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Five Things to Consider when Choosing an ERP System

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Five Things to Consider when Choosing an ERP System

The right Enterprise Resource Planning system can integrate key business functions, boosting the bottom line. The wrong ERP application can drain your IT budget. The difference between the two can be as simple as knowing which questions to ask as you research the options.

The following five criteria should top your list when evaluating ERP vendors.

1. Functional Specifications. *Does the application accommodate your business needs?*

Functional compatibility depends on a complex analysis of your company's unique business needs and the ERP industry's varied solutions.

Define and prioritize company processes. Identify core corporate functions, and develop a comprehensive picture based on input from all stakeholders.

Identify “showstoppers.” A showstopper is the “missing feature or unsupported business process that transforms an otherwise great fit into a complete mismatch.” Often these glitches lurk beneath the radar, surfacing upon implementation. The software that can count widgets but can't track corn syrup; the application that won't assign dual currency prices to export items--depending on the enterprise, even the most advanced ERP solution can become a nightmare.

You can avoid functional incompatibility by determining that the ERP system is designed for:

- Discrete or process manufacturing
- Work orders or repetitive manufacturing
- Distributor or manufacturer process management
- Multi-plant or a warehouse environment
- Multilanguage and/or multicurrency needs

Evaluate your options. Not all ERPs are created equal. A clue to a product's relative strengths is its origin. Some ERP vendors began by developing manufacturing software; others entered the field via a robust human resources package, or a data warehouse solution. The Oracle Accelerate program leverages the company's broad spectrum of world-class business applications to deliver a comprehensive, modular ERP package.

2. Business Model. *Does the application mesh with your corporate culture?*

Functional compatibility is absolutely crucial--but it's also important to consider structural fit. "You have to examine more subtle issues such as your company's corporate culture and management style," advises business technology expert Derek Slater. An ERP package may look great on paper, but will it mesh with your model of doing business? Consider not only what your company needs to accomplish, but also how it will do so.

For example, hands-on managers may want to drill down to the details; a big-picture executive will be better served by sleeker financials. Oracle's ERP application excels in aggregating data into expansive transaction reports. Other applications favor a more granular approach.

3. Flexibility. *Can the application be modified? Will it scale to accommodate evolving needs?*

Enterprise Resource Planning is a long-range investment. A flexible system will grow with your company, accommodating new specifications as they emerge. Flexibility is also crucial in the implementation phase, to ensure that the program can align with existing business needs and achieve integration. Look for an ERP solution that will accommodate new operating protocols, future business growth, market expansion, and any other initiatives that might arise.

To evaluate ERP flexibility, consider:

- system parameters and default settings
- custom screen and menu options
- tools for modifying standard forms
- data access options and custom reporting
- modular format

Oracle Accelerate's modular packages, for example, enable customers to add or remove ERP functionality as needed.

4. Time to Implement. *Will the rollout be quick, effective, and painless?*

Implementation can be a daunting prospect when company-wide integration is at stake. Check your ERP provider's implementation track record and methodology. An efficient rollout minimizes the costs and disruption associated with conversion. A speedy, vendor-supported implementation process also promotes user buy-in and a faster time to ROI.

5. Industry Expertise. *Does the vendor have a proven track record in your industry?*

The ERP solution you choose should come with a pedigree of successful installations in your field. “There are very few companies that don’t have specialized processes dictated by their industry,” says consultant David Dobrin. A proven track record means that the vendor is already well attuned to the particular business requirements of this market sector. “For manufacturers,” for example, “the right system is one that, from its beginning, has been based on a strong process engineering foundation.” Some ERP integration specialists even recommend an on-site visit to an ERP customer in the same industry, if possible.

Many ERP providers offer applications customized to a particular industry. The Oracle Accelerate program includes applications for 32 industries, ranging from aerospace to defense to wholesale distribution.

The formula for finding the perfect ERP match is fairly straightforward, provided the team performs the due diligence research. Functional and structural compatibility, flexibility, solid vendor support, and a proven track record add up to an ERP solution that works.

Sources

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About the Author

Dr. Clare Kaufman is a freelance writer who covers business and education topics.