



Finding a Right ERP Solution For your enterprise

By Zeeshan Abdul Samad

Team Member -TAG Consulting (Pvt.) Ltd.

Enterprise Resource Planning Solution (ERP) is integrated software that helps to manage and coordinate all the resources, information, processes and functions of an organization. It combines internal and external management information across an entire organization, by integrating applications including accounting and finance, manufacturing, sales and service, customer relationship, human resource and payroll.

ERP a Success Factor for an Organization

The rapidly changing business environment and increasingly expanding customer demands ask for an agile and extremely flexible decision making process and highlights the significance of information as one of the critical resources. The ERP system that provide reliable and timely information to facilitate management decisions in catering customer needs and successfully monitoring and regulating its business strategies can therefore be a source of competitive advantage for an organization.

ERPs facilitate the workflows between business units and functions across the enterprise and consolidate all business transactions in a uniform way. It helps integrating different business applications running in different time scales, manages information availability on real time basis, and increases profitability by reducing Lead-times, labor costs, and delivery times for inventory management and improving controls through automation. ERP is essential for management as a business managing & controlling tool, for the employees as a platform to coordinate and standardize different operational and administrative activities, and for executive management as a means to monitor the strategy implementation and the overall business environment.

In general, all discussed above are desirable outcomes of a suitable ERP solution, but there is work involved in determining exactly how an ERP can solve the problems that allow an organization to achieve these specific goals.



Risks & Challenges in ERP selection

Following are some of the risks that an organization must address during its search and selection of a suitable ERP solution

Lack of understanding of its information processing needs - A common mistake that business owners may commit is to hastily follow the most popular products in the market with least regards to their organizations capacity and information processing needs. This tendency may lead to loss of valuable resources i.e. time and money, operational disruptions and chaos, high opportunity costs and an unfavorable work environment. What may seem to be working for others may not work for you at all.

Cursory evaluation of products - The software procurement team may not be suitably qualified or may not include experts and analysts who could carefully evaluate the available products and select the most reliable and capable solution. This may result in buying software with inherent weaknesses like rigidity and lack of customizability, poor data retrieval and reporting capabilities, integration problems and inadequate processing controls.

Informal selection of suppliers -The software supplier may be casually selected without a formal evaluation and screening process. This may result in selection of suppliers with inadequate capability of system implementation and support which proves detrimental for smooth and efficient working of any software.

Lack of Systematic implementation -The implementation strategy may not be well planned and structured. Poorly implemented software with inappropriate operating platforms and hardware infrastructure, lack of adequate testing and user acceptance and an absence of a detailed change management strategy may limit optimum utilization of software features.

Inaccurate feasibility & Viability studies -Relevant costs associated with ERP software selection and implementation include the cost of the selection process and studies, market prices of software and hardware infrastructure, implementation costs, user trainings costs and fees for vendor support. Accurate identification, estimation and evaluation of these costs aid in making a smart choice.

Other factors requiring considerations include obsolescence or change in technology, business process changes and vendor support availability.

Guideline to counter risks of ERP Selection

Following actions/steps will greatly help in reducing the risk levels associated with the selection of an ERP solution.

Defining Organizational Needs-Under this phase the organization identifies its information processing needs and the Gaps that a suitable ERP solution may assist to improve. Detailed consideration must be given to factors like identifying the information critical for management decision making, the desired level of accuracy and timeliness in reports, the depth of implementation, flexibility and adaptability of organizational operations to ERP requirements and skill level and attitude of employees. An organization attempts to identify and procure a product that promises to fulfill all its information related needs.

Product Evaluation-The organization may assess the reputation of the ERP product, its number of installation in the geographical vicinity, interact with present users in the market and examine customer satisfaction level, gather information as to the data reliability and the product's competency level.

Hardware Cost Estimation - ERP systems require a variety of hardware, software and network configurations for their operations. These costs are also an important element of the cost analysis and feasibility studies related to an ERP selection process.

Potential for Integration with other software-Some of the organizational specific software are integral for its operation and the management may want to continue with these. Efforts are therefore required to explore the integration possibilities of the new ERP software applications with the existing software. IS personnel are faced with the challenge of managing and keeping the ERP software integrated with the software an organization intend to continue with.

Vendor Selection - Selecting an appropriate vendor require careful evaluation of the following

Technical Expertise: Considering the vendor's competence, qualification, skill base of its workforce as well as affiliation and support of reputable IT organizations.

Vendors' Portfolio and market information: Gathering Vendor's Repo with the existing clients, experience, support efficiency and coverage.

Some Other Traits: Vendor's workforce strength, succession planning and training arrangements & Service Level Agreements SLAs.

An effective Change Management strategy - Implementation an ERP will require a change in business processes that may encounter user resistance. Change management strategies help to bring a change swiftly and effectively. Some of the steps may include clear communication of change, staff participation in the decision making process, training and development of workforce and ensuring continuous monitoring & improvement.

Consultation with the IT Professionals - Experienced IT Consultants are able to provide a professional level of advice on ERP project planning. Their invaluable experience and market insight enable their clients to reach the correct decision in efficient manner.

Making right choices on the matters such as the extent of IT Investments and Expansion, its Role and Purpose in an organization and its management and monitoring can provide an organization a strong platform to effectively manage business decisions. We assist our clients to best manage and derive maximum benefit out of their valuable IT resources to ensure business success.

We at TAG Consulting (Pvt.) Ltd. team-up with the Company's Management in general and IT management in specific to enable them to maximize IT benefits through effective control and management of relevant risks.

We also provide consultancy to ensure appropriate selection, development, Implementation and subsequent monitoring of software and various expansion in IT Resources.

For further information please refer the services section of our website

<http://www.tagcon.tagglobalservices.com/services/i-t-control.php>