

BUSINESS SCENARIO: EPICOR ERP: ACHIEVE COST SAVINGS AND BUSINESS BENEFITS

JUSTIFICATION FOR CAPITAL EXPENSES INCLUDING ROI ANALYSIS IS ESSENTIAL FOR DECISION MAKERS IN THE ORGANISATION WHEN CONSIDERING THE IMPLEMENTATION OF AN ERP SYSTEM.

Organisations implement ERP systems for many reasons including optimising internal business processes, improving company performance, production and personnel cost reduction etc. However, ROI analysis is imperative to quantify the expected direct and indirect costs of the ERP implementation project compared to the business benefits that a business can achieve within 3 to 5 years of implementing an ERP system. A business case outlining the costs, expected benefits, and ROI of an ERP implementation is an integral part of getting the approval of decision makers for an ERP project.

Measuring ROI on ERP

For example: Company A earns \$100MM in revenue and is interested in investing in an ERP software. Through a detailed analysis Company A estimates that by adopting ERP they will be able to lower their costs through efficiencies by \$100,000 per year. In regards to the software costs, Company A estimates they will spend \$150,000 in software and services fees in year 1 and an additional \$20,000 per year for maintenance and support beginning in year two.

RETURN ON INVESTMENT

$$\text{ROI} = (\text{Gain from Investment} - \text{Cost of Investment}) / (\text{Cost of Investment})$$

$$\text{ROI} = (\text{Savings over 5 years: } \$500,000 - \text{Cost of Investment over 5 years: } \$250,000) / (\text{Cost of investment over 5 years: } \$250,000) = 100\% \text{ over 5 years or } 20\% \text{ per year.}$$

This is an approximate estimate. Further analysis is required to provide an estimate of your organization's total ERP costs and associated realized benefits.

The ERP ROI has become an integral part of the business decision process.

42%

of businesses benefit most from ERP when the ROI is defined and accurately calculated.

*Source - Easy ERP

Speak with our experts to get your ROI assessment now

According to the Aberdeen Group, companies benefit most from an ERP system if the potential ERP ROI is identified prior to the start of the ERP project and continuously tracked throughout the implementation process.

Determining the ERP ROI helps identify those areas of the business that have been positively impacted by the implementation. Unfortunately, many companies often overlook the ERP ROI calculation when it comes to the ERP selection process.

WHAT ARE THE BENEFITS THAT YOU CAN LOOK FORWARD TO?

Tangible benefits and KPIs:

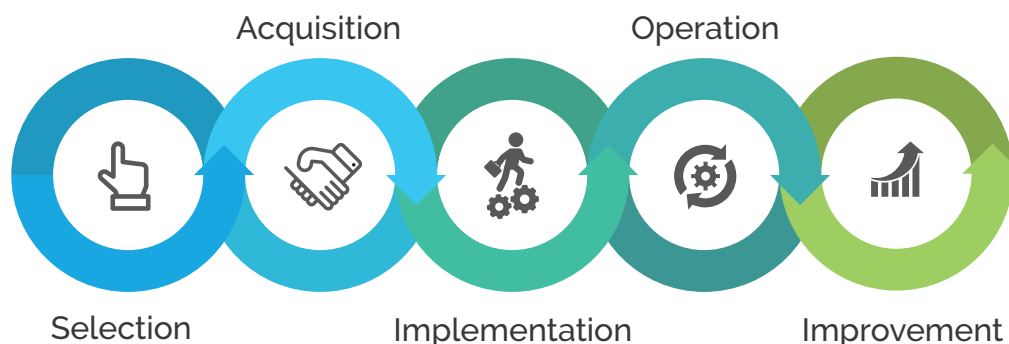
- Increased production efficiency through effective equipment management.
- Improved resource allocation and reduction of personnel costs.
- Reduced material costs through a more efficient procurement process.
- Improved planning and control through shorter work-in-progress times.
- Reduced duplicate data entry and errors by managing processes on a single platform.

Intangible benefits and KPIs:

- Improved sales cycles due to effective accounting controls.
- Improved customer service.
- Better compliance and audit controls.
- Standardized procedures.
- Increased inventory data accuracy.
- Shorter order to shipment cycle.

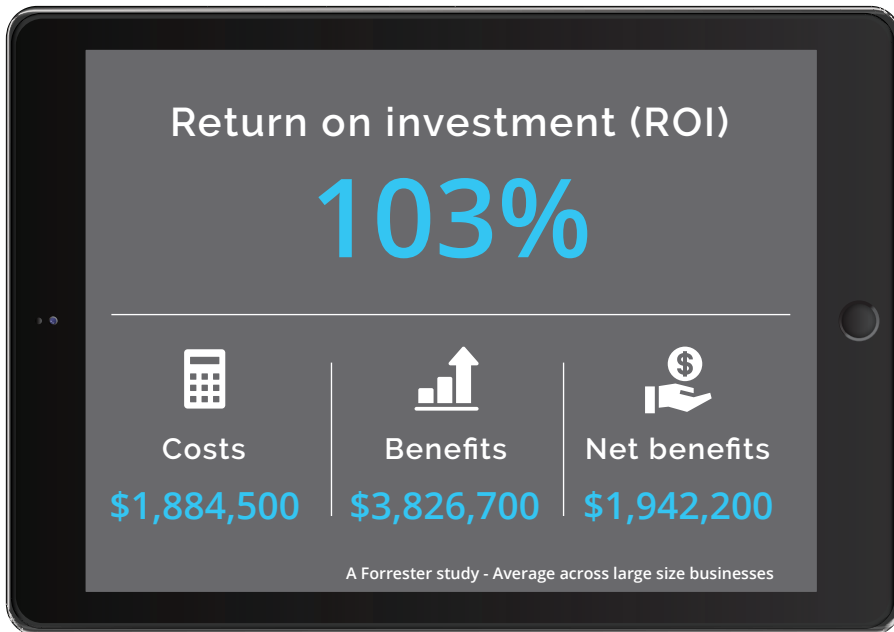
FACT:
A majority of organizations do not have the internal expertise necessary for achieving a successful ERP implementation. By not hiring an experienced third-party solution provider, the business limits the scope of realised benefits and potential ROI.

The ERP lifecycle should be considered to accurately calculate ROI



THE TOTAL ECONOMIC IMPACT OF EPICOR ERP

Epicor ERP enables small and mid-sized companies to grow and grow better. It provides simpler, faster, and more flexible business management capabilities at a fraction of the cost and avoids the complexity that comes with other enterprise systems.



According to a recent Forrester Total Economic Impact (TEI) study, Epicor customers can expect a ROI of up to 103%.

Furthermore, with Epicor ERP, organisations achieved significant business benefits and productivity improvements in Supply Chain Management, Production Management, Planning & Scheduling, Sales, Finance and IT functions. Other benefits include:

- Improved inventory cycles lead to a 15% reduction in average inventory levels.
- 12% time savings (2,500 hours per year) in production through implemented lean manufacturing capabilities.
- Increased productivity due to the integrated manufacturing execution system (MES) for online visibility of plant floor and plant-based transactions.
- Increased sales productivity and improved customer satisfaction due to accurate sales estimates and order fulfilment, streamlined order-to-cash processing and self-service e-commerce storefronts.
- Improved cross-organisational visibility and control over financial reporting, planning, and forecasting processes, while complying with corporate, finance, and international trade standards.
- Continuous improvement and increased productivity due to the creation of unique business processes, alerts and work flows that help eliminate wastage in critical business processes. This is done without any customization to the software.
- Short implementation and training time thus reducing operating costs and accelerating the ROI.

Average payback period is 15 months for an On-premise implementation.

THE RHEINBRÜCKE DIFFERENCE

THE EFFECTIVENESS OF THE ERP SYSTEM IS DEPENDENT ON THE EFFICACY OF THE COMPANY

RheinBrücke along with Epicor offers a flexible solution with integrated industry-specific functionalities. For example, real-time project management for EPC companies, traceability and allergen tracking for food manufacturers, quality control mechanisms for discrete manufacturing, detailed inventory management for distributors, etc. This makes the offered solutions extremely valuable for countless companies.

By fully integrating our Epicor ERP solution, Finance, Inventory, Purchasing, Manufacturing, Projects, Sales, Customer service and many processes can be automated and simplified. This helps companies react faster to market changes and thus grow faster.

The integration and unification of all departments on a single platform gives customer service access to an accurate and comprehensive view of real-time information. This gives them the tools to provide the best service for your business which increases the overall ROI of our Epicor ERP solutions.

GETTING STARTED

Consult with our experts and learn about similar companies who have benefited from the introduction and use of an ERP system.

Get your ERP ROI assessment


To know more please [click here](#)

HOW TO
MAXIMIZE ROI:
Training
employees is the
key. Take the time
to document future
state-of-the-art
business processes,
address employee
resistance to
change, and
develop a benefits
realization plan.



RheinBrücke IT Consulting
PO Box: 342060,
234 & 235, Technohub-2,
Dubai Silicon Oasis,
Dubai, UAE

 marketing@rheincs.com

 +971 50 650 8854

 www.rheincs.com