How to Choose Your Next ERP

What to look for when it's time to switch

SYSPRO™

Introduction

As your manufacturing business grows and evolves, it may reach a point where the limitations of your existing ERP are exposed. It may cause inefficiencies in your operations and even put profitability at risk. When you've recognized that your existing ERP is a liability, it's time to move forward with a replacement.

While the selection and implementation process requires planning and effort, taking action will result in increased competitiveness, customer satisfaction, and profitability.

To assist you through the switching process, this whitepaper will cover:

1

Signs that indicate the need to switch

You have already digitized your operations but are experiencing trouble with your existing ERP. Identify the signs that indicate you should move forward with replacement.

2

Keys to selecting your next ERP

We know from reports such as CME's EMBRACING CHANGE: Industry 4.0 and Canada's Digital Future in Manufacturing that company leaders who digitize and implement advanced technologies achieve "extraordinary improvements" in efficiency and lower operating costs.

To achieve these significant gains, company leaders need to first identify the areas they would like to improve using digitization, then choose the right ERP to support this.

Five Signs That Indicate You Need a New ERP

1. Your current system can't scale.

Scalability is the ability to successfully expand your process capabilities beyond the current levels to support your growth and expansion. Scaling up might entail higher transaction volumes in sales and other areas, introducing new products or ramping up production. **And when you are scaling up your business, you need an ERP that scales up to support it.**

You may notice that your existing ERP becomes sluggish, or even fails, when handling higher volumes of data and transactions. These delays make users less productive (and frustrated!) Failures also put pressure on your administrator and IT resources to remedy the problem — usually in a panic.

Another type of scaling is expanding into new markets. But as you do this, you may find that your existing ERP cannot support requirements such as multiple entities, foreign currencies, and regulatory and tax compliance.

2. You don't have real time visibility into your business.

Does your ERP system have gaps that you had to fill with supplemental systems, resulting in separate silos of data, double entry, and no "single source of truth"?

Do you lack the ability to view actionable data in real time?

If you are relying on an outdated ERP system, you are not only making your business needlessly inefficient, but introducing risk into every single decision from the quotation process all the way through to delivery.

If you lose even one customer through poor service resulting from deficiencies in your existing ERP, you need to replace it.

3. You are using multiple third-party integrations that require extensive programming and workarounds.

Does your IT team spend most of their time building and maintaining creaky integrations and customizations, just to deliver barely adequate service to users? Wouldn't you rather have these talented (and highly paid) people contributing in a truly strategic way, as technology visionaries leading your business to improved processes, decision-making, and competitive advantage?

"If your IT team is always putting out ERP fires, it prevents them from identifying and implementing new and innovative IT approaches in other areas of the business that will lead to higher profitability," says Steve Bassaw, Product Manager, SYSPRO Canada.

He adds that, "looking forward, it's also very likely that your outdated ERP will create other business problems that can't be solved with even the most ingenious workarounds."

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>
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4. Your maintenance costs are high.

Take a close look at what you spend on your existing ERP. Perhaps you are incurring regular costs related to upgrades. This not only involves the costs of the upgrades themselves, but also includes the costs of the associated downtime, including delays in order fulfilment and other critical business processes. Not to mention constant bug fixes.

Another type of cost, and headache, is around infrastructure. Is your ERP becoming obsolete on modern operating systems, databases, and integration technologies? The time your IT team spends on working around these issues is a significant cost.

Do you have ERP customizations that need to be rewritten, retested, and reimplemented every time you do an ERP upgrade? This is a cost with absolutely no value add.

A never-ending treadmill of expenses to keep an outdated ERP functioning does not make good business sense. An unreliable ERP also puts your business at high risk of paying the ultimate price —unhappy customers who seek better service elsewhere.

5. Your ERP isn't built for your industry.

As the heart of your business operation, your ERP system should be "industry built." You may be using a generic "horizontal" ERP solution, or even worse, a system that's been designed for another sector. This results in employees using manual workarounds, and the IT team trying to tweak the system —if that's even possible.

Generic software is inherently inefficient and presents numerous headaches because it's not designed to address the specific and unique challenges of your industry.

Industry-built solutions will provide easier and faster implementations as they address your most critical processes and offer innovative best-practice frameworks that fit your business.

Questions to Ask Before You Make The Switch

Once you've decided to search for a new ERP, the first step is to map out your business processes and create a blueprint of how information flows between departments. This will expose gaps and provide clear insight into your needs, which will in turn guide your selection of the best ERP system to fit your business.

Some questions to ask when creating your blueprint:

1 Are your current processes documented? A new ERP is an opportunity to improve your old business processes, and you should be open to changing them.

2 What do you want the future state of your processes to be? Ensure this aligns with your overall business strategy.

3 What are your most critical business processes?

4 How well (or not) are different departments working with each other? Sales and warehousing? Planning and production?
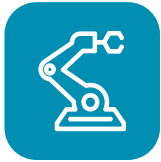
"Completing the mapping process is invaluable," says Bassaw. "It will help you identify areas where your current ERP falls short. The gaps where information doesn't flow effectively will be easy to see. Then for each gap or friction point determine the associated business pain (for example, higher costs, longer customer lead times). Knowing the gaps helps you determine what you need in a new system."

You should then map out future business processes. "How do you want to improve and adopt processes that are going to make your company more efficient, that are going to make it more cross-functionally integrated, that are going to enable visibility and intelligence?" Bassaw asks. "And when you map preferred best processes, make sure to align them closely with your company specific processes. From all of this, the capabilities you need in your next ERP will be clear."

Must-Haves in Your Next ERP

Here are five areas to examine closely in your selection process.

Automation Capabilities

Automation capabilities play a significant role in improving your organization's productivity and overall efficiency. Automation will reduce manual data entry errors and save the time you spend trying to identify those errors and fix them. **Warehouse management, financial planning, production, supply chain management and CRM are all areas where introducing automation can revolutionize your manufacturing business.** Your next ERP should be able to automate routine business processes.

Technology Roadmap

Your ERP needs to keep up with modern technologies. As Industry 4.0 evolves, new advancements in robotics, IoT, cloud computing and other technologies are introduced every week. New sensors are capable of gathering vast amounts of data, and **intelligent manufacturing systems driven by AI (Artificial Intelligence) and ML (Machine Learning) are becoming more common**. All of these technologies are of no use without an ERP that can incorporate them, or integrate with them, to provide insights to improve decision-making.

Because no two businesses are the same, your next ERP should allow the choice of deployment that best suits you — either on-premises, or cloud. Both options have their pros and cons. For example, on premise offers more control over your data and your upgrades, but you need to invest in infrastructure. Cloud offers no need for infrastructure, but less control over data and upgrades.

Ensure that you select an ERP with demonstrated success in keeping pace with technology advancements.

Upskilling And Training Capabilities

ERP systems are powerful, but it's practically a cliché that many companies underuse them. Often, the reason is lack of ongoing education and training. This leads to "application erosion", where you get progressively less and less value from your ERP as years go by, because of things like staff turnover and no one realigning the ERP to changes in business processes. Are you nodding because this sounds familiar?

If you want your employees —and therefore your business —**to get the most of your new ERP system, not only when it's new but for years to come, you'll need a provider with a robust training platform**. Your chosen provider should offer a variety of learning options to suit your unique team.

Flexible training methods are also critical for quick adoption, upskilling, succession planning and ongoing efficiency improvements.

In addition, remember that young workers today expect to work with cutting-edge technology and to have access to modern, high-quality training. So, make no mistake, an ERP provider that does not offer innovative training may frustrate your young (and not so young!) talent to the point where they leave.

Industry Specialization

One size does not fit all. Each industry has its own specific processes and nuances. If you choose a purpose-built ERP, it will allow you to make huge efficiency gains right from day one.

Broader "horizontal" ERP solutions apply to many industries. "Industry-built" ERP systems are designed for use in specific sectors and come with a high degree of verticalized fit out of the box such as configuration settings, support for implementing industry best practices, and more. These systems are preferable as they will address specific business challenges and drastically reduce or eliminate any required customization, leading to faster ROI.

"Makers of purpose-built ERPs are immersed in the sector and therefore stay well informed about industry trends, regulatory changes and new technologies," Bassaw explains. "They are business advisors first, and software vendors second, guiding you to greater business success."

Data Integration

Although modern ERP systems have very broad functionality, they can't fulfil every single business requirement, so you are almost certainly running other important business systems.

It's critical that your ERP can talk to other systems, both current ones and future ones.

You might have an eCommerce system like Magento or Shopify that needs to integrate to your ERP's sale, pricing, and inventory data. Or a CRM that tracks leads and opportunities, and converts won opportunities to sales orders in the ERP.

Another common system in manufacturing is CAD systems that automatically create bills of material in the ERP from CAD drawings. This is a huge time and money saver compared to a highly paid engineer entering and updating data into the ERP.

Most ERP systems have some business intelligence (BI) built-in, but there are also sophisticated best of breed BI applications available. Your ERP system must have an open architecture to enable easy data extraction and manipulation with little or no IT effort.

Your ERP system is the cornerstone of your business, but without the ability to easily integrate to other systems, you're back to square one with separate silos of data.

Conclusion

Working through these considerations will greatly assist you in your ERP selection process. If you think this seems like a lot of time and effort, think about how much time each of your employees currently spend on non-productive activities, every day, multiplied by 250 working days per year.

It comes down to a stark fact: if you do not replace an ERP that has become a liability, it will continue to cripple your business.

In contrast, the right new ERP will enable continuous improvement and growth.

"Remember that the process of ERP selection should be about finding an ERP that best fits your business processes and industry, and that offers automation, future-proofed technology, education, and integration" says Bassaw.

About SYSPRO

SYSPRO is a global, independent provider of industry-built ERP software designed to simplify business complexity for manufacturers and distributors. Focused on delivering optimized performance and complete business visibility, SYSPRO's strengths lie in a simplified approach to technology, expertise in a range of industries, and a commitment to future-proofing customer and partner success.

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