



Understanding ERP Software Purchasing, Installation and Optimisation



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The new global economic landscape is forcing many different types of businesses to look seriously at Business Improvement software to help them further increase efficiency and drive down cost.

Businesses that are looking to integrate their processes and data and most importantly make key decisions based on better information, often look for ERP software solutions. If you are looking to implement BI software then this guide is intended to help you select the most appropriate solution for your business

Choosing the right software – making sense of all the noise

The first challenge you will face is simply trying to select a system that meets your needs, although perhaps we should take a step back first, the first challenge is most probably making sure that you have identified what your needs are. Too often decisions are taken by individuals with a vested interest in one particular area of the business, and for whom the selected software offers the perfect solution. These, often blinkered decisions, however may not best suit the overall needs of the business. There may be far more critical issues that need resolution elsewhere in the business, so the following pre-selection rules need to be followed:

- A working party needs to be formed to represent the needs of all the critical business areas
- Time and resource needs to be devoted to the identification of their “issues”
- The issues then need to be prioritized impartially
- “Must have” solutions need to be identified
- Critically time needs to be devoted to the anticipated ROI
- Do the financial short and long term benefits justify the investment?
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Once you have developed a clear needs list, the next stage is dedicate resource to the creation of a supplier shortlist. No easy task as the range of alternative solutions is vast, and it's important that you identify at an early stage suppliers that meet your key criteria:

- How many of the overall “must haves” can they satisfy?
- Where are they situated, if local onsite support is an essential pre-requisite then location is key?
- How can they support the installation and implementation stage, onsite or remotely?
- Do they have references for businesses of the right type and size, businesses with whom you can identify?
- What level of after-sales and lifetime support can they offer?
- Can they help you identify the potential ROI
- What is their approach to customisation of the system and how and where could that work be undertaken
- What are the initial costs?
- What are the ongoing costs?
- Are there any other hidden costs?
- What are the long term prospects for their business?
- How can they support system failure?
- How can they support critical failure?

- What level of training and education can they offer?
- Can they help with optimisation?

So you've chosen your system – Sit back and relax?

Recent research indicates that after the selection process there are still relatively high levels of dissatisfaction with the chosen solutions, a report by Cliff Mills at the Evaluation Centre highlights the following key points:

- When asked “how easy has it been to modify the system as your business has changed” 44% of companies replied “moderately difficult” and 33% said that it was “difficult” or “very difficult” So as you can see this is a vital area, make sure that you have a good understanding of how you can adapt the solution overtime or make sure that you work with an experienced provider, well versed in the software and able to support you long term. Don't assume that nothing will change, the last eighteen months, if nothing else, tells us to be prepared for the completely unexpected!
- The report also highlights that optimisation is often a challenge, only 10% of respondents said that the software is “used to its full extent”. Indeed the vast majority of respondents (63%) said that either a “significant” or “large” proportion of the software was not fully used. So it's key that you gain a commitment from the software supplier that they will work with you long term to ensure you are taking full advantage of the benefits the system can deliver. We can draw a parallel here with Microsoft applications, how many times do you discover something within a Microsoft application that prompted you to think “I wish I'd found that ages ago” With the likely investment you are about to make, you cannot afford to leave benefit hidden.
- Like most IT installations cost overruns were also a reality, 30% of respondents said that the implementation had exceeded total costs. Whilst not asked in the survey it is our experience that many of these cost overruns are associated with the additional resource that is needed internally. Underestimation of the impact such projects have on your existing resources is commonplace and again you need to seriously consider working with a supplier that can offer good implementation support. Suppliers that can, lessen the burden on your own IT teams.
- The second factor in cost overruns is late delivery, 17% of respondents stated that their project had “greatly exceeded” their initial expectations. A further 23% saying the installation had “exceeded” expectations. Great project management is the key here, if you don't have sound project management capability internally, then make sure you choose to work with a partner who has both experience and proven project management skills. Failing to meet agreed deadlines is a key contributor to cost overruns.

But now the good news – access to your own crystal ball!

Having read the preceding information you may be wondering “why would I want to invest in Business Improvement software”. The survey shows that the following are the key elements that justify the decision to proceed.

- Gain quicker and better insight into your business, acquire the ability to make business critical decisions quickly
- Improve overall operational efficiency and all the associated benefits with respect to customer service
- Streamline working practices

- Take cost out of administration
- Overall reduction in overheads
- Logistics rationalisation
- A great initial step into the adoption of LEAN manufacturing practices

Conclusions

Overall the majority of businesses that decide to invest in Business Improvement ERP software view their investment positively, but the following considerations are vital:

- Invest the right amount of time and resource to the project at an early stage and make sure your objectives and ROI ambitions are clear to potential suppliers
- Supplier choice is key, there are hundreds of alternatives that range in size from Global conglomerates to online software downloads. Make sure that any potential partners satisfies your own criteria and don't necessarily be swayed by size or reputation, every implementation is in some respects unique.
- Don't underestimate the impact that the implementation will have on your own business, you need to make an assessment early on in the process as to what level of resource internally can be devoted to the project.
- Be honest about your own internal or personal Project Management skills, if they are lacking then the project could overrun and eat into your budget.
- Post installation, continue to invest time in optimisation and training, so that you are able to derive the full benefit of the software.

Finally the last component of a successful Business Improvement software implementation is a committed senior management team. I.T. projects are notorious for losing momentum and the whole management team from C.E.O downwards needs to keep the project on their agenda from start to finish.

If you and your team have committed to making the investment you must commit to ensuring that, as we say at MXI "every ounce of value is squeezed from it"

MXI specialise in the supply and support of Business Improvement software. We help our clients select, install and most importantly optimise our software solutions.

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