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A guide to selecting your next ERP solution:

What questions to ask yourself and your vendor

INTRODUCTION

Digital technology is transforming is changing front to back office but change can be seen as challenging

Finding and choosing the correct change and implementation partner along with solution vendor can be a lengthy process, and this is before you've even reached implementation. Whilst you might feel confident that the proposed technology solution will deliver the right outcomes this will still require strong business change and ensuring the transition encompasses people, process and technology changes.

In considering your ERP solution; you may have reservations about business-as-usual downtime and delays during cutover, implementation, failed migration, security and update issues, and the costs associated with training employees on the new system.

These fears are understandable; between 55% - 75% of ERP projects fail to deliver on their objectives according to industry analysis from Gartner.

Nonetheless, delaying implementation is an even bigger risk. An ERP powers efficiency, and each day without one is a missed opportunity to time-save, better decision making, cut costs, and generate new value to ultimately affect the bottom line.

Cloud-Based Next Generation ERP systems are helping to break down many of the barriers public sector operations traditionally face.

Compared to the sizable monetary and non-monetary costs of on-premises ERP software, Cloud-ERP is a more affordable option, while managed updates aid in continually improving security and functionality. Cloud-ERP is also more scalable, it grows as your business grows, and has the potential to support advanced technologies such as artificial intelligence (AI).

To help you unlock the benefits of your ERP, and keep risks to a minimum, we've compiled a list of 40 key questions to ask when choosing a vendor. Separated across five stages, they're designed to help you save time and ensure the solution meets your needs.

1 LAY THE GROUNDWORK

As with any operations, the more you can prepare the better

Choosing an ERP requires the attention, and co-ordination of several stakeholders who will have to formulate and approve objectives, timescales, budgets, and will help to determine an accurate ROI. Gather as many opinions as possible – from IT to finance to sales to operations – and get a better idea of current limitations, as well as a proposed target operating model.

Questions to ask: Getting started

1. Who needs to approve the project (e.g. the CEO, CIO, CFO, the Board, and/or owner)?
2. Who do we select to lead the implementation team, based on estimates of workload, tasks and so on?
3. What factors will enable us to move forward (for example, a visit to another customer site, ERP training, an audit of existing software, a trial run)?
4. What is the timeframe for ERP selection and later implementation?
5. What factors prompt us to consider a delay?

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UNDERSTAND YOUR BUSINESS PROCESS

Now think about how an ERP could help in addressing current challenges and ultimately, improve your organisational processes

Gather as much info as possible from different personnel and working groups – their insights will inform your decision, helping to determine what a successful implementation and feasible ROI will look like.

Having this information will mean you can tell your potential vendor exactly what you want, without being swayed by products or features which you truly don't need or won't use.

Questions to ask: Business Process

6. What is the initial rationale behind our decision to purchase an ERP system? Consider factors such as:

   - Lack of visibility
   - The need to structure data and process
   - Process automation
   - Business requirement to work with customers and satisfy investors

7. What problems are we facing? Consider whether: Existing software is outdated or unsupported, stops you from scaling and/or is unfit for purpose, or a reliance on spreadsheets means tasks take too long.

8. What does our business process look like – from quoting a customer to shipping products and issuing invoices?

9. How do our business processes differentiate us from and strengthen us against our competitors? Consider what processes and areas of the business should be prioritised during ERP selection.

10. Which processes support how we make our products?

11. What are we doing well?

12. What can we do better?

13. What metrics will measure whether ERP implementation has been successful? (For example open tickets have decreased by X%; or shortages have reduced by Z%).

14. How many ERP users will we have, including office users requiring full access, or workshop users? Remember you can start small and add more users as you need them with a scalable Cloud-Based ERP.

15. How many different departments will use the ERP system?

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On-Premises legacy ERP does not scale automatically; increasing in size means increased fixed costs and substantial one time expenditures on hardware or space. An ERP system that doesn't scale can be a true inhibitor of growth.

During this stage, consider growth potential for your organisation, and the industry you operate in. Consider skill shortages, and the inevitable digitisation of the modern economy. Your first ERP should be fast to implement but also capable of scaling with you.

Questions to ask: Future Plans

16. What events shaped our industry during the past 10 – 15 years? Consider how an ERP could have helped you to respond to these changes – for example, allowing you to consolidate customers and suppliers, remain competitive and expand into new markets.

17. Do we need a mobile ERP, operated via an app? Think about who would use it and when.

18. What technology is required to integrate with our financial systems and other third-party applications we use today, for example, an open API, web services, etc?

19. Do we want a product with a modern cloud architecture?

20. What functionality is non-negotiable, and needed out of the box on day one?

21. What features or technology will be needed to achieve our longer-term strategic objectives?

3

CHOOSE AN ERP THAT WILL SCALE WITH YOUR BUSINESS

Whether you want to increase market share, or onboard higher-value customers, an ERP enables growth.

4 CHOOSE YOUR ERP PARTNERS

At this stage, you should have a good idea about what you want to achieve from your ERP and which vendors can deliver.

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Online resources, content, reviews, and recommendations from your industry colleagues, are usually not a bad place to start.

Although off-the-shelf products are fast to implement and easy to use, your relationship with your vendor is of high priority. Training and support, as well as furthering software development, ensures employees and teams will adapt to their new system(s) efficiently and confidently. These partnerships often don't end at implementation, rather as long as the software is in use – commonly over a decade.

When engaging with an ERP vendor, there are **three broad options** you can take depending on the size of your operations and IT resources:

1. Work directly with ERP vendors who develop and implement their own solutions (software).

2. Outsource the entire procurement to a consultancy who'll best help you understand your requirements (perhaps some that you had not considered), send a request for information (RFI), and choose a vendor.

3. Work with a Value-Added Reseller (VAR) who acts as an installation partner on behalf of ERP vendors that they represent.

Questions to ask: Researching the market

22. What type of ERP vendor partner best suits our needs?
23. What are the benefits of using an RFI?
24. Does our budget or timeline eliminate certain ERP vendors?
25. Which ERP systems best align with our size, geography and industry?
26. What are our main buying criteria, and what is their relative order of importance? Consider:
    - Good business fit
    - Price
    - Technology (on-premise vs cloud-based)
    - Functionality
    - Support
27. Do we clearly require a customised ERP solution?

5

ASK QUESTIONS – EVEN IF THEY'RE AWKWARD

This is a major business investment, and a good partner will never shy away from any questions you might have.

From your vendor shortlist, make sure you're clear on the following:

Their pricing structure, including any fees for training, support, ongoing maintenance, and any customisations. Some vendors may hide administrative costs in the small print, find out the final price.

Their release cycle, including an extended recall of software upgrades and enhancements over time.

Their clientele, including reference calls and operations with customers whose operations are similar to your own (e.g. also in the public sector).

Questions to ask: Business Process

28. What experience does the consultant and team supporting the implementation have?

29. Can you describe your implementation methodology?

30. What is your estimated cost and timeline for our implementation project?

31. How long have you been operating?

32. What makes you different from other ERP vendors?

33. How does your client base break down by size, industry and geography?

39. What is your advice for our ERP implementation?

40. What can we expect with upgrades, including time spent and cost?

34. Can you arrange for us to visit/talk to some of your clients whose businesses are similar to ours?

35. What services are included in the maintenance or subscription fee?

36. If your support and education offering is not part of the maintenance or subscription fee, can you describe the offering and its cost?

37. Who's our point of contact?

38. What services do you offer after implementation?

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CORE ERP FUNCTIONALITY EVALUATION GRID

Along with questions, RFI worksheets and tools are a good way to evaluate potential vendors

Beware, many are unnecessarily complex – especially for small-scale operations who only want to verify basic functionality and a few business-critical requirements. So we've created a three-page worksheet to help you identify the most important needs within your business, and a way to think about those relative to the core functions found in most ERP systems. Effectively, you can focus on your priorities, identified in Step 2, not the elements that won't deliver value to your business.

It is valuable to identify the key (most important, most unique or unusual) needs within each functional area of your business. A solution marketed for your industry will likely include the vast majority of functions that you need, but may not address those functions in the way you customarily do them (or want to do them). Look for flexibility / tailorability to adapt delivered processes to your needs.	List any unique or unusual processes / needs in each of these areas	Rating 1-4, with 4 being best fit				
	Notes	**Solution A**	**Solution B**	**Solution C**	**Solution D**	**Solution E**
CRM						
Management of opportunities and leads						
Sales action plans						
Price offers & integrated technical quotations						
Configurator						
SALES AND CUSTOMER SERVICE						
Forecasting and S&OP						
Order capture and management facilities						
Available to promise						
Price lists, discounts, customer T&C						
External portal						
Customer service, tickets and product warranty tracking						
Customer returns and credit						
Defects rework, and spare management						
Commercial statuses, customer outstanding limits						

	Notes	Solution A	Solution B	Solution C	Solution D	Solution E
ENGINEERING						
Product definition, classification, identification						
Bills of material and routings, structures						
Methods and alternative structures						
Production facilities, resources						
Production skills and certifications						
Engineering change, evolution requests and release management						
Standard costing						
PRODUCTION						
Shortfall control and anticipation						
Planning and production scheduling						
Production control and workshop activity tracing						
Lean and quality management						
Regulatory compliance, first article inspection, certificates of conformity						
Production capacity & infinite planning						
Forward and reverse (recall) genealogy						
Parts issuing, backflushing						
PROCUREMENT AND PURCHASING						
Invitations to tender management and analysis (price, delay, quality)						
Vendor performance						
Just-in-time, multi-level and induced requirement MRP						
Order chasing, parts urgent issuing on receipt						
Subcontracting and parts transfer						
Supplier return and credit						
Purchase terms and conditions						

	Notes	Solution A	Solution B	Solution C	Solution D	Solution E
STOCK						
Quality inspection and controls forms						
Quarantined stock						
Inventory counting process and valuation						
Batch/lot tracking, serial number tracking						
PROJECT MANAGEMENT						
Project quoting and estimating						
Work breakdown structure (project structure)						
Progress reporting, cost and schedule						
Cost-to-complete reporting						
OTHER NEEDS						
Multi-language						
Document management						
Electronic Data Interchange (EDI)						
Business Intelligence /Analytics						
Mobile / wearable accessibility						
Support for data collection, plant-floor devices, touch screen, voice,RFID						
API integrations capabilities						

If you want to internalise accounts, it is also worth considering whether you want integrated finance or an interface between your existing finance system and your new ERP. Both solutions have pros and cons, while interfacing with a third-party finance solution will allow unified experience while interfacing will allow you to get the strongest set of features on both ends.

	Notes	Solution A	Solution B	Solution C	Solution D	Solution E
FINANCIAL MANAGEMENT						
Accounts Payable						
Accounts Receivable						
General Ledger						
Cash Management						
Product Costing (standards)						
Actual job costing and inventory valuation						

A COMPLETED EXAMPLE FROM A CASE STUDY - CLIENT

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40% QUALITY
Against functional fit (the % of 'must have' TfGM requirements fulfilled) incl. the quality of submission

30% PRICE
The Price rating is based on the lowest proposal cost gaining 100% of available marks

15% IMPLEMENTATION
Time to implement from start to finish (5 questions:
➢ Are they recommending Agile or waterfall?
➢ Have they provided breakdown of resource types
➢ Have they identified the risk of implementation?
➢ Is the timeline for implementation reasonable?
➢ Have they provided assumptions?

10% RISK
Less risk for delivery through fully integrated systems, incomplete costs, requirements not fully met

5% CLIENTS
Case studies and known clients where implementation has occurred. Rating (1-5) is based on UK Public Sector clients that are similar to TfGM.

	Weighting	Vendor 1	Vendor 2	Vendor 3	Vendor 4
Price	30%	22.5%	16.9%	30.0%	29.8%
Quality	40%	39.3%	39.6%	38.9%	34.5%
Risk	10%	6.0%	10.0%	10.0%	3.0%
Implementation	15%	15.0%	14.0%	7.0%	8.0%
Clients	5%	3.0%	4.0%	4.0%	1.0%
		85.7%	**84.5%**	**89.9%**	**76.4%**

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NEXT STEPS

While ERP implementation feels like a daunting task, bear in mind that vendors want the process to be as seamless as possible.

To find out more about ERP, a fully-featured, cloud-based ERP, CLICK HERE

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