

12 Criteria for Selecting the Best ERP System Replacement

An Epicor White Paper

EPICOR®

Abstract

An ERP system is your information backbone and reaches into all areas of your business and value chain. Replacing it can open unlimited business opportunities. The cornerstone of this effort is finding the right partner and specialist. Your long-term business strategy will form the basis of the criteria for your selection of an ERP system replacement. Your ERP provider must be part of your vision. It is the duty of your software provider to do their part to make sure your next system will be your last ERP system replacement. This white paper explains the 12 criteria that allow you to identify and select the solution that will meet these expectations.

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System Replacement Starts With a Vision

It's no small matter to replace your Enterprise Resource Planning (ERP) system. By definition, the ERP system is your information backbone and reaches into all areas of your business and value chain. Replacing it can be a difficult and painful process. When it is done correctly, it can open unlimited business opportunities. The cornerstone of this effort is finding the right partner to simplify this difficult transition. A partner that will maintain focus until you achieve your goals.

Companies decide to replace their ERP systems for a variety of reasons. At the most fundamental level, the issue is whether your current system supports or constrains your ability to execute business strategies that will make your company successful and establish it as an industry leader. Some organizations continue to use stovepipe legacy applications. Because these systems automate only a single business function rather than an entire cross-functional business process, they demand manual, labor-intensive processes such as rekeying data into separate systems. Legacy systems also tend to be inflexible. Often, they don't permit businesses to change their processes to adapt to changing business requirements nor do they provide visibility across the organization—let alone across the supply chain.

Your ERP provider must be part of your vision. They must have faced these challenges many times in their history and learned how to help companies adopt new technologies. The future of your business depends on whether your ERP provider has made the leap from one technology curve to the next and can continue to innovate and deliver technologies that help businesses like yours be industry leaders.

At this stage in the evolution of enterprise software, it is the duty of software providers to do their part to make sure your next system will be your last ERP system replacement. Here are the 12 criteria that will help you to identify and select the solution that will meet your expectations:

1. A Future Proof Decision
2. Rock-Solid Solutions
3. Replacement Know-How
4. Elimination of Implementation Guesswork
5. Tailor-Made Business Fit
6. Industry Expertise
7. Sound Financial Foundation
8. Stacking the Technology Odds In Your Favor
9. A Testament to Scalability
10. Community Collaboration: Maximizing Customer Moments of Truth
11. Integrity And Dedication
12. Delivering Return on Investment

Which of these points is most important and relevant to your selection of a new ERP system? Most likely, more than one applies. You need to answer these questions before choosing a solution. The remainder of this document provides a more detailed explanation of the 12 criteria to use when selecting the best solution and their importance in making your ERP replacement decision.

Criteria #1—A Future Proof Decision

To understand what the next ten years will bring for your company, and what impact those changes will have, look at the last ten years and double that rate of change. Technology will provide information to the knowledge worker at any time on any device. Information will be personalized and will anticipate the needs and activities of every organizational role. ERPs will focus on providing the data customers need to make decisions, on exceptions and on automating routine daily processes. And your ERP will have to adapt to new business and technology strategies that few of us can accurately predict today.

Evidence of dedication to providing strategic, enterprise-wide, mission-critical applications to support your business models and size—today and tomorrow—is important. To that end, look for an ERP vendor with a reputation for agility in accommodating new market needs. History is the best predictor of the future. It is important to find vendors with a history of delivering new technologies and solutions such as service-oriented architecture (SOA), lean strategies, workflow and e-business that streamline and automate business operations and processes. Quite simply, by using enterprise applications based on an SOA, you can easily add new functionality in a highly granular fashion, as you need it, and can easily reconfigure workflows with minimal integration costs or impact on your business operations.

Future Proof ERP

For example, at one medical supplies manufacturer, ERP plays a vital role in their acquisition strategy. The ERP system facilitates enterprise-wide visibility and allows for information-driven decision making. At the same time, the software packages built-in multicompany functionality provides the flexibility to enable easy adjustments to suit unique business requirements, rules and practices of acquired companies. The scalability of the ERP software allows each acquired business unit to maintain their very own business rules while rolling up under a corporate set of books.

You can also use Web services to more easily communicate with and streamline workflows involving customers and suppliers over the Internet. With an SOA, you can make functional areas within your enterprise application available to other authorized systems over the Internet. For example, you can make your internal systems available directly to your customers' purchasing systems, allowing the two systems to function as a single system via the SOA. As a result, Web services can transform relationships between business partners into a real time relationship.

According to industry executives, an ERP system needs to grow with your company and business plans. One of the greatest proofs of this assertion comes from customers that have grown by acquisition. While it is not possible to predict the dynamics of future company acquisitions, a future-proof system grows and accommodates multiple facilities and companies with different processes.

A software vendor's history of evolving their solution to changing business and technology trends is not accidental. From the beginning, this agility must be designed into the system so that it supports your vision of business today, and in the future.

Criteria #2—Rock-Solid Solutions

Somewhere between concept and delivery, many good software ideas lose focus on the most important principle of providing value as perceived by the customer. Delivering relevant technology-driven solutions that provide demonstrated and sustained business advantages for customers is a rock-solid approach.

Leaders in the ERP industry emphasize providing critical functionality needed by their customers coupled with a strong Return on Investment (ROI) on their technology investment and a low Total Cost of Ownership (TCO). Theirs is not a "plain vanilla" commodity with the same functionality as every other system on the market. The best systems include capabilities that give your organization new ways to become more competitive. In this new paradigm, service-oriented architecture (SOA) is key. An SOA helps businesses connect with their customers, partners, and employees. It provides businesses the ability to extend existing services to new customers, streamlines business processes to help businesses work more efficiently with partners and suppliers, and unlocks information so it can flow to every user, human or automated, that needs it.

The origin of a system is an important distinction. For example, a manufacturer would want a system based on strong manufacturing and process engineering; a services organization needs a solution that incorporates strong resource and project management capabilities; a distributor requires strong inventory management and order fulfillment capabilities; and in today's business climate, all companies regardless of industry require a system with world-class financial capabilities.

Another aspect of a rock-solid solution is the ability to extend the system through self-authored content while having a high level of system-wide integration. This makes implementing the latest techniques faster because it enables you to more easily maintain and upgrade the system with additional functionality.

Today, systems must also support a wide spectrum of capabilities including supply chain management, supplier relationship management, customer relationship management, production, financials, and human resources.

Rock-solid solutions generate rock-solid results. Companies that use an ERP solution with superior functionality do report measurable improvements that are orders of magnitude greater than expected, from both an operational and financial perspective.

Some of the tangible and intangible benefits that customers see in operational and financial performance include:

- Reducing your lead-times and cycle-times
- Increasing the accuracy of your costing
- Protecting your profit margins

- Boosting your market share
- Lowering your inventories
- Shortening your product lifecycles
- Enhancing loyalty of your customers by responding faster and more effectively
- Streamlining communications

Bottom line: select a proven solution that works and adds value while supporting business growth, new operating methods, market expansion and strategies of the future. With that as your ERP replacement, you can achieve world-class success and industry leadership.

Criteria #3—Replacement Know-How

Selecting a replacement ERP is one of the most important decisions you will make for your company, and you will want to select a vendor that has been down this path many times before. A vendor that specializes in ERP is a better choice than one with divided, unfocused interests and business units vying for resources. In the last five years, system replacements have reportedly comprised more than 80% of ERP implementations. When a vendor's business is 80% to 90% system replacements, they know what it takes to deliver a smooth and flawless transition. They will also have expertise in how to review and replace your ineffective processes.

Your data is an asset. That's why it is important to find a provider that is able to migrate the data you currently maintain about your suppliers, customers, production resources and employees. The goal is to help you through this process by minimizing the costs and disruption of conversion while maximizing your knowledge of the new system. Utilities in the system should help move data from "legacy" systems to the new database. The solution should be easy to use, reduce the necessary knowledge of database and programming techniques, and audit the converted data to ensure its integrity before going live on the new system.

Replacement know-how means having experience replacing almost every tier-one and tier-two system as well as homegrown systems. Look for a vendor that has replaced systems for everyone from the largest Fortune 500 companies to mid-sized and small companies, as well as for businesses with both single and multiple packages. If your current system no longer accommodates your business requirements or if you are growing beyond the abilities of small business accounting packages, spreadsheets or database applications, your prospective ERP vendor should provide a proven methodology to make the data conversion and transition to a new system seamless. Successful change also requires more than a new process, technology, or internal policy. It requires the engagement and participation of the people who will be most affected by the change in processes and procedures. A change management process will provide a framework for managing the people side of your transition.

Your ERP vendor should encounter very few transition situations, concerns, and questions they haven't faced and solved. Each replacement comes with its own set of issues: Coordinating multiple databases, changing organizational models, converting manual process and data, and both large and small database conversions, are just a few. In the final analysis, you will need to hear testimonials from the vendor's users.

Criteria #4—Elimination of Implementation Guesswork

The success of your new system depends on two dimensions: the time it takes to implement the system and the amount of business change and value delivered. Quick advantage occurs when the implementation is fast and results in high strategic value. The greatest strength of a software vendor should be their ability to deliver this type of implementation. A proven implementation methodology removes uncertainty and addresses your expectations for a rapid, effective and worry-free system replacement process. That methodology should begin with your very first meeting with your sales representative and carry through to the measurement of your results and return on investment.

The best systems today can typically be implemented within six months and many within four months. Implementing a solution on time that furnishes the anticipated return on investment requires a comprehensive methodology. At a high level, the following seven elements are required:

- **Commitment:** You need senior management backing. Make sure that the implementation of the software is considered the number one priority for your business. You must then communicate this message consistently to all employees on a periodic basis. Without top level commitment within your organization, ERP projects can lose focus and flounder or ultimately fail.
- **Research:** Before vendor selection is completed, ask the ERP supplier for reference accounts and be sure to visit and speak to as many reference accounts as possible. Ask tough questions and you will get honest answers. Reference accounts would not have been selected if they weren't successful with the implementation so ask as many questions as you can. Try to attend regional user group meetings as a prospective buyer of the software and see if you can meet as many customers as possible.
- **Discovery:** Based on information gathered in a discovery session, a preliminary project plan and statement of work (defining the scope, schedule and resources) are developed.
- **Strategy:** A project manager helps you determine the impact of change on various areas in your organization and helps you develop a strategy for managing the changes.
- **Business Analysis:** In this phase, roles and responsibilities are defined, goals and objectives are revisited and the project plan is finalized.

- Education: Thorough training takes place, with methods based on your culture, size and objectives.
- Application Configuration: This phase includes reviewing the deployment strategy, developing functional specifications, and preparing test scripts to be used for conversion testing. Menus, screens, user-defined fields and workflows can be tailored to your specifications and tested.
- Readiness Assessment: Requirements, procedures and the data conversion process are finalized at this point. A final integrated systems test is performed and end-user and overall readiness are assessed.
- Deployment: The data conversion is finalized and the system is rolled out to the entire company with close monitoring by the vendor's consultants and implementation team.

A good implementation approach removes uncertainty, ensures a more effective transition, delivers a faster learning curve, and a shorter time to return on investment. It is evidence of the vendor's know-how in replacing ERP systems.

Criteria #5—Tailor-Made Business Fit

No two businesses are alike. You therefore don't want a "cookie cutter" approach to setting up your system. Whether you are modeling currently effective processes or reengineering and improving ineffective processes to support new strategies, five key elements of the solution's design give it the ability to create a tailor-made solution for your company. These five elements are execution of the implementation roadmap, system settings, tools to customize your system, advanced technologies and portals.

The Roadmap

The implementation roadmap is the knowledge-based plan that sets the course for your system replacement. It is a carefully constructed and tested map, jointly developed by your company and your ERP software provider that focuses on achieving the goals identified by your company during the purchasing cycle. This detailed roadmap guides you through the processes of:

- Conducting a thorough survey of end users to clearly define needs and expectations
- Developing a profile of the project scope, goals, implementation schedule, security and data conversion planning
- Identifying top management leadership who can act as visionaries
- Assembling a task force of key players to serve as guides and motivators
- Defining the scope of the project
- Tailoring and executing a milestone plan and detailed tasks
- Ongoing progress evaluation

Effective execution of the entire process ensures that your ERP system replacement will be successful.

System Settings

Documented client feedback attests to the flexibility and functionality of a solution that satisfies the unique business and technology requirements of each implementation. The systems' parameters and default settings enable the ability to easily tailor a system.

Defaults are the system-wide settings that allow you to define how the system supports your unique business policies and procedures. Each application has a set of parameters that are set up before any processing occurs. While some settings are set up in one module, they may govern processing in other modules as well. These combinations provide an almost limitless range of ways to set up how the system operates. To make the most of these powerful, system-wide settings, select a vendor with knowledge-experts to guide you in considering and planning settings that can model your operating methods.

Tools to Customize Your System

The system needs to include a unique set of tools you can use to maximize your investment. A variety of utilities in the base system will allow you to customize your system. Custom screens, menus, and prompts can be set up to mirror the way you operate. Standard online business forms (e.g., invoices) can be merged with data from your system when printed. Make sure the system includes an extensive set of standard, multipurpose forms, and an easy to use forms builder tool to modify or create forms if needed.

You will undoubtedly need to develop custom reports in addition to the wide range of standard system reports. Rounding out the tools provided with the base system should be a data access and reporting tool that provides you with unparalleled flexibility in reporting and use of data, without the need for programming knowledge or technical orientation. Such a tool gives you access to your data and its uses are limited only by your creativity, not your computer expertise. With report writer and table writer features, you can produce custom reports using data from multiple files. A connectivity feature allows you to download data to a file on your PC to analyze and chart, generate forecasts, and perform decision support analysis without fear of corrupting the integrity of "live" data. Finally, hyper-query tools will enable you to rapidly develop Web-ready queries and applications complete with hyperlinks to additional details or applications.

Advanced Tools

Check to determine if technologically advanced tools are available that allow you to leverage the vast amounts of information stored in your system. You can derive tremendous value from that information and use it to improve productivity. Software object technology expands your desktop. With objects, you can concurrently work with interactive windows, data, and graphic views. Objects can give you multiple, simultaneous views into the database. Through a built in library of software objects, you can bring information into focus the moment you need it. Customer information, system functions, and Microsoft® applications are just a few examples of the many self-contained "applets" (mini applications) that you will need to call from anywhere in your ERP system to streamline areas of your business.

Workflow technologies put data into the hands of those who need it, when they need it, with automated messaging, reminders, monitoring and company-wide interactive communication systems. The key workflow components required are: 1) an event-driven system to manage and coordinate business processes and associated information, 2) on-line communication and prompting for required actions, and 3) tracking and monitoring activities. Each workflow component provides powerful tools to improve communications and efficiency throughout your company. Together, these workflow components can be pivotal in helping you achieve corporate and system replacement goals. They can be used to improve quality and reduce rework and costs by automating engineering change order management, reduce lead times through better supply chain collaboration and visibility, and enhance customer satisfaction through faster and more accurate communication with customers.

These advanced technologies allow you to capitalize on your ERP investment by transforming data into information that users can put into action. Using them is like turning on a business model that speeds processes, yet reduces errors and delays. They improve collaboration and communication while overcoming both organizational and time barriers. In this way, these technologies enable you to realize the ERP solution's promise to integrate the complete spectrum of business processes and functions.

Portals

Enterprise Knowledge Portals (EKPs) are the latest technological advance to be incorporated into many systems. Similar to standard Web portals, such as msn.com or cnn.com, EKPs aggregate information and provide links to related functions and capabilities via your Intranet. They organize information links for the user's specific knowledge needs. Such state-of-the-art technologies make business-critical information accessible through unifying gateways to your enterprise. As a result, systems with this capability will continue to be the ERP system replacement of choice.

Criteria #6—Industry Expertise

With extensive industry experience and expertise, a vendor will be equipped to offer you the kinds of support services and tools that allow you to successfully solve your most difficult business challenges, rapidly deploy applications, and maximize your return on investment. Yet, organizations often report that the weakest link in IT implementations is consulting expertise, so make sure the vendor's staff of design professionals, systems analysts, technical consultants, and financial experts understand your industry inside and out. In addition, they need to know how to provide you with the most cost-effective software solutions.

Look closer to verify that the software provider maintains a highly skilled work force and industry experienced owner-managers that ensure their long-term ability to serve your company into the future. On the front line, the team should consist of a consulting project lead, a financial specialist, and an industry specialist. The consulting project lead should be responsible for coordinating the entire transition process. The financial specialist should know how to make financial functions support your investment objectives. And the industry specialist should make sure the system meets the requirements of your business environments. Highly skilled and experienced consultants must be assigned to each phase of your project. Look for seasoned experts, who have real-world experience as well as consultants certified by industry associations.

Do all levels of your vendor's staff understand your industry, from programmers to executives? Do you have complete access to technical service groups, the National Helpline, Software Consulting Services and the Installation and Upgrade Support Group? With that depth, you can have confidence that the system will fit your needs both now and in the future and that they will be able to help you move from your old system and processes to an extensible enterprise software infrastructure.

Criteria #7—Sound Financial Foundation

Businesses ultimately succeed or fail based on their ability to operate profitably. As they attempt to improve the financial health of the organization, managing disparate financial spreadsheets and other 'silos' of departmental information can be a procedural nightmare for everyone from the CFO or corporate controller to the staff accountant. The combination of a competitive, global business environment, coupled with the mandatory regulatory compliance many companies face today, makes successfully managing your finances one of the biggest challenges your company can face.

The right ERP vendor will help your business achieve sound financial management, from the basics of general ledger transaction entry to providing the sophisticated reporting, monitoring, and business performance management tools available.

Improved Financial Accountability, Transparency, and Reporting

In the wake of corporate accounting scandals and the passing of the Sarbanes-Oxley Act, organizations of every size need corporate financial visibility. Regulatory bodies and audit firms all advocate improved financial management and visibility. Many companies today must deal with numerous information sources, from legacy software programs created to help run specific departments, to other packaged applications that may have been purchased and implemented across the company over time. Combining these disparate data sources internally and reconciling between the individual departments is a huge undertaking. While departmental spreadsheets and legacy data systems may provide an adequate financial management solution today, as the need for centralized financial data and financial visibility increases, spreadsheets will no longer be a viable solution to run a business.

Your ERP software should provide consolidated financial management applications and reporting tools. These should range from Accounts Receivable, General Ledger, Accounts Payable and Fixed Asset modules where transactional data resides as well as financial reporting tools, portals, and similar applications. These financial management applications provide key personnel with the visibility and access to financial information they require.

Financial and Multicompany Management Applications

Your financial management applications should automate and streamline your financial business processes by monitoring financial conditions for timely decision making. Having a single data repository provides an accurate view of all of your financial data including a 360-degree view of your customer—from customer specific credit information to consolidated order, invoice, and payment history.

Over time, successful companies grow. Whether through acquisition or organic growth, more and more companies are wrestling with the complexities of managing multiple business entities. Your ERP vendor should understand that managing disparate business units offers unique challenges and opportunities with respect to consolidation for tighter control and reduced operational cost, enterprise-wide visibility, inter-company supply chain management, and financial consolidation. Robust multicompany functionality, as well as full multi-plant and multi-warehouse are important system attributes.

Multicompany management capabilities can assist your business in consolidating operations such as procurement and accounts payable. Enhanced tools can help improve operational visibility across companies. Automation of intercompany supply and demand transactions as well as financial recognition optimizes enterprise performance to reduce lead times. From a financial perspective, multicompany organizations may choose not only to report as individual entities but also to consolidate multiple currencies and report across business entities to a single consolidation company.

Can my software support IFRS?

When selecting new ERP software it can be helpful to know if the software can be implemented to support IFRS Financial. Financial auditors are the best place to find advise on the specific impact of the transaction and no software can ever guarantee to support all possible variants of IFRS as each standard provides a multitude of options, some of which are mutually exclusive and some are outside of the scope of ERP software.

Anyone who has been audited will be aware that as part of the audit process certain transactions will be identified as needing to be re-classified, re-analyzed, entered into the ledgers for the first time or eliminated from the ledgers. IFRS tested ERP solutions simplify this process by providing closing accounting periods (known in some parts of the world as period thirteen transactions). The ability to control these accounting transactions easily while running your day-to-day business is an important factor in your ability to avoid excessive costs during the move to IFRS and you should ensure that whatever software you select, supports this capability.

Gaining access to transactional data, analyzing trends, and drilling down from summary balances to detailed activity should be part of any manager's role. Many, but not all, ERP solutions provide reports and tools to assist with this activity. However, during the transition to IFRS, new analysis and investigation requirements will be identified and a number of standard reports may need to be modified to follow IFRS principles. When reviewing the capabilities of your ERP, you should ensure that it offers the Enterprise Performance Monitoring (EPM) and Business Intelligence (BI) tools your staff and accountants will need to quickly access information without excessive cost.

Criteria #8—Stacking the Technology Odds in Your Favor

As a business, you need technologies that can grow with you, help you compete successfully, and effectively run your operations now and in the future. Thus, information technologies should be evaluated and employed based on their relevancy and ability to provide sustained business advantages. Reliable and proven technologies are then seamlessly integrated into the total suite to deliver the greatest return.

Historically, you needed a systems' architecture designed specifically to building systems that could rapidly evolve through information technology generations. This remains true today. You need to know how the system embraces knowledge management principles and develops processes and systems for creating, managing, using and reusing organizational and personal knowledge. Building and growing a system based on a strong engineered-for-rapid changes foundation means careful selection of industrial strength technologies for the database, user interface, development tools and hardware platforms that will survive multiple cycles of technological changes. The greatest achievement of the right vendor is that their ERP product remains current today, and that they continue to move forward. Demand a foundation that will transition your company through technology curves.

Today, ERP systems support a broad range of collaborative applications to improve the flow of information across the supply chain. These technologies support:

- E-commerce
- Web storefronts
- XML-based EDI

- Fast, interactive electronic communications
- Browser-based viewers
- Web publishing
- Dynamic XML-based menus and "how-to" help documentation
- Secure Internet access
- Automated workflow
- Roles-based Enterprise Knowledge Portals

In the long run, information technology (IT) will not keep you in business. That makes technology a strategic rather than a strictly IT decision. Although technology is clearly an important influencing factor in any ERP selection process, history continues to show that some of the best ERP results occur when technology specifications are determined by what is required to support critical business needs. That is the essence of a resilient approach to technology.

While an enterprise solution should offer a full range of functionality, customer requirements can be a moving target. To remain competitive, businesses need flexibility from their business systems to quickly respond to changes in the market and customer demands. Additionally, business workers are no longer office-bound nor do they wish to be application-bound. Business information needs to be available any time, from any place, and via any device. According to Forrester Research®, there needs to be "a new generation of enterprise software that adapts to the business and its work and evolves with it."¹

Only a system built from the ground up to support a service-oriented architecture (SOA) will provide this.

Service-Oriented Architecture

SOA is an approach to developing enterprise software applications in such a way that software processes are broken down into granular "services" which are then made available and discoverable on a network. Each service provides functionality that can be adapted to the needs of the enterprise while hiding the underlying implementation details. SOA addresses the complexity, inflexibility, and tight client to server coupling of existing approaches to business process design, workflow, and application integration by providing a development environment that's built to allow business applications to change independently of each other without restraints.

By exposing business processes, SOA provides the ability to streamline those business processes, which in turn promotes agile change management. Because business processes are broken down into smaller functions that can be accessed and manipulated, it becomes much easier to match your business rules to the processes in your business system.

¹ John R. Rymer and Connie Moore, "The Dynamic Business Applications Imperative," 24 September, 2007

Benefits of SOA to Business

The benefits of SOA are many. Businesses today need to anticipate change and adapt quickly in order to stay competitive. SOA supports that need for business agility. Businesses today are not confined to a single location—they tend to be spread out around the globe. SOA supports these global operations and networks—and geography becomes irrelevant. Because SOA breaks down complex business processes into many smaller processes which can be bypassed or accessed in any order and from anywhere, paused for human intervention or modified, businesses can anticipate changing markets and supply-chain demands and quickly adjust operational workflows to maintain their competitive advantage. ERP architecture should allow for adaptable workflow orchestration, easy integration, real-time connectivity with business partners, and superb collaborative information sharing for quick and accurate decision-making.

SOA allows you to adapt your business software to meet your unique processes and policies. You can present information the way you want it, build your own work flows, and manage these business rules at the enterprise level.

Finally, SOAs are expected to save companies money. According to Gartner®, Web services will drive a 30-percent increase in the efficiency of IT development projects. According to Forrester Research, Web services “crush” the cost of business interactions by replacing manual communications to save time and money, cutting the cost of connecting to partners, making internal services available across departments and geographies, and enabling new kinds of business collaboration.

Real-World Example: Standex

With more than \$500 million in revenue, Standex has more than 90 plants in 17 businesses that make more than 48,000 products that span the range from custom hydraulic cylinders and missile nose cones, to fine china and religious literature. Standex wanted a one-stop shop for software and services that could provide support for all the companies worldwide. Flexibility was a prime criterion, since the various businesses within Standex cover such a wide range of manufacturing situations and needs. Other key criteria were overall cost and the ability to support Standex’s operations globally with the needed multinational capabilities. Epicor solidly met all requirements and today Standex is standardizing all plants and its corporate headquarters on the Epicor solution.

Criteria #9—A Testament to Scalability

If this is to be your last ERP system replacement, investment protection should be the cornerstone of your software provider’s product development strategy. Have they maintained a continuous history of growth, while providing upgrade paths to their customers? Emphatically embrace this philosophy and make sure your vendor pledges to continue it into the future.

As a testament to a vendor’s ability to keep up with the needs of their customers, the percent of customers on current releases of their software should be high. The best vendors have a high percent of customers on maintenance and current releases. Furthermore, in an industry where the average life expectancy of an ERP installation is 5-7 years, inquire how many clients’ systems have been in use longer than 5-7 years and how many have had

their systems 10 to 20 years or more. A vendor with a majority of clients over the 7 year mark is doing things right. Such unprecedented numbers are proof of the ease of upgrading, the low need for custom programming, and the high relevance of capabilities delivered in each new release. It means you can continue to expand the system's functionality as needs arise or as new features become available.

A major element that allows the system to grow with customers is its design approach. To enhance flexibility in how the package is used, it should be designed to require few customizations, if any. This means that you can easily upgrade to future releases of the system without having to worry about the impact of custom programming. And for the times custom programming is necessary, a system that incorporates jointly developed functions for specific customers and industries into the standard product makes the next upgrade easier.

Make sure the software has an unlimited ability to accommodate small and mid-sized high-growth companies or large (Fortune 500) corporations with multiple divisions.

Criteria #10—Community Collaboration: Maximizing Customer Moments Of Truth

As noted in the book of the same name by Jan Carlzon, president of Scandinavian Airlines, every encounter between their customers and their frontline people is a "moment of truth" that sets the tone for the entire company in the minds of their customers. Quite often, businesses do not get to know the people and culture of their ERP supplier before making their selection, though the ERP supplier's culture is frequently a major reason for towards the decision to replace that system. You must know how customer-oriented your supplier is and how much information they provide to those on the front line. According to Carlzon, "An individual without information cannot take responsibility." When people at your vendor, who provide support to customers, are given immediate access to all the information they need, they cannot help but take responsibility.

Central to any vendor's mission is their commitment to your long-term success. This commitment is the motivation for high quality technical support services. To address a wide range of technical support needs and system skill levels, look for a comprehensive support program. This total support package should provide you with the in-depth product knowledge and skills you need to learn how to use the system most effectively in your unique business environment. Most importantly, the support program includes access to valuable resources, services, and information that will make the most of your every encounter with your vendor.

In addition to standard offerings such as Field Consulting, National Helpline, Installation and Upgrade Support, Software Consulting Services (i.e., custom programming), and Training, the vendors that stand behind their commitment to customers offer exclusive services that have a powerful impact on the success of your ERP implementation. These include:

Remote Consulting

A cost-effective method of access to consulting expertise for special, usually short duration projects available via telephone and the web.

Client List Server and Data Access

24 x 7 x 365 access to an on-line client bulletin board system where you can pose questions and get answers from other experienced users, and Internet access to information on the status of your organizations' projects or cases.

On-Call Web Conferencing User Support

For times when a phone conversation isn't sufficient to understand and resolve an issue, web conference sessions allow you and your support person to view your system.

Web-Based Training and Solution Webinars

Web-based training and solution Webinars offer on-line training right from your desk or from a conference room with other attendees. Web-based courses are an easier and more affordable training option delivered by experienced instructors with comprehensive curriculum. Training webinars provide a presentation of each training topic along with software demonstrations. Client solution webinars provide you with valuable, in-depth information about enhanced application solutions for managing your core business operations as well as your extended enterprise and value-chain.

Criteria #11—Integrity and Dedication

Determine the longevity of your vendor. Not many can claim to have been a leader in providing software solutions for over two decades. In that time, the few that have, have found that nothing speaks more to their level of integrity than their promise that they don't recommend a solution until they understand enough about your business to know it is a good fit. They make sure it will work in your environment. Your selection of a system is just part of a continual process leading to rapid return on investment. Honesty is the cornerstone of ERP industry leaders.

Many ERP software providers have come and gone, and their customers have suffered. To avoid being in that position, look for consistent growth and financial stability as well as adherence to sound corporate and fiscal management practices. Understand their business objectives! It is these strengths that will enable the right partner to be a dominant force in the industry for years to come. Consistent growth and profitability maintains and improves the vendor's ability to provide exceptional support and technology advancements in step with your developing needs and the needs of the market.

Beyond longevity of your vendor, you'll also want to understand their dedication to their customers. Performance speaks for itself. Response time to requests is of critical importance and should be in minutes. Look for response time statistics that show continuous and dramatic improvements. Look for evidence that support personnel relentlessly strive to achieve this goal while maintaining the highest standards of professionalism. Whether you deal with a classroom instructor, receptionist, custom programming specialists or with their CEO, you need to know in advance that all employees are dedicated to providing the highest quality products and finest service and support in the industry. The job is not complete until you are delighted with every encounter with your vendor.

Your partnership with your vendor will make the critical difference. Do they collaborate with customers? Do they professionally and personally care and are they involved? Satisfying customers is necessary but not sufficient. Find a software provider that is driven to create delighted business partnerships, not only satisfied customers. You'll be able to hear it in customers that offer comment, such as:

- "I can't imagine working on new initiatives without [this] system in place."
- "I feel comfortable knowing that I am working with a company that really knows our business."
- "At each stage of our growth, [our ERP vendor] has had a support mechanism in place to facilitate our next step."
- "We've had a long-standing relationship with [our ERP vendor]. We plan to continue that partnership into the future."
- "We chose [our ERP provider] because we felt we could work with them."
- "Just as no man is an island, neither is any business that is using our system. There's plenty of help and experience to draw on. Don't be afraid to ask for it."

What makes these customers believe in their partnership is the belief that their ERP vendor's future success is based on the strength of their relationships with current customers. ERP vendors put that belief into practice in a number of ways:

- Sponsoring Regional User Groups meetings regularly to network, share experiences, exchange ideas and look for innovative ways to manage change using their system
- Hosting International User Group meetings annually to help customers learn about the latest industry trends, system capabilities, and open contribution to future product development. It's an information exchange where users gather and share ideas

Providing a high level of support and delivering on customer-driven business needs enables ERP providers to maintain a highly enthusiastic customer base. Make sure your ERP vendor is willing to work as hard as necessary to get you answers and help when you need it.

Criteria #12—Delivering Return on Investment

For more than two decades, organizations have seen their highest ROI come from their ERP. This is due to strategic ERP solutions that streamline, integrate, automate and improve operations in companies around the globe. Even in today's challenging business climate, organizations continue to see the value of ERP investments. A 2009 CIO survey by Gartner Executive Programs (EXP)² reported that ERP investments would remain critical. The report explained that "CIOs are expected to invest in business intelligence applications and information consolidation in order to raise enterprise visibility and transparency, particularly around sales and operational performance. Investing in ERP technologies, a focus that reflects ERP's core position in enterprise operations, will continue."

An extended ERP solution justifies these investments by managing processes across your value chain. Some of the results of this coordinated effort that help you achieve the maximum return on investment with the shortest payback period include improved profit margins, streamlined communications, improved customer loyalty, and increased visibility.

On the investment side, the ability to provide a lower cost of ownership solution is a result of three factors. First, is the system as functionally rich as tier-one solutions that are targeted for Fortune 500 companies, but with an initial investment that is a small fraction of the cost? An intense focus on programming development for the needs of mid-sized companies as well as efficiency of implementation results in providing the same level of functionality at a lower cost. Second, the reduced maintenance cost alone, based on the lower software cost, can minimize, if not pay for, the cost of replacing an existing system. Third, the system architecture and underlying technologies, such as the embedded database, require minimal support, people, and resources to maintain—far lower than most other tier-one and even more comparable tier-two systems. The chart below provides an overview of some operational and financial benefits.

² Ibid

Operational Benefits	Financial Benefits
90% reduction of order-to-ship time	Improved month-end subledger close from 10 business days down to 3.
86% reduction of order entry steps	Just-in-time payments with electronic funds transfer (EFT) maximize vendor discounts while managing cash.
Increased inventory turns from 7-8 to 30	Measure and optimize corporate cash flow by managing Days Sales Outstanding (DSO) and Days Payable Outstanding (DPO) effectively – split DSO from 45 days to 30, DPO from 25 to 45.
40% to 50% reduction of lead times	
Reduced time to “configure” orders from hours to minutes	Provide centralized repository of information for the Vendor Scorecard tools required to manage relevant vendor performance metrics.
Lot size reductions from 50 to 10	
99% next day shipping of service parts	
\$120,000 reduction in finished goods inventory in four months	
99% on-time off-the-shelf fulfillment and delivery rate	
50% reduction of labor and overhead	
33% reduction in manufacturing lead times for complex engineer-to-order products	

Replacement Expertise Delivers True Return on Investment

Replacing your ERP system involves looking for a vendor that offers innovation. Innovation creates market leaders, and market leaders are the first to achieve a return on their investment—usually a significant return. Look for an ERP partner that is passionate about inspiring that innovation in their customers and knows how to manage the risk associated with it. You must be convinced that the solution will help you achieve your important business objectives to keep your plant lean and competitive. Do they have a history of getting results?

An excellent track record of client retention is proof that the unique needs of an extremely diverse set of companies are being satisfied. Skills and methodology must be applied to implement the system quickly and successfully. Resources, financial strength, advanced technological infrastructure, an experienced and stable work force, and hands-on management guarantees a long-term ability to serve your company into the future.

About Epicor

Epicor Software is a global leader delivering business software solutions to the manufacturing, distribution, retail, hospitality and services industries. With 20,000 customers in over 150 countries, Epicor provides integrated ERP, CRM, SCM and enterprise retail software solutions that enable companies to drive increased efficiency and improve profitability. Founded in 1984, Epicor celebrates 25 years of technology innovation delivering business solutions that provide the scalability and flexibility businesses need to build competitive advantage. Epicor provides a comprehensive range of services with a single point of accountability that promotes rapid return on investment and low total cost of ownership, whether operating business on a local, regional or global scale. The Company's worldwide headquarters are located in Irvine, California, with offices and affiliates around the world. For more information, visit www.epicor.com.

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