid-market services organizations. Our cloud ERP, HCM and FP&A applications transform work to be more meaningful and inspiring through software that's self-driving, adaptive and intuitive, intelligently automating administrative tasks while providing easy access to the answers people need. Unit4 serves more than 6,000 customers in industries including professional services, public sector, nonprofit, and education.

For more information please visit <https://www.unit4.com/>, follow us on Twitter [@Unit4global](https://twitter.com/Unit4global), or visit our [LinkedIn page](#)

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