

CHOOSING THE RIGHT ERP VENDOR

THE IMPLEMENTATION OF AN ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM IS TIME CONSUMING AND A SIGNIFICANT STRATEGIC INVESTMENT FOR ANY ORGANIZATION.

ERP solutions can automate your end-to-end business processes, helping you to scale your business by increasing organizational productivity, improve your access to critical key performance indicators, and thereby allowing you to speed up your decision-making processes. However, as an organization moves through the ERP selection journey, choosing the right vendor is no doubt a key area of focus. The selection process is pivotal to the ERP selection process as choosing a vendor who can't meet the organizations requirements can lead to a considerable wastage of time and resources.

WHERE DO YOU BEGIN?

Unlike many other personal or business software solutions, the ERP market consists of many software vendors and an equal number of implementation companies. So how does one distinguish between the myriad of available options?

We have compiled a 5-step process to help you choose the right ERP vendor.

STEP 1 Understand your business requirements

A business requirement documentation (BRD) process is a critical and often overlooked step in a software evaluation and technology selection process. This comprises the business objectives, how they are currently executed and what you want the system to accomplish in the future (creating the "As Is" and "Future" states).

Know your timelines:
A confectionery giant was advised that it would take 48 months to implement an ERP solution but insisted on 30 months. This resulted in an inadequately tested system going live, which couldn't process orders during the busiest time of the year.

The BRD serves as the basis of the RFX or RFQ issued to the ERP vendor. This ensures a thorough analysis of exploring current and future business requirements and provides the data to complete an RFI. A complete and accurate RFI ensures the ERP vendor knows exactly what is expected from the implementation.

STEP 2 List the ERP vendors

Now that you understand your business requirements, and determined the problems you want to solve, you can create a yardstick against which all potential ERPs can be measured. Many ERPs are industry-specific. It is easy to research or get recommendations about the major players in a particular industry. However there are other factors to take into consideration:

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|  Industry experience |  Implementation time |
|  Previous case studies or customer |  Mobility capabilities |
|  Future support for upgrades and maintenance |  Data analytics capabilities |
|  Security features |  Deployment and hosting options available |
|  Pricing and billing model |  Software customizations |
|  Compliance with data regulations |  Integration with third party software |
|  Product scalability |  Turnkey and customized implementations |
|  Machine Learning/AI capabilities |  Training for new users |

STEP 3 Outline a budget and Timeline

One of the most important steps in choosing a right ERP vendor is to clearly outline a budget and timeline. With rapid implementation becoming the future of most ERP projects, shortlisting your ERP vendor based on your budget and timelines can help speed up the process further.

When working out a budget for your new ERP system, bear in mind potential costs outside of purchasing the software itself. On-premise ERP implementation include hardware outlay and maintenance costs to be factored in. Things such as data migration, training, customizations and third party softwares needs (if required) should be addressed whichever deployment route you go down.

Internal staffing costs should also be taken into consideration . Both IT and business users are involved in various stages of the project and their time costs money. This needs to be accounted for in the ERP project cost.

Depending on the size of your business, how much legacy data you want to transfer over, and if you have any customizations to complete, you want to choose an ERP vendor who can provide a solution that ensures all requirements are met with the least amount of disruption to business efficiencies.

Speak with reputed vendors in the market who can provide good references for past projects. Feedback from happy customers provides further validation when choosing a vendor.

STEP**4**

Proposal Evaluation and Vendor Selection

Ensure you assign a score against each requirement in the RFI/RFQ to understand the priority in requirements as well as to measure the ERP vendor. Once the vendors have submitted their proposal, the organization must evaluate the proposal based on the score assigned against each requirement and thus provide a final performance score. Vendors who make it to the final list should be asked to do a demonstration of the product. The top 3 vendors with the highest score are the most eligible vendors.

STEP**5**

Seal the deal

The last and final step is to seal the deal. The organization must reach out to the top 3 vendors to negotiate the price and contract details. If the competition between the 3 is high, the organization can request for a competitive product analysis to understand the USP of the ERP software.

On completion of price and contract negotiations, the organization can begin preparing for the ERP implementation.

Selecting an ERP is a huge step for a business, so take your time when it comes to evaluating and comparing vendors. Implementing an ERP solution can be a long process, but putting the research in now and properly outlining your goals and expectations can be the difference between generating a great ROI, and dealing with a messy failed implementation.

Prior to these final demonstrations, we suggest inviting the vendors for a visit to conduct a practice discovery meeting. This gives them a chance to gather sample data, ask questions, and meet the team in charge of the project. This will help them best align their offering to your organization.

Gartner's Decision Driver Model evaluates five top-level criteria when choosing an ERP vendor:



Product - Generally available field-deployed product capabilities



Cost - Initial and ongoing investments



Services and support - Professional services and support capabilities



Viability - Financial and organizational viability



Vision - Assessment of vendors' product, corporate and marketplace direction