

ERP BUYER'S GUIDE

Top Vendors Reviewed - 2012



Introduction

Today's business market can be challenging. Note the recent wild swings in the stock market. Companies need to be able to address challenges like that in order to be successful. This is where Enterprise Resource Planning (ERP) software comes into play.

Contents

- ERP Basics
- What do you want from ERP?
 - o System Integration
 - o Human Resources Management
 - o Finance and Accounting
 - o Supply Chain Management
- Vendor Comparison
 - o Enterprise Vendors
 - o Midmarket Business Vendors
 - o Small Business Vendors
- Vendor Selection
 - o Vendor Selection Team
 - o Module Selection
 - o Utilitarian Concerns
- Conclusion

ERP — What is it?

Before we get into the buyer's guide portion of this article, it is perhaps best to define exactly what Enterprise Resource Planning software, often referred to by its ERP acronym, is.

The goal of ERP software is to integrate all departments and functions from across a company (the enterprise) onto a single computer system and software solution that can serve the different needs of every particular department in the company. This can be a daunting task. If you compare two departments within the typical business, HR and Finance, you'll find that they usually have their own computer system optimized for their specific tasks. ERP takes these distinctly different tools and combines them together into a single database. The end result is that the various departments can more easily share information and communicate better with one another. If the ERP software is installed correctly, this integrated approach can have tremendous payback.

Let's take a look at how ERP would work in a simple environment. Say a customer places an order with a company that doesn't use ERP software. The order will most likely come in on paper, and be keyed in over and over again as it makes its rounds through the department. Every department in the company will have the order in its system, but no department will be able to tell the status of the order at any single time. Enter ERP. By integrating the systems, the various departments in the company can now see the status of the order whenever they want to.

What do you want from ERP?

As with buying any piece of software, especially one as all-encompassing as ERP, the best place to start the buying process is by taking a look at your business and determining if ERP will be of benefit. If your company is like the one described above, taking in orders on paper and having the information on the order processed by each individual one at a time, with no communication between the groups, then ERP is definitely for you.

Perhaps you're in a situation right now where if you inquire on the status of an order, you set off a wild goose chase throughout your entire company as departments go searching and attempt to reconcile their latest information with one another. ERP can be of great use to you by allowing you to go to a single source and getting the information you want in minutes, if not seconds, as opposed to possibly waiting hours doing it the old way.

Take a good hard look at your business. Analyze the processes that are going on in and between departments. Can they be streamlined? Are there ways to make complex processes easier? These are the types of questions to ask. As you arrive at your answers, you'll either see ERP as a benefit or decide to stick with the status quo.

The best features of an ERP system are those features that promote integrated management and use of critical information across the enterprise. The following is a list of features that make ERP systems a valuable addition to your organization.

System Integration

This is what ERP is all about. The core benefit of ERP is integration of systems and data to make business operations more manageable. Instead of having each business unit in a large organization manage its own human resources, financial, and manufacturing systems, ERP uses a single integrated system and database to maintain all of the management information for the organization. So for each of the following features, you can look at it as an "integrated" feature under ERP.

Human Resources Management

For most business operations, the most expensive resources are employees and other human resources (HR). Managing the information connected with these resources is a huge task, and no two systems are alike in the way they handle HR data. Standardizing HR data is a big benefit of ERP, and a key feature to look for in any ERP package is its HR module. Managing information regarding HR events such as hiring, training, promotions, benefits, and terminations are all critical to your operations.

Finance and Accounting

ERP systems can integrate your financial and accounting systems and provide organization-wide views into your business that might not otherwise be possible. ERP also facilitates drilling down to a detail level to analyze financial data for services, products, customers, and markets. Using ERP to manage finance and accounting can help you put in place standardized long range planning and make that planning a part of your core business. For some organizations, finance and accounting is the most important ERP module.

Supply Chain Management

Before there was ERP there was MRP, manufacturing resource planning. Keeping inventories low and using just-in-time production techniques requires precise planning and execution on the supply side of a manufacturing business. Supply chain management in ERP automates many of the tasks involved in ordering supply and maintaining inventories. For today's manufacturing business, supply chain management is a critical ERP feature. When considering an ERP package, it is important to focus on the features that are most important for your organization. Make a detailed list of your requirements and compare that list to what your vendor can provide. Keeping in mind that each feature contributes to an overall integrated system, you can maximize the benefit of your ERP purchase.

The Players in the Enterprise Arena

For large enterprises, the ERP marketplace is currently dominated by three companies – SAP, Oracle, and Microsoft. Rivals in this tier have either been acquired by one of the big 3, gone out of business entirely, or settled back into a lower tier serving smaller companies.

SAP

SAP has been in the ERP business for a long time and has often been credited with founding the technology. Gartner credits SAP with nearly 40% of the overall \$20 billion ERP market. SAP offers a suite made up of full financials, HR, operations, procurement, treasury, and other business functions. The software works in real-time, unlike the batch postings required by some of its competitors. The software can be implemented in a simple fashion, and ongoing maintenance can be handled without disruptions to the existing system. The company doesn't focus on any verticals, playing well in just about all of them.



Oracle

Oracle's E-Business Suite offers many ERP options, covering all facets of ERP and all industries. The company also offers its Fusion Applications. These are designed from the ground up using the latest technology advances and incorporating best practices that have been gathered over the years from Oracle customers. At some point in the future, Oracle will forge all of its ERP offerings into Fusion. In the meantime, the company is committed to providing ongoing enhancements to its existing software for as long as its customers want them.



Microsoft Dynamics

Redmond has four main products that it has divided its Dynamics software into: AX, GP, NAV, and SL. The focus of the company is in several areas. First, it focuses on its largest customers. The second is to focus on those customers who desire an ERP solution for improved financials and operations, or who need an ERP that has been tailored to a specific market. The vision of Microsoft is to provide an ERP solution that is an enabler, facilitating decisions and proactively driving change into practice.



The Players in the Midmarket Business Arena

SAP, Oracle, and Microsoft could lay claim to various areas of the midmarket business arena, but there are other players in this category who deserve consideration. For our purposes here, we'll look at Sage, Infor, and Epicor, with the understanding that other vendors exist in this level. The reader is encouraged to investigate them.

Sage

Gartner lists the top 5 vendors in the ERP market as SAP, Oracle, Sage, Infor, and Microsoft. Sage managed to gain this recognition by experiencing 41% customer growth in the last few years. The company's software will run on various platforms and comes with a user interface that incorporates data visualization, personalization features, as well as access to Microsoft Office tools. The company boasts that its software has fast implementation and great ease of use. The software focuses on production, purchasing, sales, and inventory.



Infor

Infor offers 4 major ERP products. The products are based on the size of the customer's business. The company is focusing on the cloud, as it is viewed by Infor as being a major trend in ERP. Their product is said to be reliable and scalable, solving the business problems of its customers and allowing them to make more money.



Epicor

Gartner has named Epicor as a visionary among the midmarket ERP companies. The company's latest release uses Web 2.0 concepts to provide more collaboration features. By offering a scalable product in a variety of deployment models, the company can tailor offerings to any sized business.



The Players in the Small Market Business Arena

36% of the total ERP market is made up of businesses in the small business arena. One of the reasons this area takes up such a large part of the market is because of a lower cost per project and faster payback time as compared to the upper tiers.

Exact Globe

Exact Globe is aimed at companies that are either involved in light manufacturing, distribution, or service delivery. Gartner has named the company a niche player. The core of the company's solution is an embedded document management system that facilitates processes for money management, order processing, and production planning. Its Synergy Web-based collaboration platform nicely pulls all aspects of the solution together into a single database.



Syspro

Syspro is another company Gartner has named as a niche player. The company focuses in areas such as medical devices, electronics, food, chemicals, fertilizer manufacturing. ERP specific solutions in its package include financials, distribution, and manufacturing. The company has been introducing a SaaS offering.



Intacct

Intacct provides SaaS accounting and financial management applications tightly integrated with other best-in-class applications, such as Salesforce, Paychex payroll and Clarizen professional services automation. Intacct is one of the fastest growing financial software companies, with more implementation at 5,000+ organizations and is currently the only application endorsed by the AICPA. Financial management and accounting includes general ledger, cash management, accounts payable, accounts receivable, revenue management, project accounting, and more.



NetSuite

Gartner has named NetSuite as one of the few pure SaaS ERP vendors out there and as a viable option in certain cases. The company has over 6000 customers and offers modules for financials, accounting, payrolls and more. Its ERP suite integrates with its CRM offering. The company characterizes itself as offering an ERP cloud. Its real-time dashboard integrates business information from across the company and can be personalized for each employee. By using a web-based approach, it makes ERP more accessible and easy to use for smaller companies.



Vendor Selection

Although there are several different criteria to consider when selecting a vendor, the selection process that is ideal involves having a vendor bring in its trainer, and not sales representative, for a live demonstration of components which are as similar to an enterprise as possible. This way, organizations will be able to simulate their product while talking to a trainer who will be of continual use to a company, as opposed to a sales rep who is trying to expedite the sales process. Expect to pay for a trainer's time, however, as any other company (which has previously purchased the vendor's ERP) has already done.

Vendor Selection Team

Additionally, to determine the most advantageous ERP vendor it becomes necessary to have a team of as many employees, ideally from each of the respective departments that will be incorporated into the ERP, as possible to voice the respective needs of the separate entities which the ERP solution will link. The involvement of these various employees will help organizations ascertain the full amount of benefits, features, and potential costs that such a system will enable. This team should be headed by a selection manager who acts as an intermediary between the vendor and the prospective enterprise.

Module Selection

In order to discern which particular modules will most effectively streamline the business processes of a particular company, it is oftentimes useful to sample the historical data of particular software functions to realize which functions of the ERM solution will grant the most readily accessible and important data. This method allows organizations to gain a degree of insight into the many modules and sub-modules and their specific forms and functions.

Utilitarian Concerns

Standard utilitarian concerns for an ERP system include ease of use, integration/implementation time to get the system operating, quality of literature and training regarding the product, as well as scalability and potential for growth. All of these factors should be researched with a particular vendor to determine if its product will truly be useful in a timely manner.

In Closing

ERP can bring great value to your company by providing a way for you to integrate all of the data that exists across the various departments in your company. Various vendors exist for companies to seek ERP solutions, all depending on the size of customer's company. This buyer's guide has given an overview of some of the vendors that are out there, taking a sampling from across all of the tiers. The enterprise tier was examined in full. Other vendors offering viable solutions exist in the other tiers. Those seeking an ERP solution in the lower tiers are encouraged to do further research on their own.