



*A Guide to Getting Started with*  
**ENTERPRISE RESOURCE  
PLANNING**

## **Guide Compiled by Terillium, Inc. | 2018**

Terillium is an award-winning Oracle Platinum Partner specialized in Enterprise Resource Planning (ERP) Consulting. Terillium's team, made up of 160+ consultants, has an average of 16 years ERP experience. Terillium has helped over 500 businesses implement ERP.

# Getting Started with ERP

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# What is Enterprise Resource Planning (ERP)?

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**ERP software has become the leading solution of choice for growing businesses that want to maintain and improve their competitive edge. If you're new to ERP, below we explain what it is, and why it matters.**

Enterprise Resource Planning (ERP) is business management software that enables organizations to use one system to manage business processes.

ERP is accounting and operations oriented, and features [one database as a master source of enterprise information](#). An ERP system is used to identify and plan the resource needs of an enterprise.

Enterprise Resource Planning software has evolved from its background in manufacturing to its modern role as the main source of truth for many organizations – from small businesses to large corporations, across a variety of industries including manufacturing, distribution, professional services, architecture, engineering and construction, and more.

An ERP streamlines many processes, supports multiple functions used by different business areas, operates in real time, and has a consistent look and feel across modules (see examples of ERP modules in the sidebar on the right).

What does ERP do for your organization? The software provides easier access to important company data, improves financial compliance with regulatory standards, reduces business risk, automates core business operations such as lead-to-cash, order-to-fulfillment, and procure-to-pay processes, enhances customer service by providing one source for billing and relationship tracking, and more.

The biggest benefit of an ERP software system is gaining one source of truth for your business. One source of truth means one business system that provides the framework for all important business data. Finding one source of truth for your business eliminates confusion, enhances the strategic direction of your company, improves overall company performance, and increases customer satisfaction. Modern ERP provides better business information as well as the reporting tools you need to define the key performance indicators essential to your business performance and growth.

**ERP SOFTWARE HAS MODULES TO ADDRESS NEEDS IN THE FOLLOWING AREAS AND BEYOND:**

- Financials
- Order processing
- Customer relationship management
- Logistics
- Project management
- Manufacturing
- Sales
- Service work
- Budgeting and forecasting
- HR
- Payroll
- Quality control

**ERP SYSTEMS CAN SIGNIFICANTLY INCREASE EFFICIENCY OF IMPORTANT BUSINESS PROCESSES THROUGH:**

- Streamlined workflows and processes
- Visibility into workflows
- Better financial planning and decision making
- Improved data security
- Increased opportunity for collaboration
- Business resource tracking
- Consumer behavior analysis
- Managed information flow

# ERP Software Selection

Matt Lesseuer, Vice President at Terillium

## A few of the top factors to keep in mind when choosing a new Enterprise Resource Planning system

ERP selection and implementation processes are not for the faint of heart. Choosing the right Enterprise Resource Planning system can be complicated, and often there is a lot at stake. You want to make the best possible choice for your business. But there are ways to make it easier on yourself and your team. There are many factors to consider, below are some of the top factors I recommend for anyone thinking about a new ERP.

### DEFINE WHY YOU ARE DOING THE PROJECT.

An ERP implementation is not just an IT project – it's a business project. What will make your ERP implementation a success for your organization? What are your key metrics for measuring that success? What challenges are you trying to overcome? What value will a new enterprise application bring to the company – what departments will benefit the most?

### DETERMINE WHO WILL BE INVOLVED.

Having the right people involved in discussions with software providers and vendor partners from the beginning is key. This will help bring the team together and get everyone on the same page as far as what requirements your business has – this will ultimately allow you to choose the system that will work best for your needs.

Having a committee will help you in your ERP system search, and will also help you with planning and budgeting. Knowing how many end users will help determine the Total Cost of Ownership for different products. This will also help you evaluate if you are looking for cloud versus on-premise solutions.

Because ERP is a business project, and not just an IT project, top executives within the organization need to be involved and fully visible from the beginning to the end of the process.

### FIND AN ERP PARTNER WHO YOU TRUST.

Understand that each ERP vendor partner has their own specialty, so find a partner that is aligned with what is most important to your ERP project success, as well as overall IT and business strategies. Finding a vendor partner with financial stability and future vision is another key consideration.

Every consulting firm also has an ERP methodology (or they should). Look for a partner with a formal approach, one with a successful track record. It's important to find a vendor partner with not only a proven project methodology – but one who is also flexible and can adapt and understand your organization's specific needs.

# Cloud ERP vs. On-Premise ERP

Chris Garrity, Director at Terillium

**When it comes to cloud technology – some CIOs and CTOs can't make the move to the cloud fast enough, while others are not so sure.**

**For companies considering a new ERP system, or weighing the decision of whether to upgrade an existing on-premise ERP solution – there are benefits to either approach.**

We've outlined points to consider when making strategic decisions regarding your business systems and the cloud:

- Characteristics of Cloud and On-Premise ERP
- Key Considerations When Comparing Cloud ERP & On-Premise ERP
  - ▶ Cost
  - ▶ Functionality
  - ▶ Technology Trends
  - ▶ Upgrades
  - ▶ Security and Uptime
  - ▶ Hybrid Scenarios
  - ▶ Return on Investment

## SNAPSHOT OF ERP IN 2017

The Global ERP Software Market is expected to be worth \$48B by 2022.

- Grand View Research, Inc.

The top concerns of IT executives in 2017 are business alignment, security, and IT skill shortages.

- Society for Information Management

SaaS cloud technology has a presence in over 77% of all organizations.

- North Bridge Future of Cloud Computing Survey

►► [READ THE FULL WHITE PAPER](#)

# Cloud ERP vs. On-Premise ERP *Continued*

Chris Garrity, Director at Terillium

## Characteristics of an on-premise ERP system:

- Pricing: purchase software licenses
- Hosting: the system runs on infrastructure on-site, run by the organization (not an ERP vendor or third party)
- Upgrades: determined wholly by the business as far as when and how often – the business decides what software upgrades to take or skip

## Characteristics of a hybrid cloud and on-premise ERP system:

- There are some cloud components paired with an on-premise ERP, whether that is:
  - ▶ Hosting: through a third party or ERP vendor – the system is not hosted on-site but in the cloud through Infrastructure as a Service (IaaS)
  - ▶ Cloud integrations: integrating Software as a Service (SaaS) applications or Platform as a Service (PaaS) with the on-premise ERP

## Characteristics of a cloud ERP system:

- Pricing: subscription based
- Hosting: the system runs in the cloud through an ERP vendor using IaaS
- Upgrades: mandatory and often (two to three times a year), and the ERP vendor sets the schedule for when upgrades take place

	Not Cloud		Almost Cloud	True Cloud		
Attributes	On Premise/Co-Located	Virtual Private Cloud	Vendors Virtual Private Cloud	Cloud 1.0	Cloud 2.0	Cloud 3.0
On-Site	✓					
Delivery Model = Off-Site		✓	✓	✓	✓	✓
BYOL (Bring Your Own Licenses)	✓	✓	✓			
Payment Method = Subscription				✓	✓	✓
Hosted by non-ERP Provider		✓				
Hosted by ERP Vendor			✓	✓	✓	✓
Upgrades by Primary Business	✓	✓				
Upgrade Method = by ERP Vendor			✓	✓	✓	✓
Single Tenant			✓	✓		
Upgrade Method = Mandatory				✓	✓	✓
Multiple Tenant					✓	✓
Multiple data centers sync databases worldwide						✓

## DEFINING CLOUD ERP

To be a true cloud solution the ERP must be hosted off site, have subscription-based payment terms, and have mandatory upgrades that are scheduled by the ERP vendor. Cloud 1.0 represents the first move to true cloud computing. Cloud 2.0 represents the ability to have multi tenants on the same instance/database (NetSuite and other cloud pioneers have this capability). Cloud 3.0 represents the future - organizations around the world on “one” system with local servers addressing latency issues.

[Source: Ultra Consultants, 2017.](#)

►► [READ THE FULL WHITE PAPER](#)

# ERP Success Factors

Dave Woodworth, President at Terillium

## Why do ERP projects fail?

Software is a business tool. By itself, it won't cause failure – and it won't ensure success.

Implemented by the right people, people from within your organization as well as from trusted external partners, software can be harnessed to help bring your strategic business vision to life. With careful planning, your team can utilize ERP software to bring many cost-saving and revenue-increasing benefits to your business.

There are several reasons an ERP project fails. I've learned over the course of my career that there are three broad categories to strategically consider to make an ERP project successful: the people, the processes, and the technology involved.

## The Importance of Having the Right People on Your ERP Project

An ERP project is not an IT project. It's a business project. To be successful, top executives from your organization must be involved in the project. One of those top executives needs to function as a project sponsor – a leader to champion the project and be the final decision maker throughout.

In addition to leadership involvement, your company's 'A' team needs to be involved. And you're going to need them to invest a significant amount of time to the project – probably between 30-60% of their time for the duration of the implementation. These team members need to know the business, need to be able to be drivers of change, and need to have authority to make some decisions.

The people that you choose should be leaders, innovators, and come from different areas of the business. Different departments have different needs and your project team needs to work together to make decisions that have the best interests of the business as a whole in mind.

As a business leader, you must be prepared to give your project team adequate time to focus on making these critical business decisions, empowering them to make the success of this project a priority.

“Software is a business tool. By itself, it won't cause failure – and it won't ensure success ... I've learned over the course of my career that there are three broad categories to strategically consider to make an ERP project successful: the people, the processes, and the technology involved.”

# ERP Success Factors *Continued*

Dave Woodworth, President at Terillium

## The Processes You Need in Place for a Successful ERP Project

### THE PROCESS OF CREATING THE ROADMAP

You wouldn't go on a road trip without some sort of roadmap to ensure you successfully reach your destination. The same goes for your ERP project. A formal approach, one that's proven successful, should be a pre-requisite when choosing a consulting firm to guide you through the process.

A formal and structured methodology should be used and followed when implementing an ERP system.

Businesses should rely on the consulting firm that provides the best methodology which includes the tasks, tools, templates, etc.

The methodology should be flexible enough to match the way your business operates.

### THE PROCESS OF GOOD COMMUNICATION

Good communication is one of the most important factors in any successful ERP project.

Change can be a scary thing. Employees are afraid of job loss, they worry they won't be able to adapt, they fear the unknown. Communication is key to putting those fears to rest and ensuring that your employees are onboard and engaged.

Communicate regularly:

- What the goals of the project are
- What the project won't do
- Will the company allow software modifications
- Project updates / status
- Key milestones and successes (celebrate small and big victories)
- To ALL people of the company and not just to the core team

### THE PROCESS OF MEASURING SUCCESS

How will you know how you're doing if you don't measure? As part of the process, your consultant should help you identify key goals and metrics for measuring success both during and after the project is completed. Measure regularly to determine if you are making progress and if you are revisiting the same issues over and over. At the end of the project, what is required for you to call your project a success?

- Identify specific goals or benefits for the ERP project
- Measure the current state against the future state
- Ensure the goals are quantifiable
- Define specific measurements for the project and review on a regular basis
- Adherence to project schedule and tasks
- Budget dollars versus actual dollars
- Participation by core members of your team
- Acceptance of change
- Communication
- Resolution of issues in a timely manner
- Achievement of key deliverables

# ERP Success Factors *Continued*

Dave Woodworth, President at Terillium

## Technology Isn't the Reason Your ERP Project Fails

When an ERP implementation goes badly, people usually say “it’s the software.” After participating in hundreds of ERP projects, I can tell you – it’s not.

As I mentioned earlier, software is a business tool. By itself, it won’t cause failure – and it won’t ensure success.

That being said, to make the software work for your business, it’s important not to overlook these key technical steps starting from day one of the project: Data Conversion, Integrations, and Reporting.

Many don’t look at these three important technical steps until later in the project – when it’s too late.

### DATA CONVERSION

One of the biggest issues during an ERP project is data conversion – moving data from the old system and mapping it into the new ERP.

Incomplete, incorrect, incoherent information; duplicate data, bad data, little data – all can cause big problems. Get organized by reviewing and identifying your master data entities – including your customer master, supplier master, item master, and account master.

The data cleanup exercise can be quite lengthy and can extend the project timeline and cost beyond your original plans. A new ERP system will not operate effectively with “bad data.” We encourage our clients to start data cleanup before the implementation even begins to get a head start.

### INTEGRATIONS

Early in the project, start thinking about what other systems need to integrate with your ERP system. Ensure you have purchased the software in a timely fashion or upgraded existing systems to the newer release. Spend time documenting the inputs and outputs from any third-party systems that will integrate with your ERP early in the project. When working with third-party systems, make sure your third-party vendors understand your ERP timeline and critical milestones, and schedule their resources accordingly to meet your ERP project goals.

### REPORTING

One of the biggest benefits of implementing a new ERP system is gaining one source of truth for your business. Reporting is often one of the longest tasks associated with an ERP project, so don’t leave it to the end. Very early on, ask employees to send an example of a business report they can’t live without. Once you collect this input, catalog and prioritize the list of reports. Having this information early can help drive decisions when configuring the software. It can enable better project planning because you know from the beginning what reports you need to have in the end. Businesses that wait until late in the project to define and write reports find themselves either pushing go-live, or sacrificing key reports until after go-live. In these cases, many of the reports never end up being developed.

# Is it Time for ERP?

Steve May, Vice President at Terillium

## Five questions to ask if your company is considering a new Enterprise Resource Planning software solution

HOW ACCURATE IS YOUR BUSINESS DATA?	ARE YOUR BUSINESS SYSTEMS CONNECTED?	IS YOUR COMPANY EXPERIENCING GROWTH?	HOW SATISFIED ARE YOUR CUSTOMERS?	DO YOU NEED TO REDUCE COSTS?
<p>You already know that reliable data is important to every aspect of your business. You need accurate, timely data to make smart decisions. Having good data is the difference between being proactive and innovative, and constantly being reactive.</p> <ul style="list-style-type: none"><li>Inaccurate data is often the result of multiple issues, including fragmented systems</li><li>Implementing comprehensive ERP software not only provides access to important data, ERP also enables a better process for collecting and analyzing data</li></ul>	<p>Imagine better cross-departmental communication, streamlined processes, and the automation of manual tasks. If you have independent systems that don't communicate with one another consider this:</p> <ul style="list-style-type: none"><li>Moving to one company-wide ERP solution can help improve internal processes – one common platform fosters better internal communication</li><li>Better processes and communication leads to increased efficiency and enhanced company performance</li></ul>	<p>As companies increase in size it's easy to quickly outgrow existing processes and technology. Growing pains are a good problem to have, but like all other business challenges these issues need to be addressed in order to continue the path towards future progress.</p> <p>A comprehensive ERP solution can help:</p> <ul style="list-style-type: none"><li>Connect multiple business locations</li><li>Enable companies to do business in multiple languages and currencies</li><li>Create a common platform for acquired companies</li><li>Establish remote and mobile (smartphone/tablet) access</li></ul>	<p>Disruptions internally – growing pains, problems between production and sales, or the inability to access important data – affect the customer experience.</p> <p>Modern ERP solutions help companies meet customer expectations with:</p> <ul style="list-style-type: none"><li>Customer portals for improved communication</li><li>Forecasting capabilities</li><li>Improved shipment accuracy and timing</li><li>Customer Relationship Management (CRM)</li><li>Electronic Data Interchange (EDI) capabilities</li></ul>	<p>On average companies that implement ERP see a return of \$7+ dollars for every dollar they spend on the project.*</p> <p>ERP solutions can be a considerable investment, but inefficiency is more costly to a company in the long-term.</p> <p>ERP helps companies reduce costs with:</p> <ul style="list-style-type: none"><li>Faster financial close</li><li>Improved inventory planning and accuracy</li><li>Reduced days sales outstanding</li><li>Shop floor optimization</li><li>Reduced purchasing spend</li><li>Reduced freight spend</li></ul>

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## About the Contributing Authors

### **Dave Woodworth | President at Terillium**

Dave Woodworth is the President of Terillium, an award-winning ERP consulting company. Dave has consulted on over 150 ERP implementations throughout his career. Before joining Terillium in 2003, Dave spent 10 years as a consultant and senior manager for Arthur Andersen (now Accenture). He is a proud Miami University graduate, and leads Terillium University – a unique program for new college graduates who want to develop a career path in consulting.

### **Matt Lessuer | Vice President at Terillium**

Matt Lesseuer has 17 years of experience helping executives find the solutions they need to meet their most challenging business requirements. Over the course of his career Matt has gained expertise in enterprise software, specifically ERP, as well as the business processes behind the technology. During his time with Terillium, Matt has helped hundreds of clients find effective solutions.

### **Steve May | Vice President at Terillium**

Steve May has 20 years of experience helping business leaders bring their vision to life. He helps clients define their business challenges, design solutions to solve those challenges, and implement successful ERP projects that result in lower costs, increased revenue, and higher customer satisfaction.

### **Chris Garrity | Vice President at Terillium**

Chris has 25 years of experience with ERP implementations. Prior to his career at Terillium, Chris was a senior manager at Deloitte Consulting. He also worked as a project manager at JD Edwards before the ERP software product was acquired by Oracle.



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