

Content management is key to ERP modernization and building an AI-ready foundation that drives efficiency, compliance, and long-term business resilience.

ERP Cloud Modernization Must Include Intelligent Content Management

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The Legacy Barriers to AI-Ready, Cloud ERP

Modernizing ERP systems is not just about upgrading legacy solutions. It means deploying AI-ready digital infrastructure and preparing for what's next.

When it comes to modernization, 32% of companies tell IDC that deploying AI-ready digital infrastructure is their most important goal, reframing the modernization focus and enabling broader adoption of AI across the entire business and IT stack.

While 24% of companies want to move as many workloads as possible to public cloud in this journey, the breadth of their legacy systems — in both number and scale — is the biggest challenge when modernizing, according to IDC's April 2025 *Future Enterprise Resiliency and Spending Survey, Wave 3*. The challenges of modernizing ERP applications and migrating to the cloud include:

- » **Legacy content:** Unstructured information is stored in old formats and disparate systems, making migration and integration a challenge.
- » **Disconnected archives:** Historical data repositories can have limited accessibility, leading to data fragmentation, poor visibility, and difficulty ensuring comprehensive data migration. This can also put compliance at risk.
- » **Costs:** Migration costs can add up when moving data to modern systems, including costs for data transformation, ballooning project timelines, and rebuilding business processes.
- » **Production delays:** ERP systems run core functions. If migration is poorly managed, it can interrupt business-critical operations.
- » **Compliance risks:** Many legacy systems lack robust audit trails and security, making it harder to meet regulatory standards during migration and increasing the potential for data loss and penalties.

AT A GLANCE

KEY TAKEAWAYS

- » AI-ready digital infrastructure is the number 1 goal for modernization initiatives.
- » A quarter of companies want to move as many workloads as possible to public cloud in their modernization journey.
- » Establishing an intelligent content foundation mitigates the challenges — and risks — when modernizing an ERP system.
- » Cloud-based ERP systems integrated with content management enable organizations to leverage AI-driven capabilities.

There is also the snowball effect that comes from legacy debt. As each new generation of technology is layered onto existing systems, it becomes more challenging to maintain consistency in security configurations, enforce access controls, and ensure workflow integrations.

But what about the cost of doing nothing? IDC data shows that technical debt and the cost of keeping older applications running is the top factor driving overspending on digital infrastructure (source: IDC's *Future Enterprise Resiliency and Spending Survey, Wave 5, June 2025*).

Disparate and complex legacy systems can mean significant maintenance expenses compared with cloud SaaS applications; bespoke, older systems require hard-to-find and expensive skill sets to maintain. Legacy ERP can also get in the way of organizational progress, limiting access to modern AI and automation capabilities or the continuous improvement that comes with cloud deployments.

The Benefits of an Intelligent Content Foundation Before Migration

Establishing a connected process and content foundation can mitigate the challenges — and risks — when modernizing an ERP system.

To reduce migration costs, use content mapping and migrate only the data and documents that are truly necessary. This approach optimizes storage, compute, and overall migration expenses while improving operational efficiency. By eliminating redundant, obsolete, or trivial content and excluding poor quality data from the migration process, organizations can achieve higher data quality and consistency.

Streamline Governance and Efficiency with AI-Powered, Centralized Content Management

Connecting ERP processes with intelligent content management embeds governance directly into the flow of work, reducing the administrative overhead of compliance. Implementing audit trails, retention schedules, and robust access controls further minimizes the risk of data loss or mishandling, ensuring all migrated content remains compliant, secure, and properly governed throughout its life cycle, no matter where it resides.

Cloud-based ERP systems integrated with content management enable organizations to leverage AI-driven capabilities for improved business outcomes, such as using generative AI (GenAI) capabilities to route, tag, and process documents in real time. By embedding content management and automation within ERP workflows, teams can achieve seamless collaboration and automate their document-driven processes. This integration significantly reduces reliance on manual, time-consuming, and error-prone procedures that are often costly and difficult to audit. This has a positive impact on efficiency, accuracy, and transparency across the organization.

Connecting content directly to key workflows allows organizations to streamline operations and enhance productivity across departments. Common and business-critical workflows that rely on ERP systems include:

- » Invoice and finance processing
- » HR and employee experience
- » Customer communications

By future-proofing technology investments through scalable cloud infrastructure, businesses can easily expand their operations, support new business models, and gain better access to critical content. Modern ERP systems also integrate seamlessly with emerging technologies, ensuring long-term adaptability. In addition, consolidating systems and reducing complexity through the decommissioning of legacy content storage and archiving solutions simplifies IT management. Unified content governance and records management further strengthen compliance and improve organizational oversight.

Best Practices When Modernizing for the ERP Cloud

- » When modernizing, organizations should use their AI initiatives to uncover and address layers of legacy technical debt that may be holding them back. It's vital to evaluate how this debt is impacting IT support, exposing the company to potential security and compliance breaches, and inhibiting systems integrations. These issues can significantly limit the organization's ability to fully benefit from areas that have been modernized.
- » Another key consideration is content quality. Poor content quality and a lack of an audit trail create what can be called "data debt," which can undermine decision-making, compliance, and overall information governance. Maintaining clean, traceable data is essential to ensuring the long-term value and reliability of modernization efforts.
- » Modernization should be a central part of the IT budget, with content and unstructured data receiving the same level of attention and investment as structured data. Treating all data as a strategic asset helps build a more resilient and future-ready foundation for the business.
- » Partnering with vendors that offer the right tools, processes, and methodologies can help define, align, and track technology, operational, and business outcomes throughout the modernization process. These partnerships ensure that modernization efforts are intentional, measurable, and aligned with immediate goals and long-term strategic priorities.

Content and unstructured data must receive the same level of attention and modernization investment as structured data.

Considerations

Decommissioning legacy systems requires a thorough impact analysis to prevent the disruption of critical operations and mitigate potential integration issues with remaining application dependencies.

Modernization can add new complexities for data management, security, and integration between existing IT infrastructure and cloud partners. It requires a compelling business case, and while legacy systems can be a drag on innovation, many companies are still struggling to establish business value and scale for their AI initiative and projects.

AI tools for content management must deliver trusted and accurate results. IDC's February 2025 *Future Enterprise Resiliency and Spending Survey, Wave 1*, found that 37% of companies said that fear of jeopardizing control of data and intellectual property inhibits the greater use of third-party AI applications in the business, 33% reported concern about exposing the company to brand and regulatory risks, and 31% expressed concerns about accuracy or potential toxicity (i.e., bias and hallucinations in the outputs).

Trends

- » Nearly every enterprise has an AI road map. According to IDC's June 2025 *Future Enterprise Resiliency and Spending Survey, Wave 5*, 25% of companies have an AI strategy that centers on advancing implemented AI use cases to redefine products and services and drive operational competitive advantage, and 33% have an enterprise AI strategy that centers on implementing AI in every part of the business to transform their operating model.
- » Many ERP workloads are run on premises but planned deployments and migration investment are shifting to a greater hybrid mix, strategically balancing on-premises and cloud resources to increase agility, cost efficiency, and scalability.
- » Regulatory requirements — such as the CLOUD Act in the United States and GDPR in the EU — influence decisions about deployment and data residency, especially in highly regulated industries like finance, healthcare, and manufacturing.
- » Rising cybersecurity threats and new risks associated with AI, like data leakage, algorithmic bias, and hallucinations, are critical considerations when evaluating how and where to run ERP workloads.

Conclusion

Modernizing ERP systems for the cloud is no longer just a technical upgrade, it's a strategic imperative. Organizations must address legacy barriers and data debt to unlock the full potential of AI-ready infrastructure.

Establishing an intelligent content foundation before migration not only reduces risk and cost but also enhances governance, compliance, and operational efficiency. By integrating centralized content management with cloud-based ERP systems, businesses can future-proof their operations, streamline workflows, and improve decision-making. As companies navigate modernization, prioritizing content quality and aligning with the right partners will be key to achieving scalable, secure, and resilient digital transformation.

About the Analyst



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Amy Machado is a senior research manager for IDC's Content and Knowledge Discovery Strategies coverage. She also collaborates on Intelligent Document Processing research. Her advisory program examines the fundamental redesign of content services and related use cases that are transformed by digitization and the application of innovative technologies.

MESSAGE FROM THE SPONSOR

Organizations can reduce complexity, maintain regulatory assurance, and accelerate transformation by aligning enterprise content and process modernization. This integrated approach simplifies enterprise operations, embeds compliance by design, and establishes a single, trusted source of business information across applications and clouds. The result is greater control for leaders, improved clarity for employees, and scalable, cloud-ready systems for IT.

SAP and OpenText have partnered for more than three decades to help enterprises modernize business technology with confidence. Together, they connect SAP's structured process data with OpenText's content management expertise to create a unified foundation for information governance, automation, and performance.

Learn more about how SAP and OpenText support high-performance ERP modernization

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