

Don't Get Stuck in the ERP Quicksand

A Pocket Survival Guide

INTRODUCTION

Have you invested so much money, time, and energy into your ERP system that you feel trapped? Do unexpected invoices for customizations and upgrades appear more than you ever thought it would? Are you finding yourself sinking deeper and deeper from reinvesting in your ERP solution?

Rest assured that you aren't the only one to answer yes to all of these questions. Fortunately, many have managed to escape from this nightmare. Here are some tips of how you can avoid the ERP quicksand.

WATCH OUT FOR THE DECOY

The path to ERP quicksand begins when sales associates present what seems to be an attractive deal after rounds of negotiations. Proceed with caution – this is most likely too good to be true. The trap lays beneath the initial quote and in the additional charges for customizations and bolted together solutions. These factors drive up the price of implementation significantly increasing the total cost of ownership in the long run. The quicksand starts to take shape as invoices start to flood your inbox for change orders, customizations, additional modules, extra implementation service hours, travel expenses and future upgrades. It doesn't take long for the deal that seemed so attractive at first, to start trapping you from growing the business.

The ERP Quicksand Survival Guide Tip #1

Understand that after you negotiate a deal with traditional ERP providers, the costs to upgrade and maintain your system will be endless. Find a trusting provider that will not hide the final price from you.

THE MORE COMPLEX, THE FASTER YOU'LL SINK

CFO's often state that they operate with a heavily "customized" ERP system. They bought an ERP system to solve problems, not create more. What they did not expect was the requirement to continue bolting on new systems, and regularly change the existing ones to make it all work together. Workarounds are introduced to avoid costs, the upgrades are expensive and the system complexity leaves your ERP system lacking in the ability to evolve. This requires a company to hire a large IT staff to care for their ERP like a small child. The majority of companies are forced to replace their current ERP systems with completely new ones simply because the software has grown out of control and no longer functions as needed.

BOLT-ONS WILL WEIGH YOU DOWN

ERP is made up of various functionalities: accounting, production, reporting, formula management, WMS, and CRM, to name a few. You may think you are buying a single system with a traditional provider but in actuality you are most likely purchasing multiple systems to deliver the required functionality for your business. The challenge occurs when updates are rolled out and the modules begin to stop talking to each other. This, in turn, demands the need for further customization and/or workarounds. Analyst firm Gartner estimates that over 55-75 percent of all ERP projects fail to meet objectives. This is in large part due to traditional ERP systems bolting and bridging together these third-party modules preventing business goals from being reached. The more you add on, the more vulnerable your system becomes. A failed ERP implementation is a major cost and operational nightmare for your

The ERP Quicksand Survival Guide Tip #2

You should purchase an ERP system that has as much functionality "out of the box" as you can find. Customizations, Excel and bolt-ons will increase your costs and decrease your control of the software.

business so it is critical that all functionalities work seamlessly together.

Your business is growing and changing so ensure you implement an ERP system that is easily scalable to grow *with* your business, not one that grows *around* it. Make certain that you find one that encompasses all of the strengths of ERP and none of its weaknesses. The best solutions are those that take the complexity of an ERP to simplify the technology and process for the business. Take time to investigate all options to find the solution that truly works for your business so you don't find yourself stuck in the ERP quicksand.

The ERP Quicksand Survival Guide Tip #3

Your ERP system is like a hammock: Cut one string and you will find yourself on the ground. The system is fragile and connected at all points. As your company grows, the more challenges you will have trying to keep your system up to date. Look for systems that simplify the process and allow you to place more focus on business operations.

ABOUT DEACOM

Deacom, Inc. is the producer of DEACOM ERP, a scalable, single-system ERP solution specifically designed to streamline management for process and batch manufacturers. Built upon the idea of “Complexity made Simple,” DEACOM ERP is designed with limited customization to increase efficiency and decrease the total costs of ERP ownership. The company’s headquarters is located in Chesterbrook, Pa. To learn more, visit www.deacom.com or call 1-877-4-DEACOM.