



# How Successful ERP Selections Are Made

*The top things to look for, look at, and look beyond when evaluating an ERP purchase*



When determining a new Enterprise Resource Planning (ERP) software to purchase immediate ideas like “Can it handle my scheduling needs?” are the easier requirements to conceptualize. Often times, the only requirements up for consideration are what the system can and cannot do. There is more to a lasting ERP purchase than that and below are several aspects often neglected as equal in relevance.

### **Platform**

Do not choose an ERP system on platform (.net, SQL based, hosted solution) alone. This will be a mistake. While important, it should be only one of the contributing factors. For example, a web-based solution might be what you absolutely “must” have in theory but if you eliminate potential software vendors, solely for this reason, you may be missing strong functionality that may compensate for the lack of that specific platform. Choosing a new ERP based only on a pre-conceived idea might not provide the entire picture of software capabilities.

### **Thoughts on Technology**

As technology grows so too should software packages. Check to see how the ERP vendor has kept up with technology. Are they willing to spend money in R&D on something that is possibly needed in the future or is money only being spent on something that was needed in the past? If certain features or functionality are not currently in the package and it is offered to you as a capability, are they willing to put it in writing? Verbal commitments are like broken calculators – they can’t be counted on.

### **How Many Vendors Are Included?**

How many total vendors will you deal with on your ERP package? Be sure to include all software components, report writing tools, implementation and support personnel. You might buy from Vendor A, but is all the software written and maintained by Vendor A? If Payroll or Time and Attendance portions fail does Vendor A help or do they refer you to Vendor B? Do you call Vendor C for support on Quality and Vendor D for support on eCommerce/EDI? Maintaining multiple vendor relationships, databases, and connections is time consuming and often attempting to obtain a resolution is the absolute definition of persistence. Sustaining multiple vendors is cumbersome and should be a factor in determining long term affects on your Information Systems department.

## **The Demonstration**

Poor sales people have a bad reputation. Most of the sales people in ERP are great. Knowing what to look for is important. Ask yourself this during any demonstration: When you ask a question is it answered clearly and concisely? If your question received the run around and was never really answered then that might be a cause to stop and ask the question again. Another key point to remember is the sales people know how to use the software and their job is to make it look easy. Ask the salesperson if you can navigate the mouse in the system. Ask if you can put in your own sales order or Bill of Material. Do it while the demonstration is going on, do not just provide it to them in advance. Using the system and seeing the system used are two very different things. Rockets look easy to build but are they?

## **The Always Useful Buzz Words**

With all the hype on Service Oriented Architecture (SOA), Best of Breed, Lean Manufacturing and all the other phrases floating in the industry today, ERP selection can be a huge undertaking. Instead of focusing on the buzz words, focus on why the vendor tells you the buzz word is important. Is SOA best because it really is best or because it is a nice package they can sell you that fits how they do business today? Will they change their tune when their product offering changes?

## **Implementation Time**

Consider implementation time into the budget. If the software vendor provides you with estimated implementation days, ask how they arrived at that number. They may have a proven plan of how they came up with it that does not match their competition. It is understood that all packages will not have the same days to implement and that is because not all packages are the same. You shouldn't take for granted the number of days noted by the salesperson – you should question it and get feedback though. For example, ask the reference customer how close they were to the planned versus used days. If it was more than planned ask why. Purchasing ERP is not just about the software you receive, it is about the follow through to bring that software live at your facility and assisting you in maintaining it once you are live.



## **Customer Referrals**

While existing customer referrals are beneficial, remember one aspect of them – customers are on the referral list for a reason. A vendor is not going to give you the names of the problem customers and will most likely provide for only the number you ask. You just need two customers to talk to? You will just get two. Try asking for ten or more. Check the customer website for case studies, quotes, customers in the news, etc... Look those customers up on the internet and call them yourself. Be specific with whom you prefer to talk. For example, ask for any referrals from customers who previously used your current system or are of similar size or product industry. You may not get an exact match but a software vendor that offers you a variety is more likely to have many happier customers. A happy customer is important because ultimately you want to be happy with your software. You should be, after all, you paid for it.

## **Customer Retention**

It is one thing to have a short list of current, happy customers. It is something else entirely to maintain the customer relationship for years to come. Ask the ERP vendor what their customer retention rate is. Do a majority of their customers continue on with them for years to come? With the buyouts and recession of past years, no ERP vendor can claim 100% retention but anything less than 80% should raise a flag to ask a question. Changing software is an expensive undertaking, one that, if done correctly, should last many years.

## **Look at your company objectively**

Understand your true market and your position in that market. While it is always good to think where you want to be in five or more years, also think about where you are now. We all want to be a \$1 billion company but reality might have us closer to \$25 million or \$100 million. Buy a package that focuses on your market now and can carry you to your next goal. An over-the-counter, buy at your local office supply store package will not carry you to your multi-million dollar goal – not in manufacturing. On the opposite end of the spectrum, do not try to compete with the Nike® and Reeboks® of the world by thinking their software solution will fit your business as well. An ideal package would be something you can purchase today, with only what you need, and expand with you as you grow.



ERP selection is not just about wants and want-nots from the various people in your organization. It should be a long lasting purchase that provides you with the feeling of a partnership. You are not just buying software; you are also buying into a vendor and their company culture. The combination of software capability and vendor credibility should be a major purchasing factor.

#### About IQMS

Since 1989, IQMS has been a pioneer in the design and development of ERP software for repetitive, process and discrete manufacturing industries. Today, IQMS provides leading real-time manufacturing, accounting, machine monitoring, quality control, supply chain, CRM and eBusiness solutions to the automotive, medical, packaging, consumer goods and other manufacturing markets. The only complete, single-source enterprise software solution, EnterpriselQ offers real-time front office, accounting, manufacturing and supply chain management in a single database. With offices across North America, Europe and Asia, IQMS serves manufacturers around the world. Visit IQMS online at [www.iqms.com](http://www.iqms.com) or email [sales@iqms.com](mailto:sales@iqms.com).

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