Know Steps to Select the Right ERP Software

Introduction

Rapid advancements on the technological and business front have completely changed the face of modern businesses. These changes have ensured that the world has become a small market place, with companies of all sizes expanding their businesses all around the globe. This has resulted in intensified competition and at the same time, created difficulties for the businesses to manage their businesses at multiple locations. At such times, organizations have realized that they need to do more than just the routine stuff to manage their businesses efficiently. They need to invest in continuous innovation, fast decision-making, shorter time-to-market, and have real-time visibility of overall processes in order to retain the competitive advantage. In short, the organizations have realized the need of having an Enterprise Resource Planning (ERP) software. But what next?

What follows is a tedious process of finalizing the right software among many available options; one that is a perfect fit to your business processes. Also, choosing the right vendor is as important as having the right software, because having the apt partner to implement your ERP goes a long way in ensuring success of your business. So what's the best way to find the best ERP fit for your business? This e-book has five step-by-step tips to help you choose the right ERP software & vendor for your business:

Step I - Analyze your business processes:

The first step in the direction of selecting the perfect ERP fit has to be a thorough self-analysis. It involves getting a clear understanding of your business' needs and pain points. This can be done through a SWOT analysis. Besides, you can also try to seek answers to following questions:

- Does your company rely on outdated manual processes, double entry, and/or spreadsheets? Are your processes error-prone?
- Does your current Accounting software/ERP system under-perform?
- Do you have industry-specific requirements, which the current system is not being able to fulfill?
- Does lack of reporting prevent your company from making timely decisions?
- Is the productivity of your employees getting hampered by your current system(s)?
- Are your employees, and partners able to access the key company data easily?
- Is going digital a part of your future growth strategy? Do you want to go on Cloud?
- Do you struggle to meet the compliance requirements?
- Is your current system contemporary? What solutions are your competitors using?

Step II – Define selection parameters & start the hunt:

Once you have identified your business' strengths, weaknesses & needs, it is time to move to the next step, which is designing the selection criteria. The following are a few criteria you would like to consider while selecting the right ERP system for your business:

☞ **total Cost of Ownership (TCO):** Pricing needs a careful consideration while shortlisting an ERP software, mainly because the software cost includes the implementation, maintenance, customization, training, support, hardware, updates, etc., and can often be confusing. You need to determine the TCO and plan your budget accordingly.

☞ **Server & operating system:** You must figure out how dependent your business is on your current server & operating system. Then you can decide whether you are open to new alternative solutions (web-based) or not, and what kind of solution your business actually needs.

☞ **Features:** Your potential ERP solution must have a user-friendly GUI, it should be easy to navigate, shouldn't have far too many options which you won't bother using etc. The solution must have minimal features and should be geared towards your industry and business processes.

☞ **Distance:** Proximity is a key factor while shortlisting the ERP vendor. However, location or distance can also be kept aside if you decide to have an overseas vendor by following these tips. You must eventually go for the option which best fulfills your needs.

☞ **Support & training:** You must identify the level of support and training you will need with the new solution. Subsequently, you must also know in which form (onsite, online) and by whom (vendor, third party) the support & training will be delivered to your organization. This will make things a lot easier for you.

☞ **Vendor capability:** An ERP implementation requires a lot of experience on the vendor's part. You must ensure the vendor is experienced and has the proper resources to implement the ERP solution. Knowing some facts like how many employees does the vendor have, how long have they worked on the said ERP software, etc. can be of good help.

Start the hunt:

Once you are equipped with the self-analysis as well as the selection criteria, you can start the hunt. Remember, there are plenty of ERP solutions available in the market, all with varying degrees of functionality and strengths. Consider the options that are best matched to your unique business requirements. You may take objective advice from your colleagues and other professional contacts, conduct research or hire an ERP consultant, and validate what you collect.

Step III - Shortlist vendors & evaluate them:

When you sit down to shortlist the vendors, you basically can seek answers to questions such as, what application area does the vendor cover, how many clients does he have, does he have a structured implementation methodology, does he provide support in different countries, etc.

Also based on your selection criteria, you can create a score card so that you can rate all the prospective vendors on the features they provide. After summing up the results, you can compare the total score received by each ERP vendor. The top two or three vendors can be shortlisted for following stages:

☞ An open-minded conversation: You can invite the shortlisted vendors for an open-minded conversation. Keep your questions prepared for the same. Whether or not the vendors come prepared for the conversation can be made out easily. Questions like how does your business work, what are its pain points, how can they address the challenges & increase the efficiency, offer post-implementation support, etc. will tell you a lot about the vendors.

☞ Demo presentation: You can then invite the shortlisted vendors for a demonstration. It can provide you great insights on its usability, features, GUI and other aspects of its application to your business. You will get a much clearer picture of what the solution can deliver. Try to understand the functionalities and question where you experience problems or bugs.

☞ Quotation discussion & final talks: Invite formal proposals/quotations from each of the shortlisted vendors. You can hold thorough in-house deliberations and even seek expert opinions on them. Also, don't forget to check for references from within the industry. Talk to their customers and ask how their implementation experience has been and how good / bad the post-implementation support has been.

Step IV - Make the decision:

After going through the entire process of analyzing your business processes, defining selection criteria, hunting for the right ERP, shortlisting prospective vendors and evaluating them on various parameters, you are ready to make the final decision. It may seem to be a costly proposition at the time of making the decision, but consider the costs of not implementing it, which will be much higher. Negotiate hard. Convey the final decision to the selected vendor as well as the unselected ones through proper channels.

Step V - Oversee the implementation:

Create an in-house project implementation team to oversee the entire implementation project in coordination with the vendor and consultants. Make sure you get the proper training to handle problems those crop up from time to time. Also ensure there's uninterrupted support from the vendor's side post implementation and the updates are regular. Reap the benefits of ERP once implementation is over.
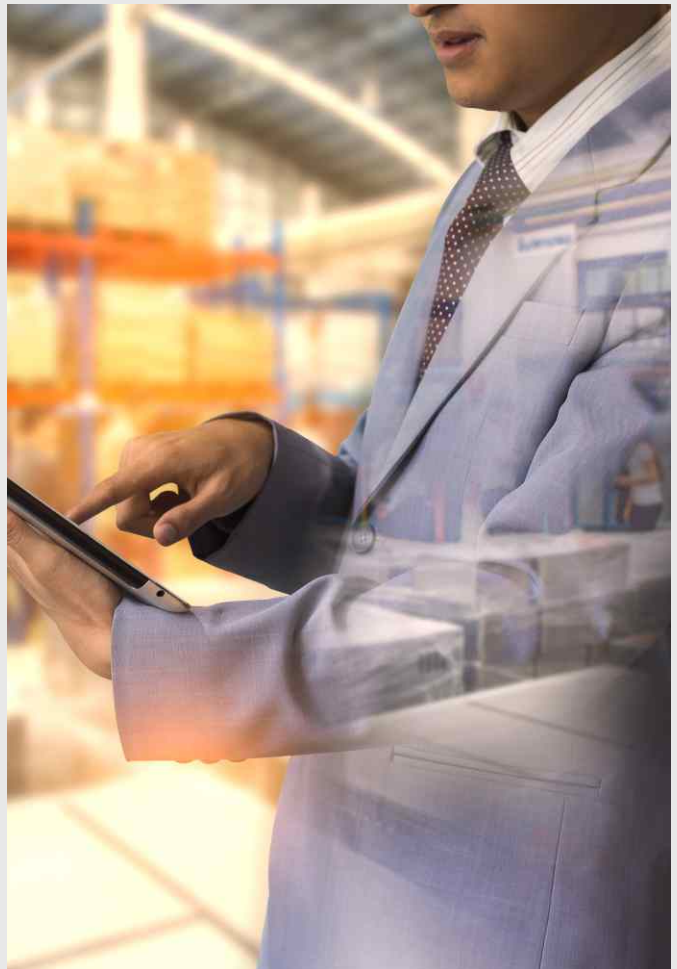
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