The honest guide to selecting the right ERP

Everything you need to know about Enterprise Resource Planning and how to choose the best system for your business.

If you're reading this, you're probably looking to increase efficiencies within your business through technology and are investigating which enterprise software solution is the best fit for your organisation. Choosing the right ERP system can be a daunting task, not to mention potentially highly time-consuming and expensive, if the process is unguided.
So, where to start?

Often, meeting with technology vendors too early in the process can just add to the confusion as salespeople battle it out and tell you exactly what you want to hear at every turn. This guide is focused more on assessing your business, its requirements and your internal expertise. We'll talk you through the practical steps required to ensure you are confident in discussing your true requirements with vendors, or to understand where you may need to engage with a partner to guide you through this process. Our guide will provide you with the foundation to ensure you are well placed to select an ERP system that is right for your business.

Got further questions? **Speak to one of our advisors.**

Introduction

What is Enterprise Resource Planning (ERP)?

Enterprise Resource Planning (ERP) systems are used by businesses of various sizes and industries to centralise company data and core business processes. This improves overall efficiency across the business as users have real-time access to data, and manual processes can be simplified and automated where possible.

Many ERP systems offer strong out-the-box functionality that meets the needs of different types of businesses in a variety of industries, but the sophistication and nuance of each business also means that the ERP systems must be highly customisable. Significant configuration work may be required on an ERP implementation and the ongoing maintenance can often be the full-time job of a specific person or team within the business. Though the initial cost of implementing the ERP, the software licence, and consultation support can often be jarring, the overall cost is usually offset by time saving through reduction in manual processes, potential headcount reductions, and consolidation of your system landscape.

Chapter 1:

What are the benefits of ERP?

An ERP system, when implemented well, consolidates company data into one single source which helps define and standardise global processes. The overall system landscape can be reduced and processes can be automated, which reduces human or manual errors, and eliminates needless inefficiencies. Improved data integrity and full insight across the entire business operation, allows businesses to improve their planning and accelerate their financial reporting.

The knock on effect to the business as a whole includes improvements to customer service, cost savings through time and headcount, and greater workplace collaboration as different departments become unified in their systems and processes.

What's more, housing all company data in a single solution adds the benefit of heightened security because data is not crossing digital borders. Modern cloud-ERP vendors offer a multitude of security features including encryption, multi-factor authentication and password policies, as well as centralised security systems such as round-the-clock security teams who respond to any threat alerts thrown up by in-house continuous monitoring systems.

Top ERP Benefits

- Data accessibility and reliability
- Automation of manual processes
- Improved visibility and planning
- Standardised business processes
- Enhanced data and cloud security
- Streamlined compliance
- Minimised risk
- Improved efficiency and productivity
- Improved collaboration
- Cost savings
- Improved customer service
- Read more about the benefits of ERP.

Read more about the benefits of ERP.

Chapter 2:

Should I be using an ERP system?

ERP systems are now used by all types of organisations regardless of sector or sizes. They are an integral part of an organisation's enterprise architecture and their growing capabilities mean that remit of an ERP system is likely to evolve over time.

There are more niche ERP systems that are industry-specific. These systems have tailored functionality around the common processes associated with that specific industry. Conversely, modular ERP systems can layer industry-specific business processes on top of key functionality to meet any particular need.

Industry-specific systems often deal well with processes that are unique to that industry but can often fall short when it comes down to things like core financials or consolidation. Though the industry-specific systems can seem attractive, it will often make more sense to choose the modular system as they will complete 90% of the required functionality with greater precision and efficiency, and also generally scale with the company better as it grows.

Chapter 3:

What other enterprise systems might you consider?

Though modern modular ERP systems offer a broad range of functionality often including most enterprise business processes, there are some cases where a company would also utilise other specific enterprise systems.

Depending on your industry and the nature of your business, the different enterprise software systems that you may be considering include:

- CRM - Customer Relationship Management
- SCM - Supply Chain Management
- EPM - Enterprise Performance Management
- CMMS - Computerised Maintenance Management System

What is Enterprise CRM?

CRM stands for Customer Relationship Management. As its name suggests, CRM systems manage every detail, interaction and workflow that relates directly to an individual customer or client. The Enterprise element usually denotes the sophistication level of a system that encompasses information from every touchpoint throughout the customer journey from marketing to sales to service and includes financial and purchase information.

What is Supply Chain Management?

Supply Chain Management systems centralise and streamline all processes to do with the flow of goods and services from raw materials through to products on shelves or service delivery. Sophisticated supply chain management can cut costs for businesses and ensure fluctuating demand is met. Several data sources play into supply chain management, both internal and external, and being able to manage the whole process in one system allows businesses to be flexible and in control.
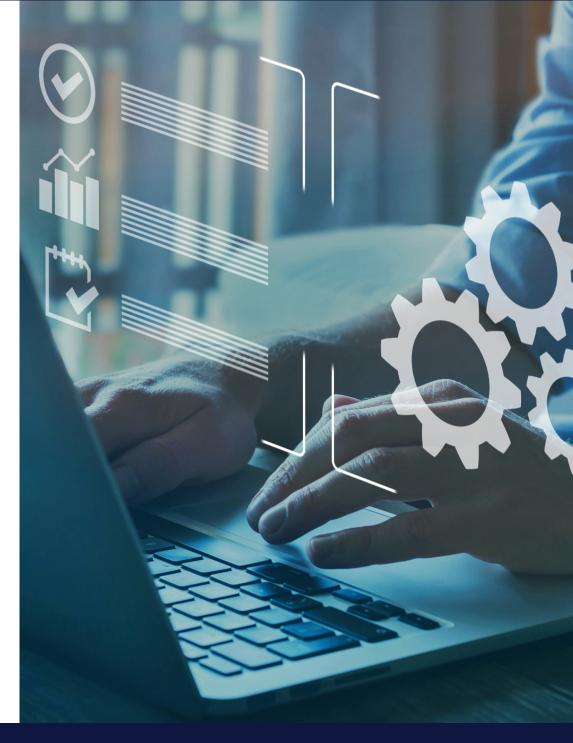
What is Enterprise Performance Management?

Enterprise Performance Management (EPM) is a system that collects data from across the business and generates reports on financial performance. Benefits include the ability to automate financial reporting and other processes, and generally speeding up the process of financial reporting to allow individuals to focus on value-add tasks instead of number crunching.

What is a Computerised Maintenance Management System?

Computerised Maintenance Management System (CMMS) is a system that manages the utilisation, organisation and management of physical equipment. A business that uses machinery, vehicles and other assets would use a CMMS to ensure all physical equipment is being optimised and to automate and organise how it's managed. CMMS allows businesses to streamline and automate processes, control costs and keep equipment documentation up to date with one system.

Now that you have greater clarity on the systems that are available and the benefits of ERP software, our experts have put together a comprehensive guide to ERP selection. By following the steps outlined below, you should have a clearer idea on which system is the best fit for your business needs. The process will be similar for all the above systems and help you understand which option to go for.

Chapter 4:

How to select the right ERP system

Step 1 - Map out business requirements

The first step in the process is to gain a clear understanding of where you are now. Which of your current business processes will need to be carried over to the new system? An ERP system impacts all departments so this may take some time as the decision making team investigates the requirements of each and decides/prioritises which functionality they would like to include within their new system.

Develop as-is process maps

Take the time to map out as-is processes using a diagram tool (such as Lucidchart or Microsoft Visio). Create an interview template to use with each department to capture the inputs into the process, the outputs of the process, the flow of information/data and any dependencies on the process. List which of these processes are currently automated or are manual and how frequently they occur (daily, weekly, etc).

This process provides a unique opportunity for reflection. Have your team ask themselves which of these business processes are taking most of their time. Does this align with the amount of value that comes from the time invested? Is there potential to automate or even eliminate any of them?

This mindset will be extremely helpful later on when you are aligning your processes to leading practices and mapping them to your new system.

In addition to what already happens, what does each department need from an ERP system? How could their processes be improved? What systems are they currently using that could be replaced by or integrated with an ERP system?

This produces a comprehensive map of business requirements which any new system must meet but also a blueprint to start rolling out your new system as per each department's processes.

Step 2 - Plan for the future

Prepare for today, tomorrow, and the future. Consider where the business is headed and what future goals are in place. It is essential the new ERP system is able to support any new operational processes that will come into play, so don't forget to include this foresight in your plan.

Take this as an opportunity to think strategically, beyond the issues of the day, to how to enable growth in the future. Dig deeper in your investigation across departments to understand their current limitations and pain points. As mentioned previously, ensure that you are focussed on reviewing the processes that are occupying the most time within each team. Many of these tasks will be laborious or repetitive. In an ideal world, how would their day-to-day shift? With this wish list, you'll be able to assess how the new ERP system can help bridge these gaps.

Create to-be process maps

Just as you did in the previous step, visually map out your known future processes to give you a clear view of what is required of a new ERP system to support them. These plans not only help you through the decision making and implementation processes, but can aid in getting your project off the ground as you demonstrate the value and potential of a new ERP system to internal stakeholders and decision makers.

Step 3 - Prioritise requirements

By this point, you may have what feels like a very long shopping list of requirements, entailing the hopes and dreams from across the business. It is important to consolidate that list to find the common threads and prioritise requirements into essentials and nice-to-haves. You can always plan for a phased approach with some requirements being met at the outset of the project and a timeline for more functionality to be added in the future. Organising the information you've gathered by priority will help steer your conversations with vendors and weed out those that are definitely not suitable. Though many ERPs will be able to cope with the majority of your requirements, specific systems will be better suited to perform to your specific "high priority" items.

Step 4 - Secure buy-in at every level

Failing to secure the support of key people within your organisation is likely to disrupt your project later on. Different stakeholders with separate responsibilities will have individual priorities for selecting an ERP. Each function and level of seniority will be using the system for individual purposes and it's important to understand each member's motivations and ensure needs are being addressed or at least considered to gain company-wide buy-in.

The information gathered so far will be instrumental in building a business case for an ERP system for senior management and will also help guide the budgeting process. Understanding how the ERP system will impact each part of the business and the potential cost and time savings will strengthen your business case and reassure decision makers that you've done your research to get to this point.

But don't forget people such as the IT team, department heads and other end users whose help and cooperation you will be needing. Create bespoke presentations on both the benefits of a new ERP system and the projected project timeline for implementation. Make sure everyone knows what their roles and responsibilities will look like and how their personal role at the company will benefit from the new system.

Step 5 - Choose a technology partner

The cost of implementing an ERP system can be between 2% and 3% of a company's annual revenue, and take between seven and 13 months to complete 1. That is typically not something that the in-house IT and finance teams have the expertise or the capacity to manage. That is why it is highly recommended to work with a technology partner. This will be a third party consultancy or managed services company that has extensive experience implementing this type of technology in your industry.

Working with a partner over working directly with the vendor is favourable as you get access to very specific expertise related to your industry and business size. Vendors are experts or hold expertise in their own product but may lack the insight to your business that a technology partner can provide. The initial extra investment of working with a partner is almost always offset by projects running to specific or agreed timescales and budgets and savings made by efficient roll outs of the system. Most continue to find value in leveraging their partner's expertise to optimise their system as their business continues to grow and change.

Step 6 - Shortlist vendors

With your internal research, budget sign off and technology partner lined up, you can now look at specific vendors and begin a vetting process. It is likely that your technology partner will be able to recommend a vendor based on their experience but you'll still want to research for yourself no doubt. When building a shortlist of vendors, we advise looking at reviews and user ratings on sites such as **G2** or on the **Gartner Magic Quadrant**, and research any case studies offered on the vendor website to find out if they have experience with a business like yours. Ensure at this point you are considering all your requirements including future processes and goals.

Step 7 - Book software demos

It's tempting to skip straight to the demo stage, but without doing the preliminary internal work first, you won't have the best questions to ask or know exactly what you're looking for. You're now ready to participate in software demos, armed with all your requirements and confident in what your business needs.

Be clear from the outset on your essential criteria, desired outcomes, budget, timelines and resources. The vendor should have done their homework on your business and industry and be able to answer your specific questions. Ensure that the vendor is addressing each of your concerns directly rather than glazing over areas to focus on shiny bits of the system interface. Record your demos so you can refer back to each one throughout the process and don't be afraid to push for more technically satisfactory answers.

Summary

Selecting an ERP system is an extremely complex process, and with large software contracts on offer, salespeople can be falling over themselves to reel you in anyway they can. VantagePoint is a finance consultancy with decades of experience implementing ERP systems for businesses. Unlike many consultancies, we help at every stage of the decision-making and implementation process, long before a decision has been made with a vendor. We offer impartial advice based on our experience with businesses like yours, to ensure you are set on the path to ERP success. For more information on our services and how we can help you select the right ERP system, visit our **ERP implementation services page.**