

Three ERP Investment Gotchas

Check these key areas before you choose and implement a solution



Ask a business professional if they're glad they invested in ERP, and they'll probably say yes. ERP systems often give companies a whole new level of collaboration, efficiency, and profitability.

But if you ask that same professional whether they'd make the same choice of ERP platform again, there's a good chance they'll say no. All too often, companies make the right choice by moving to ERP, but they don't select the right deployment for their specific needs.

Review these three areas before you invest to avoid platform remorse with your ERP selection.

1. Know the Overall Cost

The purchase price of your software will be your largest cost. Depending on how it's structured, this cost can have a major impact on your future operating expenses. But don't forget that the sticker price of a solution is just one element of its total cost.

When you're planning a project as large as an ERP implementation, it's easy to overlook some cost areas. This is especially true when the individual costs can be hard to estimate—for example, the costs of providing online training for staff or doing a hands-on startup.

To ensure you're not missing anything, make sure you carefully document the costs on the following page.

Before You Invest

This checklist highlights three key areas that decision-makers often overlook as they conclude their ERP evaluations.

Spend time considering each of these points before you move forward with your implementation plans.

Data	It's your business information, but do you own it? If your software suppliers have copies, do they have the rights to use it, sell it, or limit your access to it?
Key people	To ensure a successful implementation, your managers will need to make many strategic decisions that require a significant amount of their time—time that they won't be able to spend on their regular duties.
Work breakdown and schedule	<p>Check all the details and estimates. Fixed-price projects can be advantageous—but only if the plan fully meets your needs. Who is responsible for tasks: your team, or your vendor? Does the implementation schedule work?</p> <p>If the plan includes integrations or customizations, make sure the business requirements are accurate, and the technology is a modern, cloud-based platform.</p>
SaaS vs. on-premise	<p>Do you have a choice of where to install the software? Depending on your business needs at each location, you may need to run a combination of SaaS and on-premise solutions. What will be the speed and availability of the system at each location?</p> <p>For SaaS, what does the service level agreement (SLA) promise? For example, some cloud suppliers such as Amazon Web Services (AWS) provide 99+ percent availability.</p>
Software	After your initial purchase, how much will the price increase in the future? Is it growth-friendly pricing, or does your supplier charge for every user regardless of how much they access the system? Does your supplier have an annual price increase cap, such as three percent?
Training	Will online classes meet your needs? Are they free? Or will you need onsite training based on how you operate?
Support	Your purchase should include software maintenance releases and support, though support packages can vary widely in services and costs. Find out exactly what you'll be getting.
Upgrades	How much do they really cost? If you plan on running the software on your servers, be sure to check on costs, such as hardware upgrades.

There's nothing wrong with optimism, but realism is also important. For example, if you chose to delay some parts of your implementation, determine how that will affect your business in the near term.

2. Define the Benefits

The catalyst for an ERP investment can be surprising. Here are some examples:

- Old computer equipment such as servers that slow down your business—or fail.
- Your software supplier doesn't invest in your system—or they drop support completely.
- You need to change your business—but the software won't meet your needs.
- You want to expand or buy another firm, but your system can't do the job.

If you're facing any of these challenges, document how you expect your new system to meet your needs.

The right ERP system can improve your business in many other ways. Here are some benefits companies often experience:

- Users in all roles can log onto a consistent, easy-to-use interface.
- The system supports the entire business from manufacturing through warehousing, field service, and eCommerce across multiple locations.
- Executives, managers, and staff can make faster decisions because they have secure, real-time access to business dashboards on their phones and tablets.
- Document management, analytics, and other key features are built into the system.
- Sales and service staff can manage customers, opportunities, and service issues online with customer relationship management (CRM) and field service.
- Accurate costing improves margins on current business, and it enhances quotes and estimates for new business.
- Accounting processes such as billing, cash flow management, revenue recognition, and fixed asset management are streamlined.

If you see potential in your organization for these and other improvements, make sure the ERP system you're considering can deliver.

3. Do the Math

Return on investment (ROI) and total cost of ownership (TCO) can clarify the value of an ERP implementation. The calculation process can be as simple or advanced as you need it to be.

In many cases, you can start with ballpark estimates of benefits and costs. For the numbers that look good, you can proceed. In other areas, you may need to dig into the details before you're confident of your forecast.

Acumatica provides ROI and TCO worksheets and calculators to help you start measuring the financial value of your ERP investment. In addition, our sales and service partners have the expertise to work with your team on refining the value and cost of your project.

Need More Help? Contact Us.

Wherever you are in your implementation process, Acumatica has resources to streamline the process. We can offer:

- [Customer success stories](#)
- [Product demonstrations](#)
- [ERP comparison checklist](#)
- [Overcoming Top Technology Challenges for the Modern CFO eBook](#)
- [ROI and TCO worksheets and calculators](#)
- [Industry analyst reports](#)

Any time you have questions, please [contact us](#). We're eager to help!

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