

# ERP Software Selection

Our guide to identifying your best-fit solution for maximum return on investment.

The promise of ERP (Enterprise Resource Planning) is a compelling one. Deploy the right solution and it can help deliver a complete view of your business, integrate processes and data, drive efficiency, boost productivity and sharpen your competitive edge.

But as with any major software implementation project, success is not guaranteed. Even a seasoned procurement manager can be captivated by the bells and whistles such as swish visualisations and impressive-sounding AI capabilities, while potentially losing sight of the nuts and bolts: i.e. the ability of the system to meet your real-life business problems.

Vendors will be keen to show you their products in action. They'll have answers to your questions at the ready and will know how to talk through any pain points. They'll

have case studies to show how a business similar to yours is now flying, all thanks to their offering.

When it comes to product fit however, a certain level of vendor over-optimism is only to be expected. For your part, scepticism is healthy. The right choice demands absolute clarity on your own requirements, a good understanding of the market and the ability to coolly evaluate the commercial proposals you are supplied with.

Millennium Consulting specialises in helping organisations define and articulate their priorities, interrogate and weigh up their options, before honing in on the ERP solution that's best for them. Based on Millennium Consulting's proven approach, here's our guide on how to maximise the value of your software and avoid expensive mistakes...

# ERP procurement: what are the challenges?

## Market navigation

Modern ERP solutions incorporate a wide range of features and technologies, covering areas such as financial management, HR, customer relationship management and supply chain management. Even after narrowing your search to take into account factors such as industry-specific functionality and reputation, you may still be left with a bewildering array of vendors on your long-list. Especially if this is your first experience of the ERP market, there is also the danger of focusing on highly visible vendors and overlooking those which are less extensively marketed, but perhaps are better suited to your circumstances.

## Like for like comparison

Core functionality tends to be similar across the major ERP vendors. To differentiate themselves, providers will often include and highlight value-added features; especially around areas such as process automation, Big Data capture, reporting and analytics. It can be a challenge to weigh up the value of these features, and to compare varying package options.

## Achieving buy-in

A new ERP system offers the chance to transform not just business processes, but also the very nature of certain employees' roles. Some will see this as an opportunity; others, as a threat. If staff are out of the loop when it comes to choosing the solution, it is more likely to feel like a top-down initiative being forced upon them. What processes would they like to see made easier with less repetitive manual work? Buy-in and successful user take-up is much more likely if employees are invited to give their input.



# The selection stages

Whether you are looking to fill in the gaps in your existing knowledge, project management for the entire software selection and implementation initiative or anything in between, our flexible consultancy service is designed to meet your needs.

So what shape does an effective selection strategy take? Who needs to be involved, and what information should you seek to obtain? Here is our suggested approach...

## 1. SET UP

**Your goal: to gain clarity on the organisation's requirements, to understand the market and produce a long-list of possible vendors.**

### Build an ERP selection team

This should include at least one member from each department that will be impacted (e.g. finance, production, sales & marketing, logistics, IT, HR). Ideally they should be people who not only have inside knowledge of their own department's processes, but also how these processes fit into business operations as a whole.

You will also need a designated project manager. This person will be responsible for steering through the selection process, gathering feedback, setting goals and objectives, drawing up a list of desired features and functionality, and generally collating information. This is also usually the person responsible for making contact with specific vendors.

If it sounds daunting, then fear not: our experienced ERP experts can manage the project for you, or else step in to assist with specific tasks.



## Define your objectives

A vendor will almost always refer to its business software offering as a solution: a means of solving a problem or addressing a particular situation. So, in order to decide whether a particular solution is right for your organisation, you need to be clear on the business problems you are seeking to solve.

Most companies share similar objectives when they seek to implement ERP software. They want to improve performance and reduce costs. Especially if this is the company's first foray into ERP, the desire to reduce reliance on manual data entry may also be a top priority. In other cases, the company might have ERP in place already. If the company has scaled up since implementing ERP in the past, it may be looking for more sophisticated functionality, including a way of bringing together complex production, supply chain and HR processes.

Pulling core business functions into a single system should enable you to streamline process flows. What's more, with a single source to draw upon for reporting and analytics, business decision-making should also be improved.



## Decide on key functionality

Millennium Consulting can help you to define your top-line objectives: i.e. your vision for ERP success. But what about the specifics? Working with your team, we can map out your processes, identify improvement opportunities and pinpoint precisely the capabilities you will require from the new system.

The end result should be a summary of 'must have' and 'nice-to-have' features and characteristics:

### Mandatory features:

These will include business process-oriented capabilities based on your current and expected operational requirements (e.g. linked to finance and accounting, sales management, inventory management, purchasing and supply chain, HR) as well as taking into account your regulatory/compliance requirements.

### Desirable features:

These are features that, while not crucial to operations, nevertheless have the potential to add value to the business. Examples include data visualisation and dashboarding features designed to enhance the user experience.

## Draw up your long-list

Based on your criteria list, our consultants can help you formulate a vendor long list. This will also take into account important technical and performance-related factors such as compatibility with existing hardware, ease of implementation, ease of use, scalability and vendor track record. Drawing on our extensive knowledge of the market, we can help you swiftly remove unsuitable vendors from consideration.



## 2. REQUEST FOR INFORMATION (RFI)

Your goal: to gather relevant information about longlisted ERP providers and narrow down your options.

At the RFI stage, we can help you explain your objectives, ERP project goals and system requirements to vendors.

Broad areas to explore include sector and process-specific expertise, typical ERP implementation timeframes and of course, cost. You'll be looking at demos, as well as asking specific questions. We also find that "soft" factors matter a lot to our clients. So, as well as investigating whether offerings from vendors are likely to meet your broad technical needs, it is also important to explore working styles, collaborative approaches and the level of support on offer.

By the end of this process, you should have a better idea of both the suitability of each longlisted vendor's product, as well as their ability to deliver. Millennium Consulting can help you scrutinise the responses you receive, paying special attention to the following:

- ✓ Functional capabilities, including clarity on the differences between core functional domains and add-on features.
- ✓ Technical characteristics, including architecture, integration features, scalability, security & compliance.
- ✓ Vendor characteristics, including release strategy/update cadence, regional availability, project approach and reputation.



### 3. REQUEST FOR PROPOSAL (RFP)

Your goal: to narrow down the search from a shortlist to a smaller group of commercial proposals.

Based on the RFI exercise, you should now be armed with a short list of just a few eligible ERP vendors. Now is the time to invite those remaining vendors to submit detailed commercial proposals. Within their proposal, each vendor needs to set out exactly what they can offer you, how and over what timescale they will do it, the value your business will gain from it, and at what cost.

For your RFP exercise to be as smooth and informative as possible, you need to be specific about your requirements. This includes the features and functions that need to be included, different categories of users, preferred deployment method, reporting and business intelligence capabilities you require.

The service side is equally important. You will need the specifics on the support options available, cost and frequency of upgrades, as well as training.

Millennium Consulting can assist you both in formulating your RFPs and in interpreting the results.



## 4. MAKING THE DECISION

Your goal: successful ERP software selection

Having received commercial proposals from the vendors who remain under consideration, it's now a matter of in-depth, side-by-side evaluation.

There is no single, set-in-stone method for RFP evaluation. What is crucial however, is that the same criteria and decision weightings are applied consistently to each proposal, and that they accurately reflect your business needs. For instance, Product A ticks more priority boxes than any other offering but is relatively weak when it comes to support for supply chain workflows. The danger is that you inadvertently choose a product that fails to address some of your company's most significant pain points.

Ill-conceived tick-box models will result in poor decision making. It's our job to help you avoid them. Starting with clearly defined evaluation criteria finely tuned to your objectives, our team can help you put together a framework specifically designed to help you achieve the right outcome. Bespoke priority rankings are especially important, helping you identify the points on which compromise may (or may not) be desirable.

The end result should be a procurement decision that's logical, transparent, and that represents the true best fit for your business.



## Why choose Millennium Consulting?

Our approach is designed to help you gain clarity on your own requirements, make sense of the ERP market, evaluate proposals and reach evidence-based decisions. Key benefits include the following:

In-depth and up-to-date knowledge of the ERP market, enabling early elimination of unsuitable vendors and a more focused, efficient, decision-making process.

The ability to conduct a deep-dive into your processes, to highlight areas that are ripe for improvement, enabling you to optimise your functionality wish-list.

An invaluable fresh pair of eyes to help you define your priorities.

The ability to deploy project accelerators, to ensure that information submitted is comprehensive and to ensure that the communication exchange between customer and vendor is as efficient as possible.

A collaborative approach, enabling you to achieve buy-in from all stakeholders.

## What next?

Whether you need to upgrade your existing capabilities or are looking at ERP for the first time, the Millennium Consulting software selection process is designed to ensure maximum return on investment. To avoid expensive mistakes, contact us today.

Contact Millennium Consulting: [assist@millenniumconsulting.com](mailto:assist@millenniumconsulting.com)