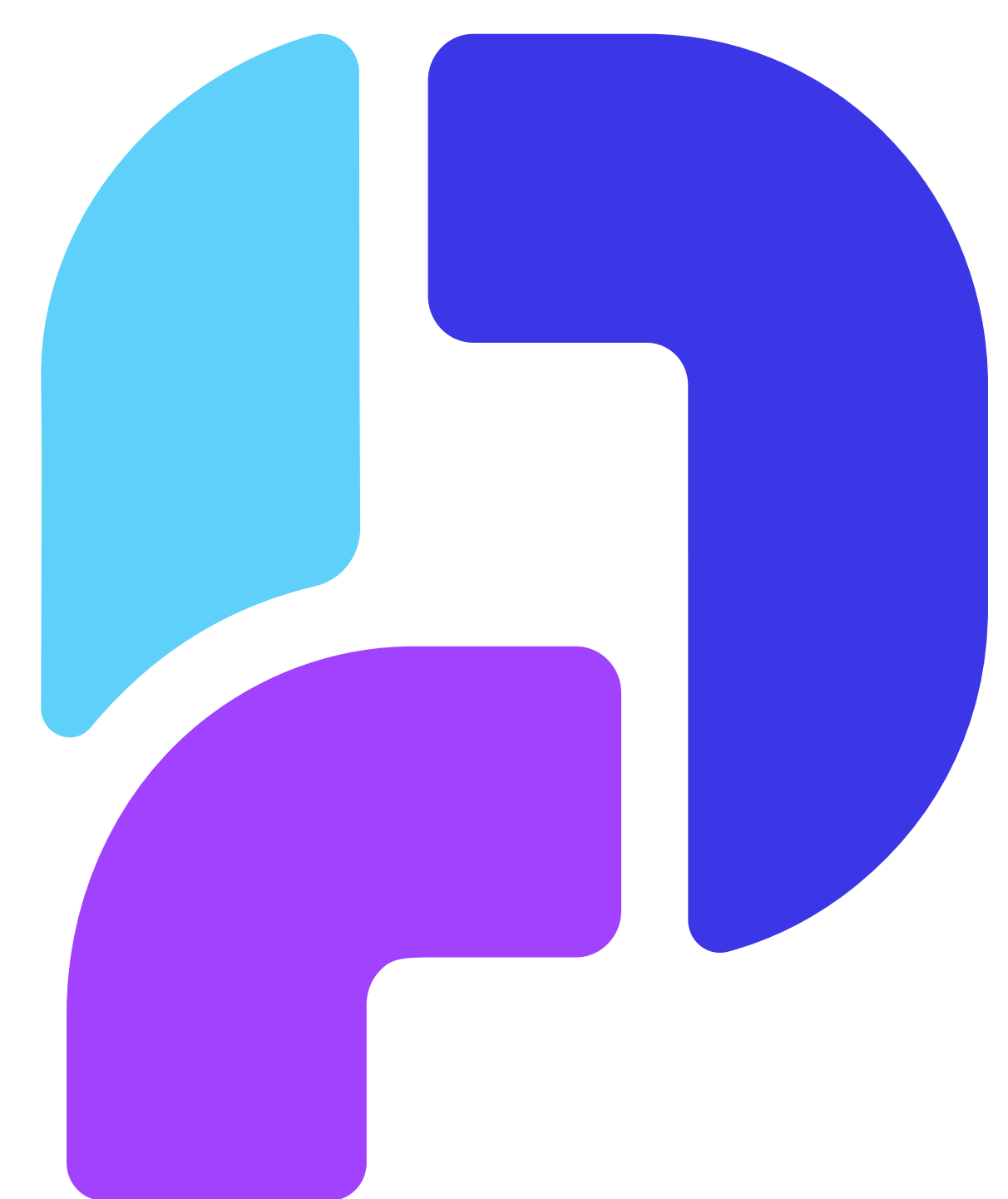


# The ABC's of Choosing an ERP

## The ERP selection guide:

Discover 9 critical factors behind a successful ERP selection process



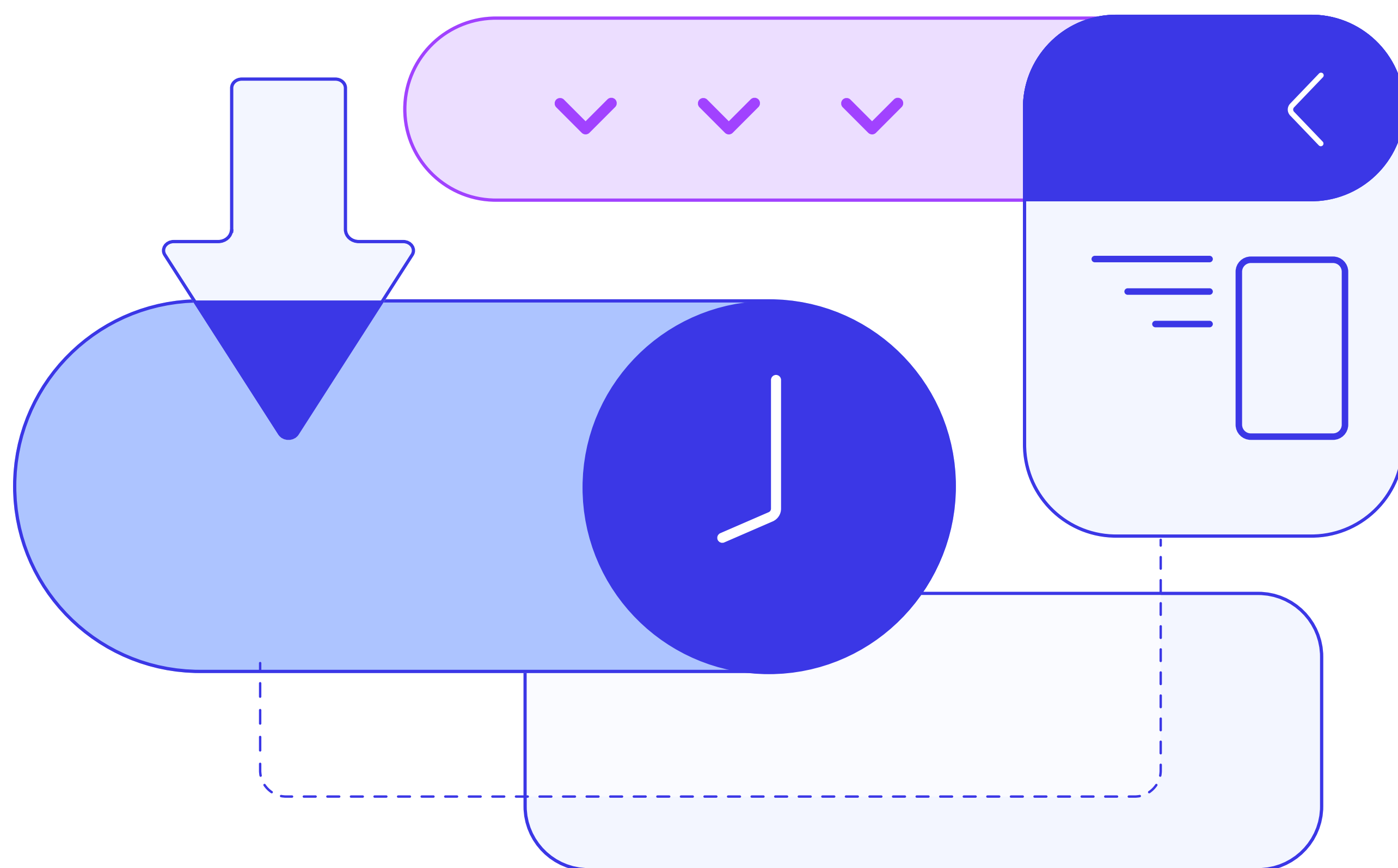
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## Intro

We find Enterprise Resource Planning, or ERP, among the most influential IT developments of the past 50 years. Thousands of organizations have adopted ERP to transform their business models, and millions of employees working in these organizations use ERP in their day-to-day work.

Just like the companies that use ERP, ERP packages come in all shapes and sizes, but what determines your choice, and how do you select the right ERP system? In this eBook, we are happy to give you a clear overview and help you find the ERP solution that suits your specific needs.



We will guide you through the nine critical factors behind a successful ERP journey. What are the benefits of ERP? How much will it cost my company? Which ERP modules are needed for my business to be completely centralized and optimized? Is my company best off with cloud or on-premise ERP? What criteria should I consider to select the perfect ERP? And we will tell you everything there is to know about the different implementation stages, the most successful way of training, and which ERP support tactics you should employ to achieve better results.



# ERP Benefits

An ERP solution, in its most primitive form, is a system that consolidates business data, automates everyday operations, and streamlines workflows.

The ultimate purpose of adopting this technology is to improve business operations and remove unnecessary work hours – so everyone can focus on their primary duties.

These goals can help the organization boost revenue margins and efficiency while enhancing communication between various departments.

**Let's dive into the benefits of selecting the right Enterprise Resource Planning system.**

## Complete Transparency

Among the key selling factors for ERP is complete data transparency. The ERP system will give you and your top executives full control over all essential operations in the company. The ERP software achieves this by gathering data from each department and making it accessible to everyone that needs it.

For instance, one could regularly track stock counts, including potential shipments and merchandise presently en route. Additionally, one could better regulate the cash flow by understanding the current situation in terms of stock counts. Furthermore, having all your business's data in one place improves cooperation and job completion.

## Unified IT Expenses

An ERP system is frequently a substantial investment. Yet, it helps consolidate overall IT expenditures. It also increases productivity. Rather than investing in various solutions requiring specialized employees, equipment, support staff, and licensing, consolidate most of these expenditures into a single centralized ERP software.

If you currently invest more in scattered solutions than in a centralized ERP, implementing one will save you money on IT. End-user training is also reduced when a centralized platform is used. Employees only have to master one platform, not deal with multiple apps.





### **Modular Flexibility**

An important feature of any ERP software is its customizable structure and flexibility. ERP suppliers offer several modules, easily combined to meet specific business needs. Each module is developed to function independently or in conjunction with the rest of the package. This way, the firm selects the best-performing modules while excluding those not required.

An additional consideration is the system's implementation. On-premise and cloud installations are the two main options. Genuine software must be acquired and implemented in all corporate computers and servers with an on-premise solution. Cloud solutions, which for many organizations are becoming the preferred method of deployment, let you skip the last two steps described and have many advantages including automatic software upgrades.

### **Enhanced Monitoring & Scheduling**

Enhanced insight and complete transparency are significant benefits of ERP systems. When an ERP suite is integrated over multiple sectors, it gives you a unified and consistent reporting system for all of your business processes.

An ERP system provides meaningful reporting capabilities - at any time - given it has a single source of information. The ERP software allows businesses to examine and evaluate functionality throughout all their sectors without checking lengthy charts and correspondence. Finance records are the most frequently provided reports. Such can include standard accounting statements, revenue, and liquidity ratios.

### **Data Precision & Protection**

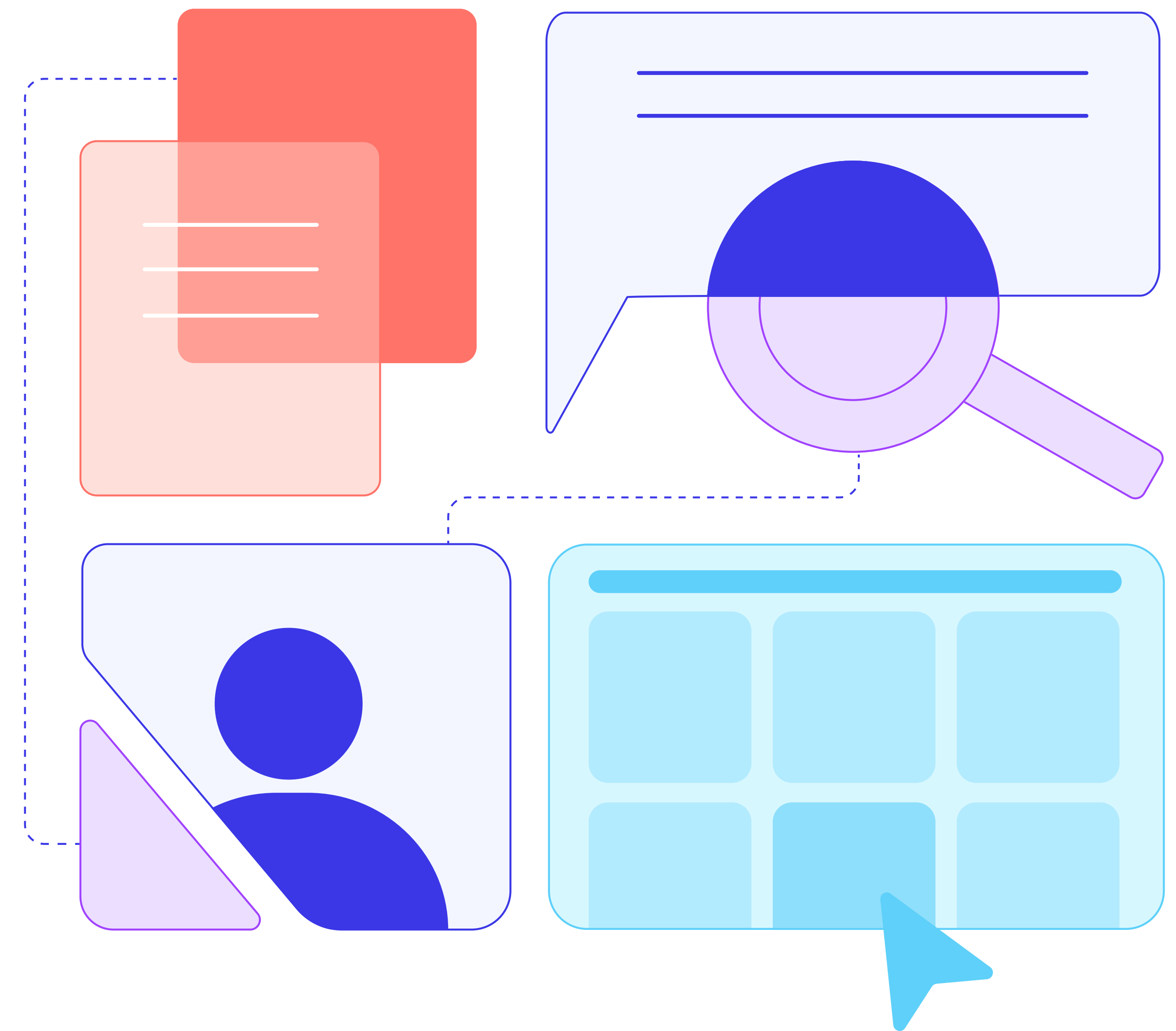
Coordination inside a firm is improved by data exchange throughout organizational areas—customer support, marketing, sales, and corporate planning. Managing who can access, see and change data is the opposite of extensive data access. This is why ERP has built-in security safeguards - to keep your data safe. The fact that ERPs have a single input system helps them keep the data secured. Combining data from numerous systems might lead to source issues. In such a case, having a single data repository can enhance the data quality, accuracy, and safety.

# ERP Costs

The very first question that comes to mind before investing in an ERP system is – "How much will this cost my company?". We understand that question all too well, but unfortunately, we can't just give you an exact answer. Asking how much an ERP costs is like asking how many grains of sand there are on earth, so it is no wonder that buyers often cannot see the forest through the trees.

No two companies are the same; therefore, giving a one-size-fits-all answer to the cost question is impossible. The average cost of an ERP depends on several variables such as:

- ▶ The size of the company
- ▶ The company's unique requirements
- ▶ The functionalities of the system and customizations
- ▶ Interfaces with other systems



These and more factors play a crucial role in determining the ERP costs for your business. Every company has unique requirements and wishes for an ERP system. Some functionalities are very useful but not absolutely necessary – we consider them the nice-to-haves. Other functionalities are essential. Companies make their own distinction in this respect, meaning an ERP solution for similar companies may look completely different.



## Total Cost of Ownership

The costs can vary significantly but are always made up of the same components – direct and indirect costs. Direct costs include all matters required to build and bring the system into use. The indirect costs consist mainly of expenses for maintaining the system and hardware. All costs added together are called the total cost of ownership.

## Direct ERP Costs

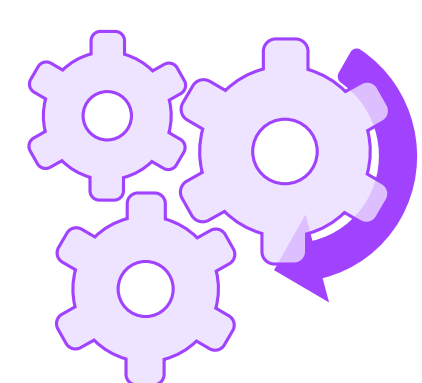
Direct costs of acquiring an ERP include licenses, customizations, infrastructure, and training.



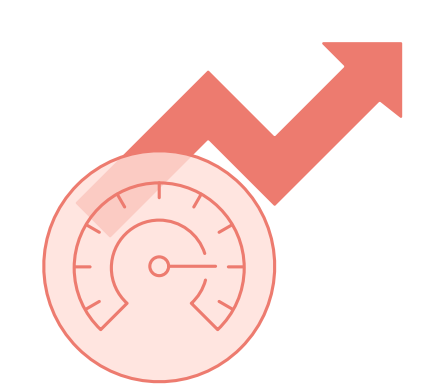
**Licenses:** It will come as no surprise, but the more users and, therefore, the more licences your company needs, the higher the costs will be. Furthermore, the cost also depends on the modules and functionalities you require.



**Customizations:** Do the standard functionalities not fully match your business processes? Then you have two choices: you can adapt your business processes to the system or adjust the system to your processes. The latter is what we call customization. Keep in mind that customizations can be very expensive and are not possible with all systems.



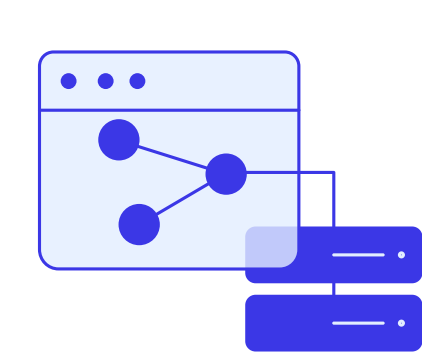
**Infrastructure:** The platform you choose also influences the cost. Do you opt for a cloud, on-premise, or a hybrid solution? Do you prefer to manage the software yourself on your own on-premise servers, or do you opt for a solution that the supplier hosts as with a cloud solution? With cloud ERP, the software runs on the supplier's servers, so this option is often the cheapest – however, in this case the licence fees are often higher.



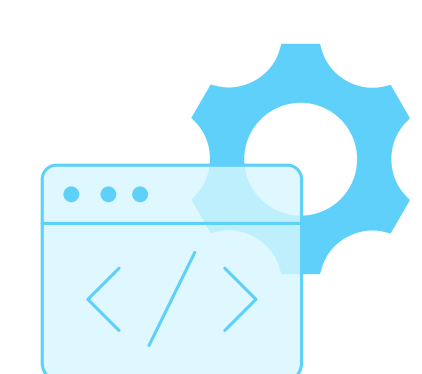
**Training:** A new ERP system also significantly impacts your employees. They will have to learn a new way of working. Training courses are therefore indispensable. You will have to invest in this, but these costs will quickly pay off in terms of efficiency.

## Indirect ERP Costs

The indirect costs of purchasing an ERP system mainly consist of hardware, software maintenance, and software security.



**Hardware:** Whether the maintenance of the hardware installation will be for your account or the supplier depends on the installation you have chosen. Have you opted for a cloud solution? Then you won't have to worry so much about it. The supplier will take care of this. Do you have the software running on your own servers? Then you are responsible for maintenance. You also have to take into account the depreciation of the installation.



**Software:** Again, the responsibility depends on your chosen installation type. With cloud solutions, the supplier is responsible for updates. If legislation changes, for example, then the supplier is responsible for ensuring that the software complies with the regulations.



**Security:** Your software will also need to be secured. By choosing the cloud, you place the responsibility on the supplier. They provide constant protection, and you pay for it. With an on-premise installation, it is your responsibility to ensure that the systems are protected. In that case, you must have the knowledge, expertise, tools, time, and resources to handle this.

Thus, when you draw up a budget for your ERP solution, take the advertised price as the base price.

Keep in mind that there are other factors to consider, such as networking hardware and software costs, server hardware and software costs, workstation hardware and software costs, installation and integration of hardware and software costs, and costs for data migration.

# ERP Modules

Implementing an ERP system might not be the easiest decision to make. However, once made, it might be one of the most beneficial for the business.

An ERP system comes with many flexible and adaptable modules. Given that every business is different, you'll have the opportunity to pick which ERP modules are needed for your business to be completely centralized and fully optimized.

**The following are the main ERP modules:**

## Finance & Accounting

The finance module is among the most significant ERP components. It enables the identification of the present economic state and its long-term prospects. The key components monitor payables and receivables and maintain accounting records.

## Warehouse Management

For organizations operating warehouses, this component provides a rapid ROI. Depending on the business configuration, the program can delegate warehouse staff to load received items and expand to sorting, packaging, and exporting.

## Purchase

The purchasing subsystem aids the business in obtaining the materials and components needed to produce or sell products. This package may automate quotation enquiries and assess the responses. It can also stay on top of purchases and update the inventory.

## Sales

From reception to distribution, this subsystem keeps records of orders. Once clients submit purchases, the ERP component sends items where they need to be processed and dispatched. The module keeps purchases from going missing and increases on-time performance.

## Inventory Management

This module tracks goods quantities and locations down to each stock-keeping unit. Connecting to the purchasing system provides a full view of a business's present and forthcoming inventories. It also ensures that organizations have enough merchandise without the accompanying costs involved with overstocking.

## Supply Chain Management (SCM)

The SCM controls every milestone through the supply chain. Suppliers, intermediaries, merchants, and customers - are all tracked during the process. This system includes warehouse and inventory management, production, sales, and purchase. It can also have more advanced modules.

## Production

The manufacturing unit assists firms in planning production and ensuring that they have all they require for scheduled product lines, such as goods and equipment power.

## Customer Relationship Management (CRM)

Everything you need about the customer is stored with the help of CRM. The staff will have all the required information to handle the client's needs. A CRM can be used for marketing with accurate data about the client's previous buys.



### Marketing Automation

In need of an automated marketing plan? The marketing automation module creates campaigns to be shared through social media or other means of contact. It sends automated emails with the newest promotions. It promotes ads and alerts customers on upcoming sales.

### Ecommerce

All transactions, purchases, and inventory records go into the central registry once the eCommerce software connects to the ERP. This guarantees all transactions will be recorded in the accounting system. It also pulls unavailable goods down and delivers purchases on time.

### Project Management

Service-based enterprises frequently use project management. The tool keeps track of project progress. It also handles human resources and assets - allowing supervisors to authorise costs and workflow.

### Workforce

For hourly employees, workforce management can efficiently track employee attendance and productivity. With this module, business owners have a clear insight into employee payrolls.

**The ultimate purpose of adopting ERP technology is to improve business operations and remove unnecessary work hours so everyone can focus on their primary duties.**



# ERP Infrastructure

ERP systems are designed to centralize your business data and allow a smooth operating process. An ERP system's hardware always includes three parts: PCs, networks, and printers.

Although printers are sometimes redundant, most ERPs still use them. There might also be numerous extra components, depending on your business needs.

On the other hand, the ERP software infrastructure has three main features: deployment, database, and application options.

## Central Database

This is the main reason why ERPs are implemented. After all, data is what gets things going. No matter the kind of business one owns, there will be a need for records, enquiries, and workflows. If the data is decentralized, the information travel time – from one department to another – is costly and inefficient. An ERP system will take care of that. While data is money business-wise, the central database is the core of every ERP system.

## Finance & Accounting

The finance and account module of an ERP system fully automates basic bookkeeping. The same goes for billing, monitoring, financial analysis, planning, and creating reports. It is the driving force behind a company's decision to go from a separate payroll system to a centralized ERP. The demand for a single centralized platform – one to perform all monetary operations and financial reporting – is on the rise. It also becomes more obvious as the firm grows. The finance module is in direct communication with the central database.

## Stock & Production

Are you in the business of selling or manufacturing products? An ERP system will not only solve your current issues. It will also prevent potential problems from materializing. The stocks and production module of an ERP system are in direct communication with the database. So, they have access to all available goods - good that need to be bought, goods to be manufactured and their time-frame. The stocks and production module may also communicate with the eCommerce subsystem. If such a module is included in the Enterprise Retail Planning system, that is. Finally, this module takes care of each individual store-keeping unit.



## More Components of Basic ERP Infrastructure

### ▶ Sales & Distribution

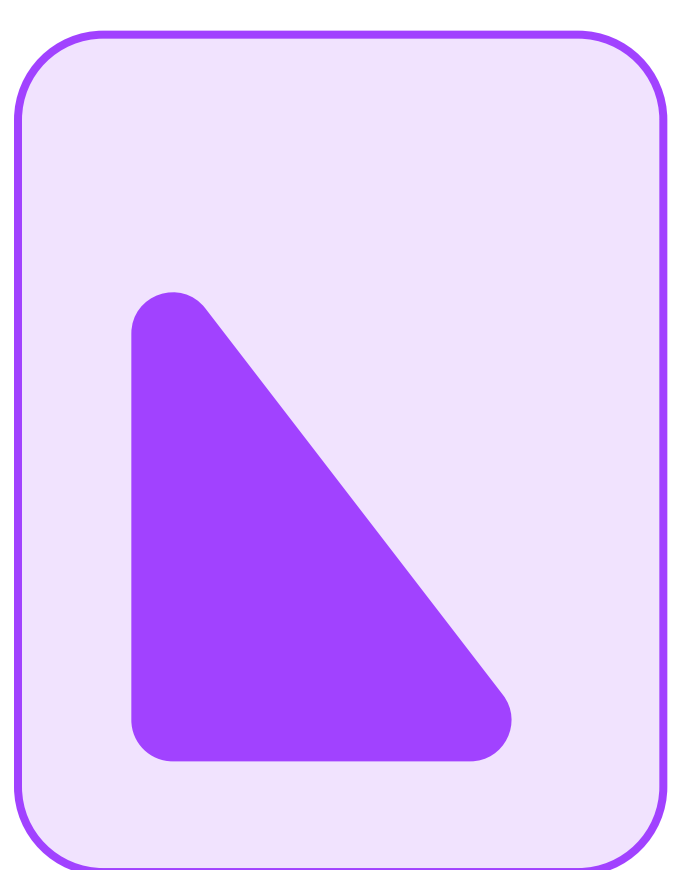
The sales and distribution model is a key feature for businesses involved in any shipping process. Regardless if it's a B2B or B2C kind of deal - this ERP module shares information with the central database. It then communicates with finance and accounting, stock and production, and finally - the customer. The central database also plays a significant role in cutting distribution costs. Not to mention, it increases sales efficiency.

### ▶ HR (Human Resources)

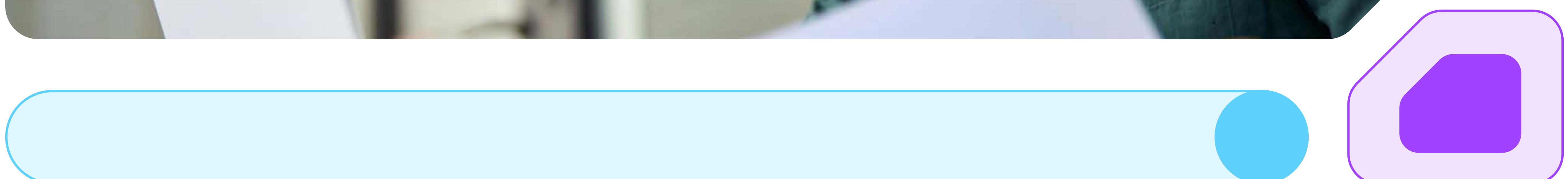
Human Capital Management, aka Human Resources, is a must-have for all businesses growing their employees. The HR management system will enable smooth management of the staff's information, payroll, and extra work hours. The same goes for their paid leave days. A good HR ERP system communicates with the central database. Simultaneously, it enhances the decision-making processes for executives.

### ▶ Support Systems

Support systems play a significant part in every ERP system in contact with the outer world. Clients cannot access your business system directly when they approach you. Instead, they communicate through a support system. The system then enters or takes information from the central database. One ERP system can have multiple support systems. It depends on how many foreign entities the system will need to be in touch with. Plus, the support systems allow for a higher level of data security and accuracy. Why? Because only internal staff will have access to the ERP system.



**An ERP system helps manufacturers improve operational efficiency, increase productivity, and boost profitability**



# ERP Selection

ERP is a business management software tool all companies use to ease reaching their business goals.

Although there are a ton of different ERPs, if you happen to choose the right one, then consider you've done a great job, as that's one of the most crucial decisions you can make.

Several criteria should be considered in choosing the right ERP for your company:

## Business Requirements

Initially, you want to create a clear and complete list of your ERP requirements. Start by consulting with your buying manager and production team. Also, pay attention to your executive team, consumers, and in-demand suppliers. Having a word with past and present staff is another beneficial action. Once the necessary information is gathered, write them down. Then, prioritize and decide on the tools you need. All set and done? Time to select your other ERP criteria.

## Upper Management Support

Upper management support is a self-evident criteria in selecting ERP.

It is frequently underestimated in terms of significance. Even with the greatest ERP for your company, a project might fail if senior management does not support it. Support entails more than just having budget approval. When another department's help is needed, the manager can stifle growth by offering tepid assistance. When deciding whether to support the new ERP or stick with the current system, know that management actually depends on a quality ERP to take full effect. Also, short-term expenses shouldn't be an obstacle if everyone agrees on the ERP at hand.



## User Support

The new ERP will be used by employees from all functional departments of a business. So, it's paramount to ensure that their desires and necessities are covered as well. This way, you will gain their support and they will earn yours. With proper user support your ERP system's deployment will be easier and more accessible to all parties involved. Let ERP users know they'll get adequate training in utilizing the ERP system. Also, assure them they will receive assistance in making the necessary modifications. In exchange, they will assist you in implementing and reaping your new ERP's benefits.

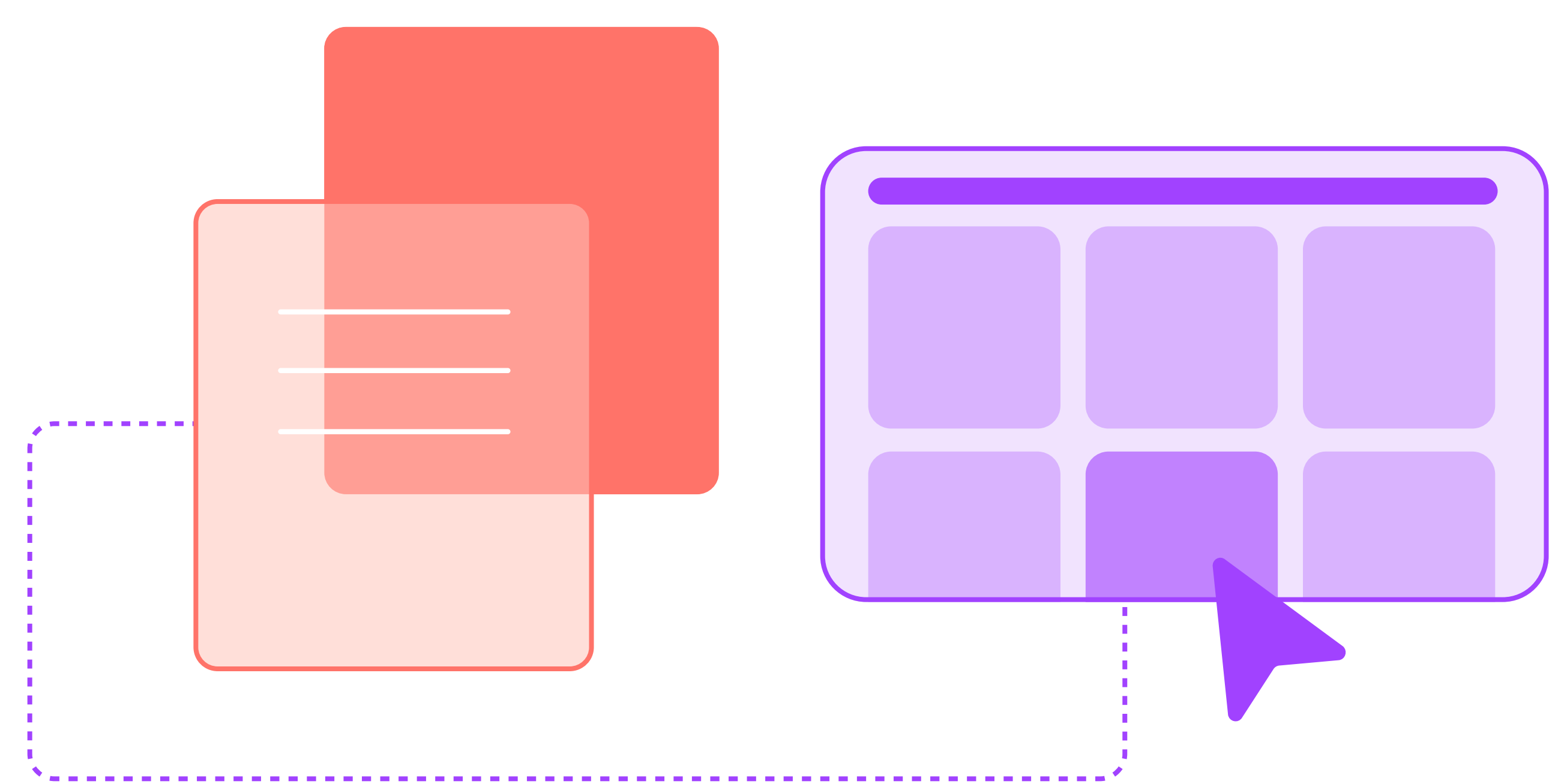
## Integration With Existing Systems

Organizations contemplating using an ERP system will need to have it integrated with their existing company systems. Naturally, you will look for compatibility between ERP and other company system. But how can such systems connect with ERP, and what integration can be achieved in the first place? Look for an ERP system that's straightforward to integrate. Using .csv files for data updates regularly, for example, is inefficient and too slow for routine use.

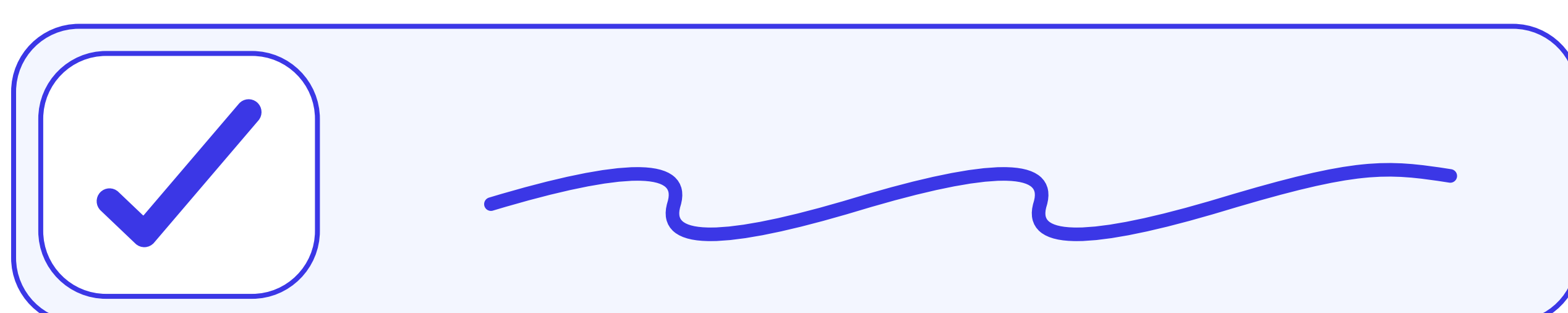
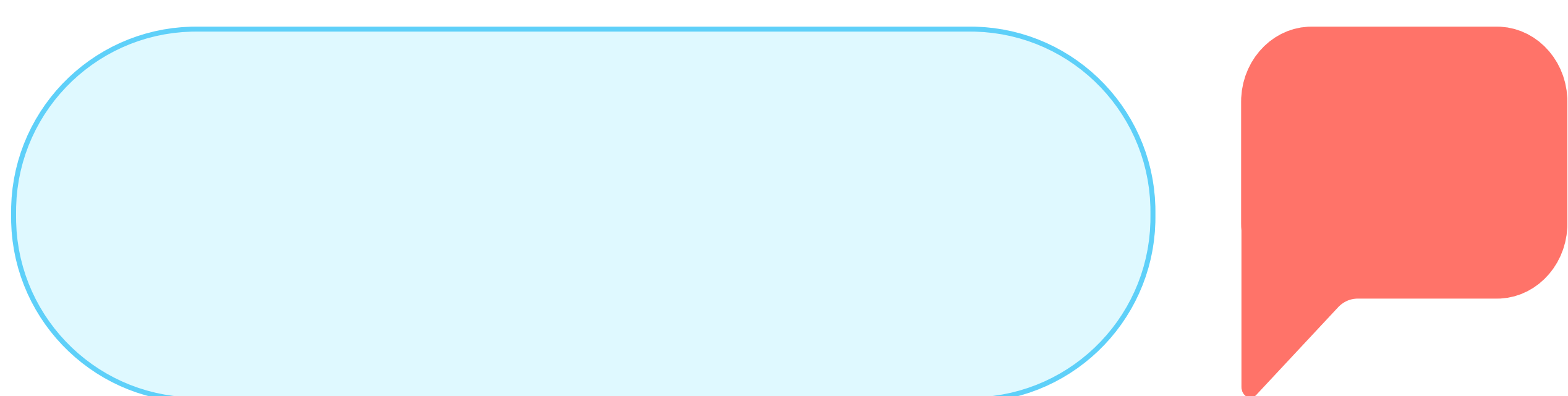
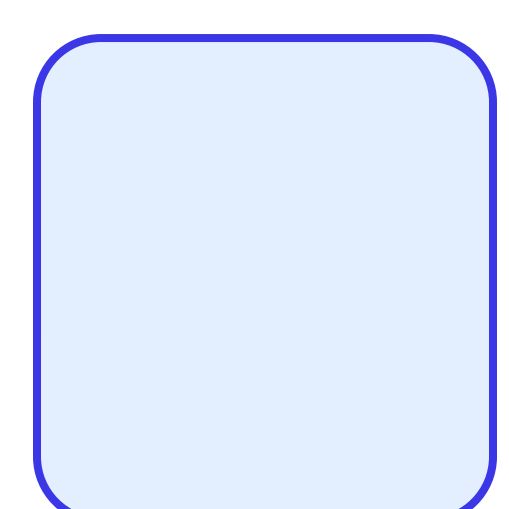
A more current approach would be to use Web services and XML files to allow various systems to communicate data efficiently. Many customers and suppliers utilize EDI (electronic data interface) to share data between organizations. If this is required, you must ensure your ERP system can support it.

## Budget And Resources

The quality of your ERP system will largely depend on the budget you have at your disposal. An ERP system is a system is a long-term investment and will last up to a decade. Therefore, ongoing maintenance and monitoring of its infrastructure are the two factors to consider when it comes to your planned budget.



**Priority makes the management of the employee lifecycle simple, offering a diverse set of features and functionality for efficient employee management**



# ERP Implementation

An ERP system aims to integrate various functions throughout the business to promote productivity and effectiveness.

Achieving improvement in the best way possible through an ERP affects various business segments such as financial management, HR, sales, and manufacturing processes.

**Let's take a look at the ERP implementation stages.**

## Discovery and Planning

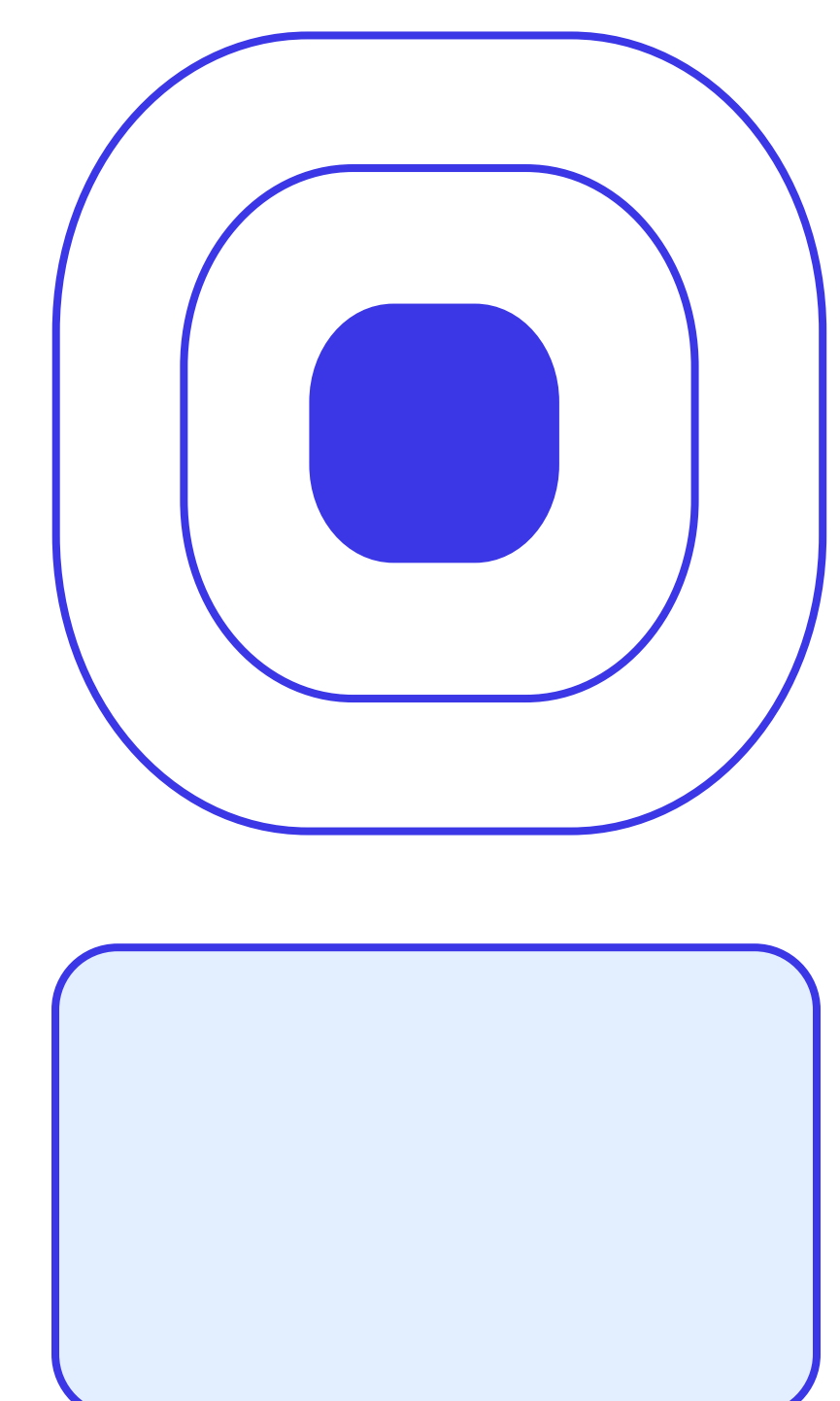
All ERP initiatives begin with discovery and planning. These include conducting research, system selection, assembling a project team, and specifying comprehensive system requirements. The project team will manage various tasks linked to the implementation. From laying out the project scheme and deadlines to ensuring all resources are assigned and choosing both design and products. There is also the need for project management on a day-to-day basis. One of the team's first objectives will be to gain a thorough grasp of present difficulties. Such can be inefficiencies within the process – or failure to meet certain ERP system criteria.

## Design

The design phase revamps the new ERP system based on precise requirements - and through understanding the workflows. Designing new, more efficient workflows and remaining advantageous business processes is part of the design aspect. And since users have the closest understanding of the ongoing business processes - it's critical to include them in the phase. Doing this is highly beneficial and ensures that all users accept and use the new system to its maximum potential. The gap analysis will detect process subtleties and peculiarities that require apt ERP software modification. Other requirements include workflow adjustments to match the ERP system better. The project team might indicate flaws to the implementation partner and request their support.

## Development

This phase can begin after clear design criteria have been established. It concerns setting and adapting the software to accommodate the revised procedures if needed. It may also entail integrating the ERP system with any other current business systems. Though not replaced, other systems do have to be compatible with the ERP implemented. The company will also need to install the essential gear and software to use an on-premise ERP system.



## Testing

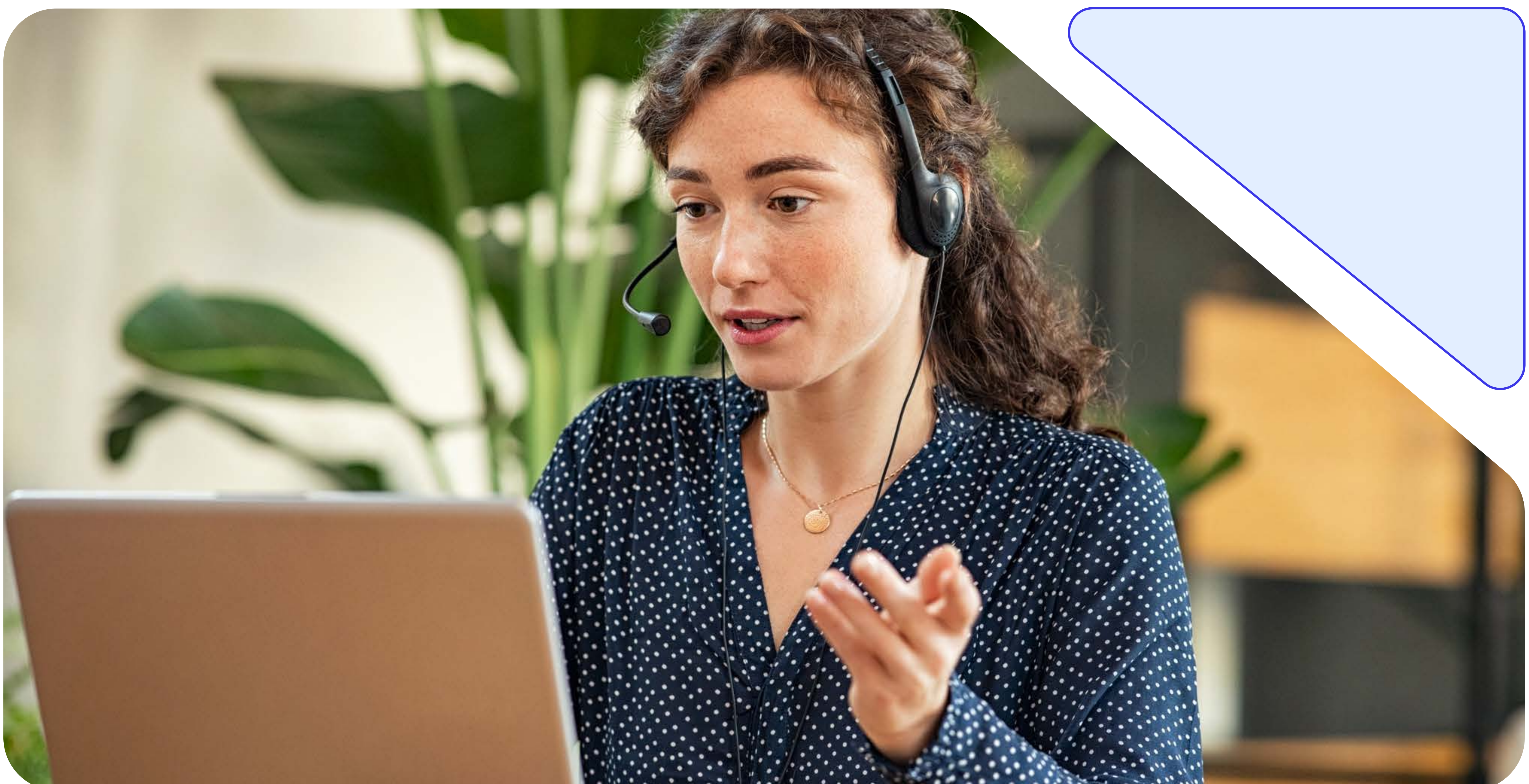
Testing and development can happen at the same time. The project team might test certain modules and features, modify and adjust the design, and retest. It might also be used to test one ERP module - while another is in development. Initial software testing should be followed by thorough testing of the system's full capabilities. This includes allowing some employees to use the system for all of their day-to-day tasks. This stage also concerns data migration testing and first end-user training.

## Deployment

This is the day you've been waiting for - the system launch. As in all businesses, be prepared for potential problems and confused staff members. The transition may take time, but it will be a worthwhile investment in the long run. Ensure the project team is ready to answer enquiries, explain the system to users, and strive to resolve any concerns. If troubleshooting is required, your implementation partner has to be able to assist. Users may need time to adjust to the system - so be patient.

## Support

ERP implementation continues way beyond the system launch. It calls for ongoing software maintenance and enables full user support. Here, budget heftiness and resources will be pivotal. As soon as you go live, begin assessing the efficiency of your ERP project. Key metrics to look at here include costs vs. budget, investment returns, human error redundancy, the potential boost in manufacturing, supply chain efficiency, customer care, and more.



# ERP Training

Quality training ensures a successful and efficient ERP system integration into your business. ERP systems are hefty and require time and a rich budget to kick off – so the more you invest in training, the more it will pay off in the long run.

Training for an ERP system starts with those who'll use it – your employees and partner users. All training for your ERP system ought to be done before the go-live date. Proper training will keep all users in the know and up-to-date with the ERP changes and tasks to be managed. To save money in the long run, it is vital to invest enough time and resources in apt training from the start.

**Here is how suitable ERP training can help your business strive:**

## Organize, Plan and Start Early

It is critical to provide training throughout the first phases of an ERP deployment – at least 15 months before the system goes live. The recommended training program should: determine each employee's role; give all departments using the ERP their role; include learning materials to guide everyone through the process; keep end-users informed – and answer their questions once they start utilizing the new program.



## Your Implementation Vendor & On-Site Assistance

Many businesses that have successfully adopted ERP systems ensure that their implementation partner provides in-person assistance throughout the process. Most organizations teach and train super-users through their implementation partners. Don't make this mistake if you don't want to stumble upon confused employees - at critical moments. Assure the implementation partner has adequately trained the super-users before you start focusing on your end-users.

## Provide Your Employees With Role-Based Training

Role-based training entails providing training based on the end-users roles. This way, they are only instructed on the functions and procedures relevant to their jobs. If a PO clerk's job entails writing purchase orders and emailing them for approval - it will suffice if they are trained to do so using the ERP system. Role-based training guarantees that learners only perform activities relevant to their jobs. It assists them in mastering the job faster.



### Maintain Accurate Documentation of Training Materials

Training materials must be properly documented for your personnel to use the ERP system efficiently. It will simplify their access to instructional resources and allow them to obtain the information they need to operate with corporate software. It is preferable to provide the training using a Learning Management System (LMS). This is because LMS allows you to construct a centralized library of learning resources - an easily accessible one at that.

### Track The Development of Your Learners

Measuring and evaluating your learners' progress in the ERP training program is critical. Just as it is for any other corporate training program. Keeping track of the LMS at hand will utilize the application to produce reports for tracking learner progress. Evaluating the training program's effectiveness will immediately take effect.

### Ask for Employee Feedback

Maintaining constant communication with your employees will result in better ERP system implementation. It will also make for a smoother and more seamless workflow. Considering your employees' feedback will diminish the odds of human error and will help you solve unforeseen ERP issues that may come around down the line. Its team needs to work first for an ERP system to work at all.

### Lower Costs and Time Efficiency

Initially, it sounds like a hefty expenditure. However, an integrated ERP system will help you save up in the long haul. With ERP systems, all users should adapt quickly to the system's needs and be able to use it on their own. To do that, you need detailed training to ensure the maximum functionality of your ERP system - across all sectors.



# ERP Support

ERP initiatives take a long time to complete and integrate. In other words, some professional system support is due.

Your ERP organization and everyone involved in it expect to earn a long-term return on investment by using these resources as part of your project.

Many companies employ a wide range of ERP support tactics to achieve better final results. Such can be both internal and external and are used to improve the entire ERP project, thus raising the chance of a high ROI.

An ERP system can be managed in various ways, and through multiple aspects, all ensuring your business has a thriving climate and an organised flow.

## Legacy Management

If you've been using any ERP software, upgrading it to a newer and better ERP is only natural. Companies often outgrow their initial ERP capabilities, primarily if the system has been run for a long time. It is highly important for your IT personnel to focus on selecting and deploying a new ERP than managing the existing one. Even so, maintaining an existing ERP system is far more productive and efficient than implementing a new system from scratch.

An alternative here is to engage ERP support services for a limited time. This way, you can handle your current ERP, free your IT employees from burdensome tasks and focus on upcoming goals.



## Data Conversion Support

There's no denying that data conversion is among the essential parts of the overall ERP installation process. Therefore, you shouldn't delegate the whole conversion process to outside specialists. Why? Because no one understands the cogs of your ERP system and its data conversion process the way your inner circle does. A successful data conversion through an ERP system will include both prospective users of the system - those who deliver process support for consultants - and technical assistance from analysts and programmers.



## Change Management

To adapt to the new ERP, your employees must adjust their behaviours. Initially, all changes may seem excessive to your staffers; however, the system can be easily managed after proper training. In terms of changes, they can address various internal aspects.

Though your executives are skilled in engineering, sales and finance, their management abilities may need some perfecting. To properly introduce the change, find a change management consultant specializing in the process's psychological aspects. This way, your staff will be happier and more productive - all due to the faster and easier transition to the new ERP.

## ERP Training

Training your staff for your new or updated ERP system is important for faster integration and adaptation. You can look for professionals to employ the most effective ERP training methods and simultaneously have access to the most up-to-date training materials. An ERP support approach centred on experienced training personnel will pay off financially and professionally and enable enough resources to continue training as new employees emerge.

## Limit Third-Party Dependencies

An ERP system supports your business by reducing your dependency on third parties.

Through a supported ERP model, you will manage your own reporting and analytics and generate your own operational business data without external interference. Cloud applications from your legacy ERP vendor come to your rescue and provide spotless and accurate intelligence without another party's input. Not to mention, managing your ERP through a cloud will also make for a more financially productive business.

**The ultimate purpose of adopting ERP technology is to improve business operations and remove unnecessary work hours so everyone can focus on their primary duties.**

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## About Priority Software

Priority is a leading provider of scalable, agile, and open cloud-based business management solutions for various industries and organizations of all sizes, from global enterprises to small and growing businesses. Recognized by top industry experts and analysts for its product innovation, Priority provides real-time access to business data and insights from any desktop or mobile device.

Priority ERP offers comprehensive, integrated, business management and operations solutions for small to mid-sized businesses and organizations. With several decades of development and innovation, Priority stands out in the industry as one of the most robust and comprehensive ERP platforms available. Priority ERP supports an impressive array of in-depth functionalities and tools, covering financials, CRM and sales, supply chain management, manufacturing, distribution, customer service, project management, warehouse management, equipment rental, human resources management, business intelligence, business process management, time and attendance, mobile app generation, portal generation and more.

Priority's cloud ERP has been recognized as a leading global ERP vendor by analysts such as IDC and Gartner, the latter of which has positioned Priority in its Magic Quadrant over multiple years.

Today, over 75,000 companies across a wide range of industries in 40 countries have come to rely on Priority to manage and grow their business.

## Are you considering a new ERP solution?

**Get in touch with our technology experts, we're happy to help you find the best ERP solution, that suits your specific needs.**



### The ABC's of Choosing an ERP

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