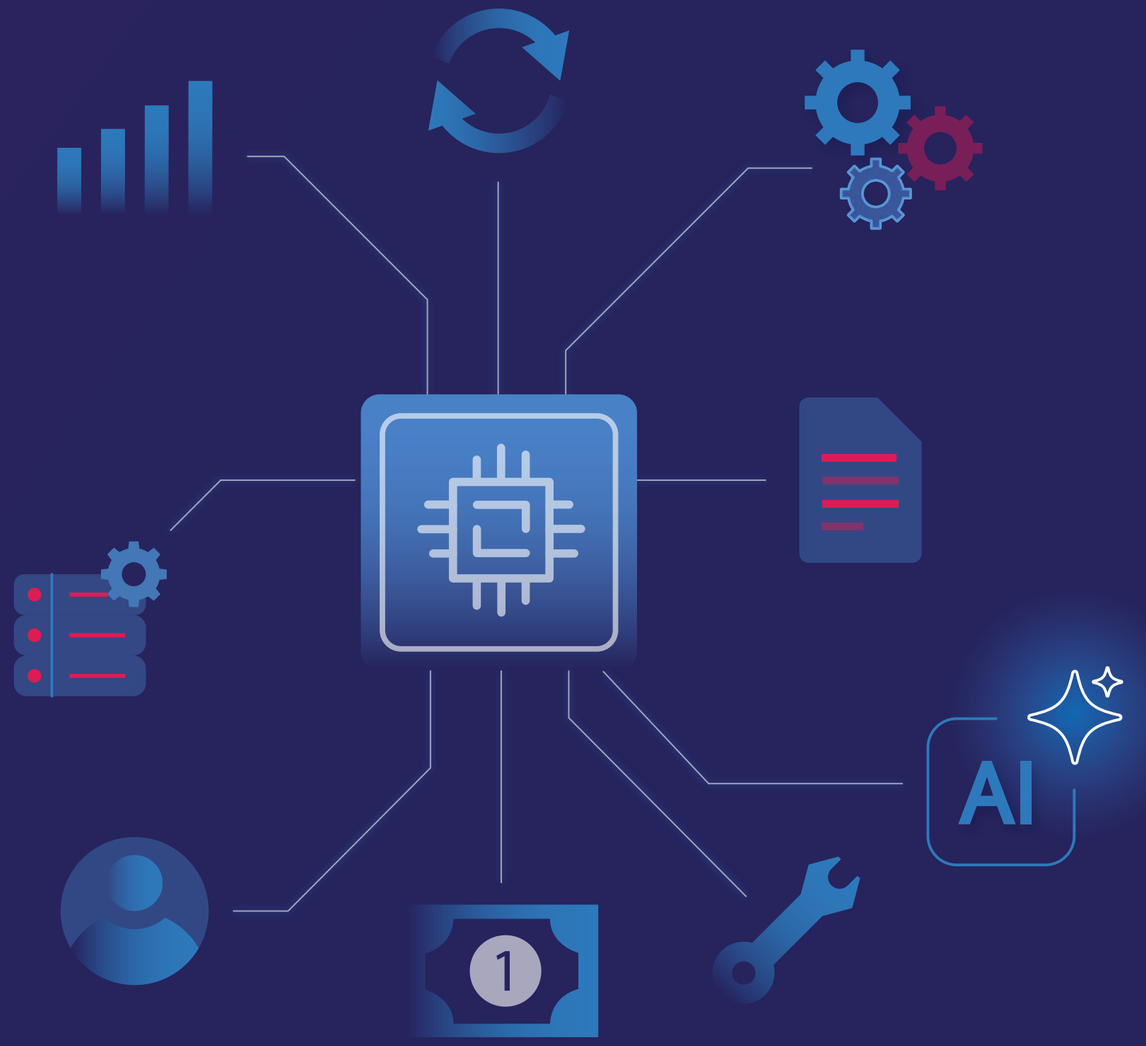
SUTHERLAND®

DIGITALIZING CORE CAPABILITIES

Packaged and Custom Applications for Continuous Evolution



You've migrated to the cloud. You've modernized your ERP. And you've embedded data and analytics throughout the organization. In a literal sense, you've gone digital. Now it's time to put a system in place that'll help you stay ahead.

There's no escaping the fact that digital transformation isn't a destination, but a discipline. And today, modernization alone doesn't ensure market leadership. In fact, it can set the stage for stagnation unless followed by a strategically planned evolution of your core capabilities.

The problem? For many enterprises, application modernization stalls after baseline upgrades. Custom apps freeze post-deployment, while packaged apps remain vendor-bound. This creates innovation drag with disconnected updates, rigid architectures, and siloed tools that block agility.

Evolution Drives Competitive Advantage

Without action to ensure sustained innovation and adaptation, yesterday's transformed applications can quickly become tomorrow's bottleneck.

That's why adopting the right approach to managed packaged and custom applications is non-negotiable.

> Gartner estimates **70%** of recently implemented ERP initiatives **will fail to meet their objectives**, often due to misalignment with evolving business needs and a lack of composability across platforms and teams.[1]

Enterprises that treat their applications as evolving digital products – rather than static assets – are best positioned to succeed in the dynamic digital economy. Yet this isn't just about the right software architecture or technical agility. It depends on having a holistic view where digital engineering and business process transformation evolve in tandem to create sustained value.

Enterprises that get this right will be the ones that deliver measurable business outcomes by **aligning innovation cycles across teams and embedding intelligence into day-to-day operations**.

This POV will outline a strategic framework for packaged and custom applications – one of the six essential steps in **digitalizing core capabilities**. We will explore:

- Why post-modernization stasis is the biggest blocker to enterprise agility.
- How aligning packaged and custom apps enables faster product cycles and integrated experiences.
- Strategic steps to help embed application evolution into enterprise DNA.
- Why AI scalability depends on composable systems and responsive architectures.

By connecting the business imperative to a clear packaged and custom application strategy, this framework provides leaders with a roadmap to unlock the full potential of their core capabilities and sustain a competitive advantage in a fast-changing digital economy.

[1] Enterprise Resource Planning to Optimize Operations

Modernization Was Just the Beginning

Modernization laid the groundwork, but failing to implement a deliberate approach to application evolution has impacts across the board. Enterprises must typically overcome **four barriers** in this regard – and they're not just technical problems, but strategic blockers to enterprise agility.

ISSUE #1

Stalled Momentum

Modernization Alone Doesn't Guarantee Future Success

Modernization is often seen as the finish line in digital transformation, with more than half of firms reporting agility and efficiency as the main reason for app modernization.[2] But once cloud migrations and ERP upgrades are complete, momentum slows. Custom apps enter maintenance mode, while packaged apps remain tied to vendor timelines. This creates innovation debt, where static systems lag behind business needs.

Over time, this increases complexity and limits scalability. As market conditions evolve, rigid application landscapes hinder agility, delay product launches, and stall AI adoption. **To stay competitive, enterprises must treat modernization as a foundation to layer upon** rather than the end state, enabling custom and packaged systems to co-adapt and meet the demands of a rapidly changing digital economy.

A proactive evolution framework enables continuous application iteration by embedding adaptability into development cycles. This ensures IT remains aligned with dynamic business priorities, accelerates time-to-value, and reduces technical debt, making it easier to seize new opportunities as they arise.

ISSUE #2

Fragmented Enhancements

How Siloed Updates Create Disconnected CX

As modern systems age, they begin to drift from one another, especially in large enterprises with diverse teams and decentralized priorities. In turn, ERP, CRM, and other key platforms lose interoperability, resulting in fragmented and distorted customer insights, slowed decision-making, and inconsistent user experiences. For customers, this often translates into outdated portals, non-intuitive interfaces, siloed systems, and a lack of mobile-first design.

These CX gaps, driven by evolution in isolation, compound the issue: packaged and custom applications that aren't fully integrated prevent a unified 360-degree view of the customer, weakening personalization and revenue forecasting. **Without a unified strategy that combines digital engineering and customer experience**, enterprises risk reversing their digital gains and undermining loyalty, retention, and scalability.

A unified evolution strategy, anchored in shared APIs, lifecycle governance, and coordinated release schedules, breaks down silos for an enhanced customer experience. It transforms isolated applications into modular, scalable ecosystems, so businesses can stay responsive and maintain operational stability and compliance.

[2] Main reasons driving companies' modernization of legacy applications and data worldwide in 2023

ISSUE #3

Velocity Gaps

When Applications Move at Different Speeds

Without architectural alignment, custom and vendor-anchored applications evolve on disconnected timelines, creating persistent velocity gaps. Custom apps – typically agile and business-driven – can adapt quickly to market changes, while packaged apps remain locked in vendor-controlled release cycles. This imbalance often frustrates business users who need rapid change, prompting them to develop workarounds or deploy unsanctioned tools. Shadow IT emerges, increasing exposure to security, compliance, and data integrity risks.

Over time, this lack of synchronization across systems hinders collaboration, breaks integration workflows, and slows innovation. This contributes to broader inefficiencies, too. **44% of enterprises waste up to one-third of their cloud spend**, for example, in no small part due to difficulties managing and integrating multi-cloud environments.[3]

Composable architecture, designed around API-first principles, ensures packaged and custom applications evolve in sync, with reduced development friction, cross-functional workflows, and consistent performance at scale.

ISSUE #4

Intelligence Bottlenecks

AI Scalability Depends on Evolving Systems

Even modernized applications can fall short if they lack the architectural flexibility needed to support AI at scale. While AI pilots may show early promise, closed interfaces, rigid data structures, static workflows and lack of cross-functional collaboration prevent meaningful integration into day-to-day operations. Insights remain siloed, disconnected from the systems that drive decisions and execution.

Without composable, API-first environments, enterprises cannot feed AI models with real-time data or embed intelligence into critical processes. Gartner notes that AI-native ERP can only enable intelligent automation when supported by dynamic, evolving system architecture. Otherwise, enterprises struggle to drive AI-powered improvements across the value chain.[4]

A continuously evolving application stack, its supporting infrastructure and human capital enables seamless integration of AI models, data pipelines, and real-time analytics into everyday workflows for smarter decision-making, enterprise-wide intelligence, and scalable innovation.

[3] The Cloud Cost Playbook

[4] Integration of Artificial Intelligence (AI) in Enterprise Resource Planning (ERP) Systems

Four Steps to Enterprise-Ready Continuous Evolution

Embracing continuous application evolution customized to your unique business needs is important. Not only to navigate future operational hurdles, but also the risk of being outpaced by competitors that take a more integrated approach.

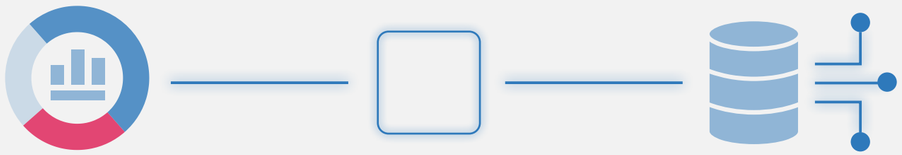
The right strategic framework can transform your enterprise ecosystem, aligning packaged and custom apps through product thinking, modular ERP, balanced architecture, and outcome-based evolution. **The following four steps** will help you drive lasting agility and scalability.

PRACTICE #1

Adopt **a Product-Centric Operating Model**

Traditional application delivery treats systems as finite projects, designed, deployed, then maintained. However, enterprise needs shift constantly. And the traditional approach of building, launching, then maintaining an enterprise application doesn't fit this new enterprise reality.

To stay responsive, applications must be treated as evolving digital products, continuously enhanced and evaluated by feature agility, business relevance, and measurable outcomes. Without this shift, enterprises will struggle to unlock full value from modern technologies like AI, which depend on well-structured systems. In fact, **it's thought 85% of AI models fail due to data misalignment**, which is often rooted in outdated, static application architectures that weren't designed with continuous evolution in mind.[5]



[5] Why 85% Of Your AI Models May Fail

Practical steps

- **Establish domain-aligned teams.** Create cross-functional product teams mapped to business lines. This fosters continuous improvement cycles, ownership accountability, and alignment between application evolution and real business goals.
- **Redefine success metrics.** Track KPIs beyond uptime, such as feature velocity, adoption rates, and direct impact on business outcomes, to measure value delivered and prioritize enhancements that matter most.
- **Leverage usage intelligence.** Use embedded platform analytics to study user behavior, feature engagement, and process bottlenecks, translating insight into an actionable roadmap of customer-centric product evolution.

Sutherland's Application Services enable you to embed product-centricity across your application landscape, driving faster iterations, outcome-based metrics, and value-led design. Our proven product engineering frameworks and agile delivery capabilities tailored to fit your individual needs can help you harness the full potential of your application estate.

PRACTICE #2

Turn Your ERP and CRM **Into a CX Innovation Engine**

ERP systems must become adaptive engines of value, not static repositories of transactions. Yet, many remain vendor-bound and monolithic, limiting responsiveness. To stay viable, ERP modernization must focus not just on innovation enablement but on composability and agility across business functions. This means extending ERP into the customer layer, integrating it with AI-driven CRMs, custom applications, and modern digital experience platforms. The result is a modular foundation that can directly link operational efficiency with customer experience to enable growth at scale.

Once ERP and CRM platforms have been modernized to improve efficiency, the focus must shift to long-term innovation. Composable systems of engagement, built on MACH (Microservices, API-first, CloudNative, Headless) architectures, enable enterprises to evolve quickly while delivering seamless, modern digital experiences. From there, intelligent CRMs can provide a full 360-degree view of the customer with actionable insights. And, with GenAI embedded, those insights can extend into real-time, conversational engagement across all digital channels.

Practical steps

Build composable digital experiences.
Use modern JavaScript frameworks, progressive web apps (PWAs), and headless DXPs for customer-facing apps, integrated with ERP and CRM systems via APIs to ensure agility without sacrificing CX.

Unify data and insights with AI-driven CRMs.
Connect sales, service, and marketing, integrate ERP for order-to-cash, and surface actionable insights for personalization and better revenue forecasting.

Extend engagement with GenAI.
Deploy conversational, GenAI-powered digital assistants across web and mobile to boost adoption, personalize interactions, and improve efficiency and loyalty.

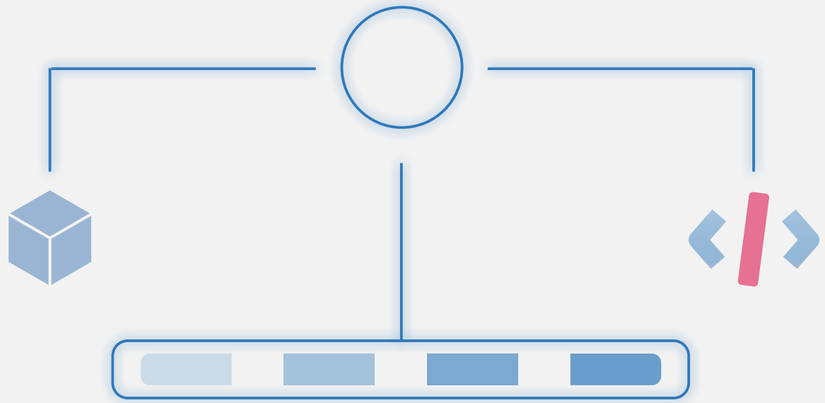
Sutherland's CX Engineering Services put experience first, combining ERP modernization, AI-driven CRMs, and GenAI-powered assistants to engineer exceptional customer journeys that drive better outcomes.

PRACTICE #3

Balance Agility and Stability Without Slowing Innovation

Packaged systems offer control and stability, while custom apps enable speed and flexibility. The challenge lies in integrating both without sacrificing reliability or responsiveness, as the fact that they move at different speeds creates misalignment and inefficiency over time.

Hybrid cloud environments lacking governance contribute to system conflicts, resource waste, and growing inefficiencies. Rather than having everything work to the pace of packaged apps, designing the application landscape to account for this difference – through a well-balanced evolution strategy – can help overcome this challenge and ensure both agility and governance can coexist.



Practical steps

- **Architect with API-first modularity.** Use modular, API-driven design to enable interoperability between systems, allowing packaged and custom apps to evolve independently while staying aligned to core business workflows.
- **Coordinate through unified release plans.** Introduce a release management framework that syncs update cycles, ensures backward compatibility, and maintains operational integrity across evolving digital systems.
- **Scale with platform-led engineering.** Leverage cloud-native product engineering and automation pipelines to simplify development, reduce duplication, and maintain compliance as your application landscape scales.

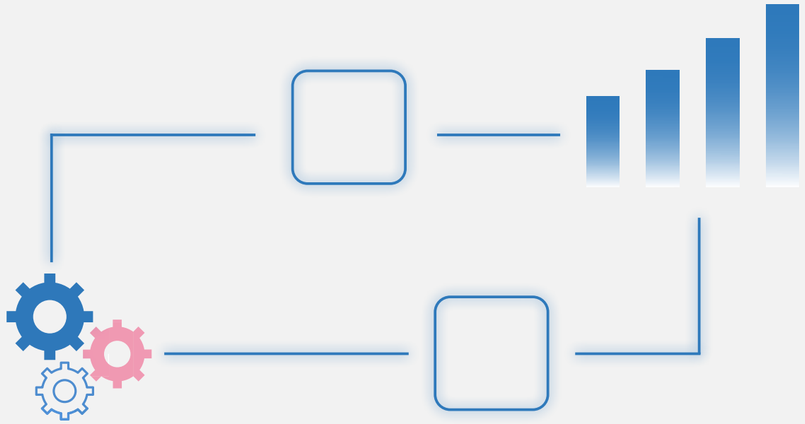
Sutherland's Product Engineering Services deliver the agility of custom builds with the governance of packaged platforms. Our modular frameworks, release orchestration, and cloud-native tooling reduce friction and improve scalability. Unleash seamless, high-speed transformation with control built in.

PRACTICE #4

Optimize for Business Outcomes, Not Just Functionality

Traditional IT metrics like uptime or release frequency fail to reflect how well applications drive real-world results. **Today's enterprises must evolve applications based on live operational insights, business impact, and outcome-based KPIs**, which means creating a strong feedback loop between business outcomes and application evolution.

Getting this right turns IT into a continuous value engine. Every release is not only judged by delivery, but based on its measurable contribution to growth and efficiency, creating an environment that enables constant evolution and cementing IT as a strategic driver of operational performance.



Practical steps

- **Link data to product analytics.** Connect operational performance metrics directly to product usage analytics to identify where applications enhance (or hinder) business outcomes to guide smarter evolution decisions.
- **Run KPI-aligned agile sprints.** Design agile sprints around measurable business outcomes, not just technical deliverables, ensuring each release directly contributes to strategic value generation.
- **Deploy real-time feedback dashboards.** Use telemetry and observability dashboards to continuously monitor application behavior, detect friction points, and inform data-driven decisions for ongoing iteration and optimization.

Sutherland's Application Performance and Analytics Services help enterprises move beyond maintenance into targeted, value delivery. Through outcome-linked KPIs, continuous feedback loops, and real-time dashboards, we embed performance intelligence into your application lifecycle. Discover how insight-led evolution can drive impact at every touchpoint.

Conclusion

Modernization was your springboard. Application evolution is your flight path. The enterprises leading tomorrow are not those that simply complete transformation, but those that make it an ongoing capability, embedded continuously, intelligently, and strategically into their operating model.

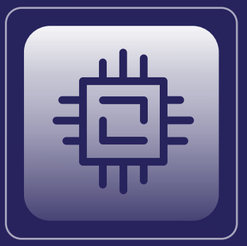
By aligning packaged and custom applications within a unified, composable architecture that decouples business capability-aligned services from monolithic releases, enterprises can break free from legacy constraints and build systems that adapt in real time.

This approach not only creates long-term agility and resilience but also enables scalable intelligence, seamless innovation, and faster time-to-value.

Ready to build customized composable platforms, scale AI-ready systems, reduce tech debt through modular design, and enable faster, outcome-led transformation?

Sutherland can help illuminate the shift

Learn More



Artificial Intelligence. Automation. Cloud Engineering. Advanced Analytics. For Enterprises, these are key factors of success. For us, they're our core expertise.

We work with global iconic brands. We bring them a unique value proposition through market-leading technologies and business process excellence. At the heart of it all is Digital Engineering – the foundation that powers rapid innovation and scalable business transformation.

We've created over 200 unique inventions under several patents across AI and other emerging technologies. Leveraging our advanced products and platforms, we drive digital transformation at scale, optimize critical business operations, reinvent experiences and pioneer new solutions, all provided through a seamless "as-a-service" model.

For each company, we provide new keys for their businesses, the people they work with, and the customers they serve. With proven strategies and agile execution, we don't just enable change – we engineer digital outcomes.

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digital outcomes.

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Looking for the full picture?

This POV explores one of six core capabilities that accelerate enterprise transformation. While each plays a distinct role - whether it's aligning strategy, modernizing infrastructure, assuring quality, or engineering data for intelligence - their true impact comes from fuelling end-to-end transformation. Explore the others to see how they fit together to deliver faster innovation, greater agility, and measurable digital outcomes.

Download the Full Toolkit Here

OVERVIEW