Stick or Twist: Making The Right ERP Decisions

IT leaders considering whether to replace, upgrade or deploy an ERP system are faced with a barrage of decisions and internal objections.

Our ERP experts provide their independent advice on how to move forward.

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Introduction

All companies encompass processes that would come under the umbrella scope of ERP (Enterprise Resource Planning), whether these are HR, CRM, finance, manufacturing, stock control, logistics etc.

The key question is how these processes are facilitated within the company and how the underlying information is stored, managed and shared.

Critically, every organisation is different, which is why there is no 'catch all' guide to choosing an ERP system, or even the decision whether to deploy one. The fundamental differentiator between successful ERP initiatives and those which fail is knowing where to adopt the best practices built into the ERP and where there is value in developing bespoke options.

For companies that have made adoption of an ERP system a central part of their IT strategy, experience shows that early ERP systems presented the challenge that they were typically monolithic suites that worked in isolation and required expensive & complex customisations, which slowed - or even prevented - the adoption of new technology, upgrades or process optimisation.

Today's ERP software, however, is different in that it brings multiple processes to the table and presents them in a fluid, interconnected ecosystem. This offers not only data connectivity within systems but also with productivity tools, e-commerce and even customer engagement solutions. In this way, they help businesses connect data for better insights, driving the optimisation of processes across the business.

The factors causing the need for evaluating a new or upgraded ERP system can be varied. Divestments, mergers, changing business environments, organisational changes, or even software vendors themselves declaring that they plan to cease support at a certain date in the future - all creating an environment where a business needs to review how IT supports the efficient delivery of processes.

Three Key Areas To Consider

Decisions and barriers to ERP deployment / change

Business Strategy, Requirements & Processes	IT Strategy	Three Areas To Consider
ERP encompasses multiple critical business processes • Whether these are HR, CRM, finance, manufacturing, stock control, logistics, etc. The key question is how these processes are facilitated within the company and how the underlying information is stored, managed and shared. **Critically, every organisation is different** • This is why there is no 'catch all' guide to choosing an ERP system, or even the decision whether to deploy one. **The fundamental differentiator between successful and failed ERP initiatives** • Is knowing where to adopt the best practices built into the ERP and where there is value in developing bespoke options.	ERP systems presented the challenge that they were typically monolithic suites that that worked separately • This required expensive, complex, and customised code which slowed - or even prevented - the adoption of new technology, upgrades, or process optimisation • Today's ERP software brings multiple processes to the table and together in one fluid interconnected ecosystem • These newer offerings not only provide data connectivity within systems but also with productivity tools, e-commerce, and even customer engagement solutions • Thus helping help businesses leverage data for better insights, driving the optimisation of processes across the enterprise	Optimising business performance • Solutions should provide insights that enhance decision making and reveal ways to improve operational performance going forward. Solutions should also support the possibility of integrating emerging technologies such as AI for faster decision making. Accelerating value delivery • By connecting processes and data, employees will have more visibility and flexibility to help them take action quickly and deliver more value across the business. Enabling business agility • Whatever is implemented needs to adapt to business needs, helping the business proactively prepare for - and readily respond to - any operational disruption or market change. Indeed, if nothing else, the past two years have demonstrated that those companies with nimble and agile systems have been the ones who could most easily adapt to, and benefit from, the social and commercial landscape disruption.

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Addressing Fear Of Change

Perhaps the most important aspect to address in the early stages of any conversation is how to address any barriers to adoption.

Despite, or sometimes because of, all the options out there, companies can be hesitant about choosing, implementing or replacing an ERP solution. There are many reasons why, but where there's fear or resistance to this, there's also a solution.

Choosing The Right ERP Solution	Affording A Major ERP Overhaul	Don't Lose The Systems In Place Now
• SAP, Oracle, Infor, Dynamics, Sage, Workday, Syspro, the list is quite exhaustive these days. • There is no perfect software solution to fix everything. The right solution for your business should be able to take the best available processes and bring them together • Allowing everyone in the organisation to access the same information at the same time.	• It is important to understand that change doesn't have to be an all or nothing implementation proposition. • Software solution modules can now be purchased and deployed separately based on business need. • This helps the team ease into the implementation phase of delivering ERP change, reducing the need for the full investment in a major system change without knowing whether or not the functions being added will pay off from either a business or ROI perspective.	• Any future ERP solution should work within the current landscape, but also include the features that can help in future growth and evolution. • For instance, if the current system handles the financial, supply chain and manufacturing sides of the business, the addition of a strong business intelligence solution, for example, may provide the new capability and process enhancements being demanded.

Right-sizing The Project

Once the barriers to the possibility of change have been overcome, the next steps are to look at how any new system will serve the business. This should drive a number of decisions that will underpin the architecture definition and future system deployment.

Right-sizing the project will encompass some key decision points, summarised on the next slide.

It is important to consider Cloud options both from an Infrastructure or Application perspective. Traditional factors such as the functional requirements and cost are nowadays less of a differentiator, so ultimately the approach will be influenced largely by the business growth plans, access to reliable connectivity and the business's view on flexibility and scalability.

The prime aim of an ERP system is to facilitate significant automation of regular processes and cut down on manual processes. An industry-focused solution may closely match the needs of one department, but it may not always enable end-to-end processes that span multiple departments.

Enterprise solutions, on the other hand, are usually already well integrated but can come at a cost in terms of functionality for certain departments that have very industry specific processing requirements, even if the provider has a specific module, standard model or configuration for the appropriate industry sector.

Therefore, when considering software vendors, it is important to spend time drawing up requirements specifications to make sure all needs are covered (both functional and non-functional).

The value of being clear on what the business needs are right at the beginning pays dividends throughout any potential implementation, but most notably when selecting the vendor, product(s) and systems integrator(s).

Right-sizing The Project

1. Cloud or on-premise?

- Both work, what's best for the business?.
- SaaS is attractive to many businesses for several reasons:
  - It is managed directly by the vendor, housed in a vendor managed data centre, which makes it highly secure and more robust than most organisations can achieve.
  - Upgrades to the latest versions and patches are performed with little or no input from end-users
  - Systems are automatically backed up by the vendor with up-time often guaranteed
- SaaS encourages reduced data structures, making 'any time – anywhere' use easier
- Non-functional consideratons such as Security, high-availability

2. Enterprise or line of business?

- One-size fits all, or ecosystem of specialist Apps?
- Integration and inter-connectivity for launch and ongoing maintenance
- Use of 'Software as a Service' (SaaS) can also balance the need for in-house support teams or expertise.
- Monolithic systems not always 'best-fit' for all departments.

3. Which software?

- Drive by business requirements, not technology.
- Weight to functional and non-functional requirements
- Top down; avoid the sales-pitch
- Standard questions that the team should look to answer:
  - Do they have a focus and template for your industry sector?
  - How many customers do they have?
  - What is their financial position?
  - What is the focus on R&D?
  - Is the product end of life?
  - What are the support options?
  - Is their model a true cloud or a hosted solution?

4. Evaluate and purchase for the project

- Right-size; are you a trophy client who can affect product development?
- Are you looking for a solution provider or software vendor?
- Different partners for different stages of the project
- Pricing; subscription, consumption, or in-perpetuity?
- What happens to your existing licence assets?

Conclusion

Sourcing and deploying the right ERP solution, or combination of solutions, is critical to taking business process management to the next level. Getting the decision wrong or failing to deploy can have an enormous impact on the business as well as the people. Working with an expert partner that has extensive experience managing ERP implementations can greatly reduce risk and enhance the end-result. A good ERP implementation partner will:

- Understand the industry & sector, as well as the various software solutions
- Keep focus on your project goals
- Address the fear of change in your organisation
- Communicate with familiar, clear language

Focus on getting the right team together, the correct level of executive sponsorship, the right partners with the right experience. Don't overlook the importance of investing in training and change management, as well as open and frequent communication.

And finally, remember that deploying an ERP system is not a one-off activity, or cost - or one with immediate business benefit.

Deploying and managing ERP is a journey that needs to adapt as the business evolves. A journey that involves constantly assessing and developing the way the solution works for the organisation.

Why Coeus Consulting?

Coeus has worked with a number of clients on their ERP strategy and architectures across multiple industries.

- Key to the success of the engagements has been to help our clients cut through the vendor messaging and understand how the technology can benefit their business.

- Provide structured key analysis and market insight and facilitated executive decision making to ensure approval and funding.

- Identification of significant savings and reductions in programme timelines, including:
    - Identification of programme savings of around 25% based on FTE and development work
    - Reduction in ERP vendor platform selection process timeline from 12 months to 6 months
    - Reduction in timeline to first production system of 12 months (based on a four-year programme).

- Wider benefits have included architectural design outlining a reduction in number of ERP cores by a factor of 5 and identification of Cloud readiness and lean ERP principles as they mapped to the client's Cloud strategy.

- SaaS 'best of breed' design process to facilitate implementation of lean ERP.

Our Experts

Contact Us

Ben Barry

Ben is a founder and Director of Coeus and has worked on numerous ERP projects across the whole lifecycle, from strategy and architecture, product selection and systems integrator sourcing, programme mobilisation and competency centre design through to execution and benefits delivery. Industry experience includes energy and utilities, consumer products, manufacturing, retail, transport and public services.

James Cockroft

James is an IT Sourcing and Transformational professional and Director at Coeus. He has previously held senior positions in a number of leading European consultancies. James has successfully advised global organisations on complex ERP package selection, contract negotiations and renewals. He also provides support on S.I. selection & execution; including system consolidation to support acquisitions or cost savings, major technical upgrades, transition & divestments.

Ian Foster

Ian specialises in IT Technology, Architecture & Strategy, including application development, commercial, technology & product architecture roles. He has extensive enterprise experience through active participation in industry advisory forums and key senior roles across multiple sectors, including Retail, Entertainment, Recruitment, Logistics, Broadcast, Mobile & Fixed Communications; including architecture & design roles for large programmes on SAP/ERP & HANA platforms.

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