

A Controller's Guide to Purchasing a New ERP System

It's as Easy as E-R-P



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INTRODUCTION

Everyone knows that purchasing a new ERP system is not for the faint of heart.

But before you get too worked up, rest assured that there are many ways to mitigate the pain ... and the risk. This guide covers step-by-step recommendations based on decades of experience. How to navigate the process, avoid common pitfalls and find the answers to all of your questions.

There are two main reasons for contemplating the purchase of a new ERP system:

1. Because your current ERP system is no longer meeting your needs.
2. Because your current ERP system is no longer supported.

If you don't have a pressing reason for exploring new software, you may want to think twice about embarking on this quest.

But for purposes of this “**Easy as E-R-P**” guide



“**E**” stands for **EDUCATE YOURSELF**



“**R**” stands for **REVIEW YOUR OPTIONS**



“**P**” stands for **PICK YOUR PARTNER**



E = EDUCATE YOURSELF

There was a time when purchasing an ERP system meant writing a very formal, detailed, and oh so long RFP (Request for Proposal), and then sending it out to 12 or even more potential providers.

Next, the RFP responses were reviewed and rated, which resulted in a short list of vendors who were chosen to appear in person and demonstrate their solutions.

These steps made for a very lengthy process. It could take several months, as much as a year, from evaluation to deciding which one to purchase.

Things have changed greatly since then.

EDUCATION



Today's buyers wisely take advantage of the proliferation of information available on the web to educate themselves before placing that first phone call or sending that first email. Having done their homework, buyers are getting ahead of the game. Their internet research, conducted at their leisure, forms the basis for:

- Creating that all important short list
- Informed conversations with vendors
- A considerably shorter process
- More informed purchase decisions

RESOURCES



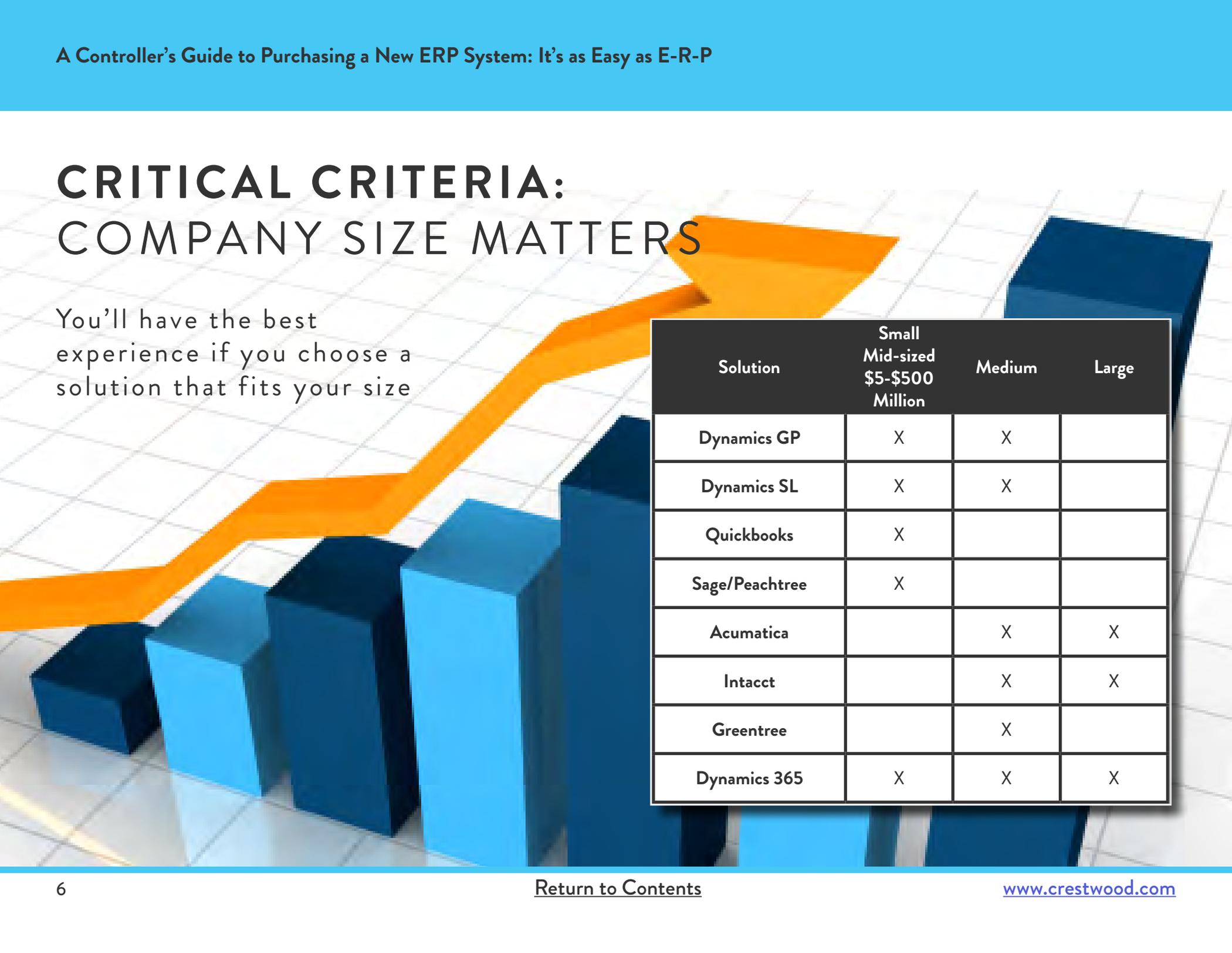
Recent studies have indicated that the average buyer is already 60-75% through the process before reaching out to potential providers.

To get to that point, here are links to several helpful sites that provide information about ERP products as well as comparison data:

- [G2 Crowd](#)
- [Software Advice](#)
- [Compare ERP](#)
- [ERP Focus](#)
- [Accounting Library](#)

CRITICAL CRITERIA: COMPANY SIZE MATTERS

You'll have the best experience if you choose a solution that fits your size



| Solution | Small Mid-sized \$5-\$500 Million | Medium | Large |
|----------------|--|--------|-------|
| Dynamics GP | X | X | |
| Dynamics SL | X | X | |
| Quickbooks | X | | |
| Sage/Peachtree | X | | |
| Acumatica | | X | X |
| Intacct | | X | X |
| Greentree | | X | |
| Dynamics 365 | X | X | X |

CRITICAL CRITERIA: WHERE WILL YOUR SYSTEM LIVE?



IN THE CLOUD

- Virtual servers in data centers
- Remote clients
- Thin clients
- Backups done at data center
- Data center handles virus & security protection
- Monthly hosting fees
- No hardware to purchase
- Scales easily for growth
- Rapid implementation & development

ON-PREMISE



- Local servers
- Workstations directly connected
- Local backups
- Local IT support
- Local security & virus protection
- Purchase own hardware/servers
- Larger upfront costs
- Additional hardware needed for development and if growth

CRITICAL CRITERIA: ARE YOU IN A POPULAR INDUSTRY?

Industry-specific ERP solutions are built from the ground up with your business objectives in mind, and can help you avoid costly customizations.

SYSPRO is and always has been a system for manufacturers and distributors. **Blackbaud** is designed specifically for nonprofit organizations. **Timberline** serves the construction industry exclusively.

Conversely, horizontal ERP solutions are built on a substantial accounting software foundation with functionality that has been developed to accommodate multiple industries.

There are pros and cons to both options that should be carefully considered.



CRITICAL CRITERIA:

DO YOU NEED **CRM** TOO?

Many, but certainly not all, ERP solutions come with seamlessly integrated CRM (Customer Relationship Management) systems. This might seem like an obvious choice and yet, there may be good reasons for choosing to go a different route.

For example, if a company is already running a best-in-class CRM application such as Dynamics CRM, which their employees have wholeheartedly adopted, they may choose to stick with it. The most common reason for the failure of CRM implementations is lack of adoption.

If you have successfully implemented a CRM system, you may understandably not want to rock that boat.

There are connectors available for integrating Dynamics CRM with other standalone ERP solutions, such as Microsoft Dynamics GP.

If you want a natively integrated ERP and CRM system, two examples would be Acumatica and Microsoft Dynamics 365.

R = REVIEW YOUR OPTIONS

Thinking through your critical criteria will take you a long way in preparing for your evaluation. You are well on your way.

The next step is to build your list of ERP options. We call this the *Review phase*.



ERP CHECKLIST

- Functionality**
- Integration**
- Deployment & Costs**

Many companies choose to involve a guide for this phase. There are firms that specialize in this task, and there are software “partners” that represent a lot of ERP solutions and conduct a guided review process to ensure you select the solution that is right for you.

If you want to do some of the legwork yourself up front, there are some measures you can take to add some structure to the process.

REVIEW YOUR OPTIONS

Build your short-list of solutions. Use this handy check list to make sure you cover all of your bases.

FUNCTIONALITY

1. What business challenges do you plan to solve with an ERP System?
2. What key issues and concerns do you have with your current system? What functionality do you think your system is missing?
3. What functionality will you actually use? This way, you don't have to pay for features your company doesn't need or don't foresee using in the future.
4. Is the solution scalable and flexible to meet your needs today and for future growth?
5. What will define success for your new system? How will you measure success - in terms of increased productivity, reduced costs, or other factors?
6. Is there an industry specific solution already pre-built for your business?

INTEGRATION

1. Does your business have unique requirements that new software would need to address?
2. How much customization will be involved - and what is the impact of that customization upon the solution?

EASE-OF-USE

1. How intuitive is the user-interface for employees? In other words, does the ERP system offer an interface similar to software that most employees already use - which reduces training-time and improves employee buy-in. Or is this something totally new that employees need to learn from scratch?
2. How much employee training will actually be required to optimize the value of the new system once deployed? And what types of training are included; such as, in-person, videos, webinars, etc.?

DEPLOYMENT & COST

1. Where will the software and data be stored? On-premise or in the cloud?
2. Will the deployment be time and materials or a fixed fee?

3. What is the deployment process and expected timeframe?
4. What will be required of your employees during deployment?

SUPPORT

1. What on-going support services will you need?
2. What are the different support plans offered?
3. Is there a critical support response guarantee?
4. If choosing a cloud solution, what is the Service Level Agreement (SLA)?

Once you have your short list, you'll want to look at the products in more detail.

Most ERP solutions are sold through partners. To find a partner near you, or that has industry-specific expertise, you can generally use the Publisher's website.

There are also some independent sites you can use to search for technology partners.



- [Find Accounting Software](#)
- [ERP SoftwareBlog](#)
- [Capterra](#)
- [PartnerPoint](#)
- [G2Crowd](#)

P = PICK YOUR PARTNER

In ERP, just like in life, who you partner with matters. There are many partners to choose from. Here's how to find one that fits.

The first thing I do is check out their website. Here are some questions to ask yourself:

- Do I like the look and feel of their website?
- What impression do you come away with from a partner's Website?
- Does it have a modern look and feel?
- Is their contact information easy to find?
- Is the site easy to navigate?
- Does it contain the information you're looking for?
- Is that information up to date or outdated?
- Do they describe their approach?
- Can you look at their team?
- Are there success stories relevant to your industry or size?





With a short list in hand, you will now reach out to ask for more information. Or maybe you already contacted some partners while you were reviewing their websites.

Now it is time to talk with them, or at least go back and forth via email.

Consider creating a list of questions that you'll pose to every partner.

Even though, in some cases, you will already know the answers based on information obtained from the partner's website, having a standard Q&A will allow you in the end to compare apples to apples.

Some people go so far as to rank each criteria with points, so they can add them all up at the end and see who wins.



Some of the questions you'll want to ask are as follows:

- How many years have you been in business?
- How long have you been implementing **[Product Name]**?
- Are your consultants full-time employees or contractors?
- What database does **[Product Name]** run on?
- How much experience do you have in my industry?
- What would be the top 5 reasons to choose **[Product Name]** over **[Second Product Name]**?
- Is there a roadmap for the future of **[Product Name]** that you could share with us?
- If I were to choose **[Product Name]**, when would you be able to begin our implementation?
- Will you have a project manager overseeing our implementation?
- Will the project manager be our single point of contact?
- When would you be available to present an on-site or remote product demonstration?
- At what frequency are new versions of **[Product Name]** released?
- Could you give me an idea of what's covered in your support plans?
- What differentiates you from your competitors?
- What certifications does your team hold?

PROPOSAL AND QUOTES

Next, it's time to get a few proposals or quotes for you to review.

Some best practices:

- The proposal should be line itemed.
- Even if you've been offered a fixed fee quote, which is rare, you still need the ability to look at each line item and its cost. Why? Because should you need to **"sharpen your pencil"** to stay within your budget, a line itemed proposal provides that opportunity.
- A proposal is a negotiation. It may go back and forth several times. Be sure to read it very carefully, including the fine print.
- Consult with your in-house counsel or an attorney. Once you sign off, making changes gets more challenging, and costly.



MORE PROPOSAL BEST PRACTICES

If at this stage you're unsure as to whether you want to deploy your ERP system on-premise or in the cloud, it's perfectly reasonable to ask your partner-to-be for a proposal that compare the two options.

Remember, once you've accepted the terms of the proposal, you have effectively "put a fence around" your implementation. Anything that's not covered in the proposal will be considered "out of scope" and will be above and beyond the deliverables of your project.

It is perfectly normal for items to come up throughout your implementation that may result in changes in scope. If you've done your homework and chosen a good partner, these scope changes should be easy to accommodate. Yes, they will cost money. But you will get value from it, and you'll have a clear understanding of what you are getting for the additional expense.



The best way to avoid unpleasant surprises is to review the proposal with a fine-tooth comb and make sure that beyond the basics, it also includes:

- A clear understanding of your responsibilities versus your partner's responsibilities
- Outline of the project phases and what is included in each phase
- Project management costs
- Travel and expense (T&E) costs
- A detailed project plan along with a timeline
- A single point of contact
- A weekly project update call
- The cost of the first year's support plan
- A "go live" date
- The cost of data migrations
- The cost of any required integrations and/or customizations
- Any recurring costs, yearly fees, etc.
- Sales tax



READY TO START YOUR SEARCH?

We know how you feel. Choosing a new ERP system for your business isn't easy and can be a little overwhelming. With this guide, you will have a solid structure to help collect and evaluate information on potential solutions.

We went through this very process when we determined what to use for our own business. Along the way we created a few other tools and bundled them into our **ERP Selection Toolkit**.

Our free ERP Selection Toolkit includes:

1. ERP checklist
2. Partner selection checklist
3. Software feature comparison

[DOWNLOAD YOUR FREE ERP SELECTION TOOLKIT HERE](#)

We are the experts at helping businesses like yours find the right ERP system. For help choosing the right ERP solution, contact us at sales@crestwood.com or 866-299-1001.



