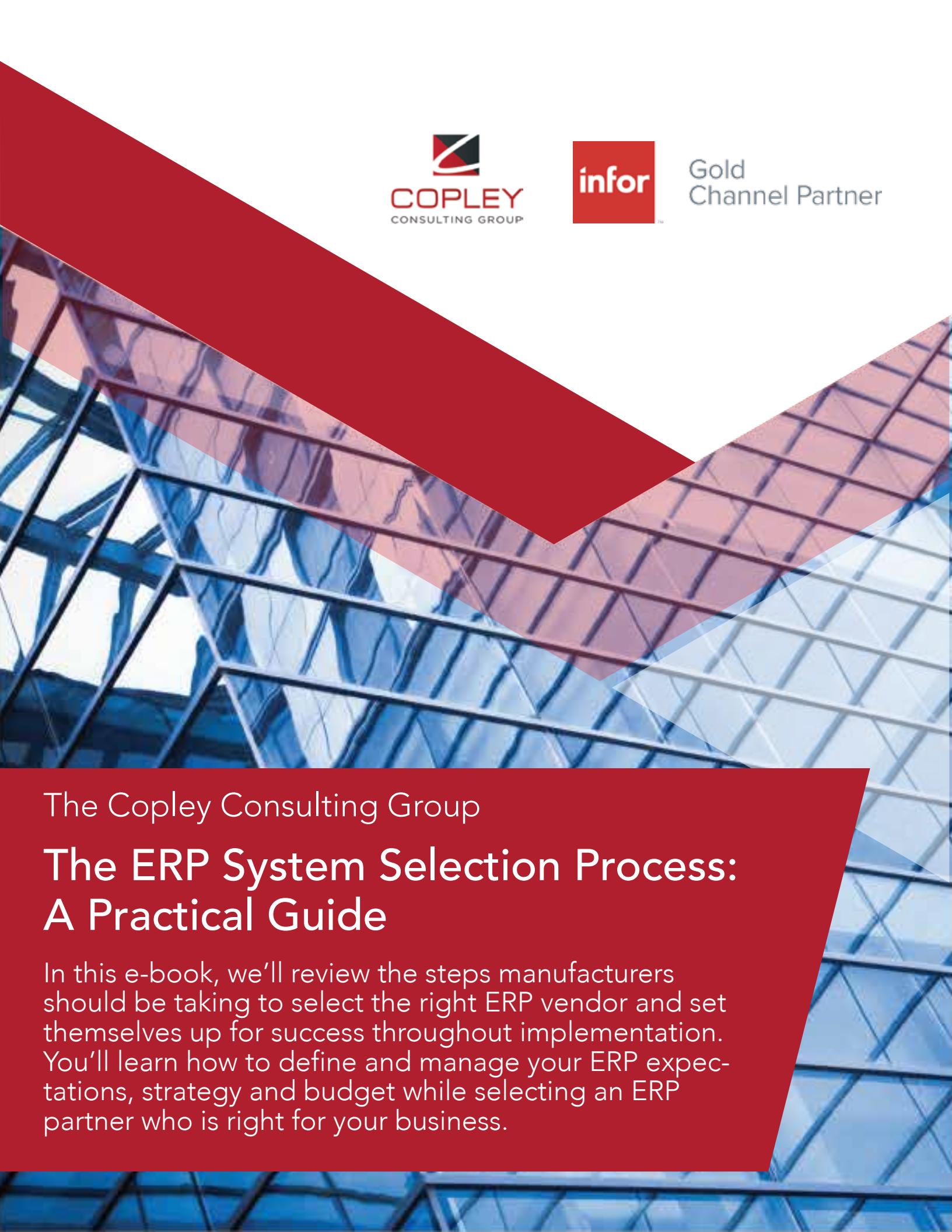




Gold
Channel Partner

A large, abstract photograph of a modern building's glass and steel structure, with a prominent red diagonal band across the middle.

The Copley Consulting Group

The ERP System Selection Process: A Practical Guide

In this e-book, we'll review the steps manufacturers should be taking to select the right ERP vendor and set themselves up for success throughout implementation. You'll learn how to define and manage your ERP expectations, strategy and budget while selecting an ERP partner who is right for your business.



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1. Assembling Your ERP System Selection Team

The very first step in the long journey toward adopting a new ERP system for your organization is putting together an effective project team.

By choosing these individuals wisely, your organization can ensure you've made a well-informed decision when selecting your next ERP system while mitigating employee resistance and bolstering leadership buy-in along the way. Now, let's talk through the characteristics you should look for when enlisting project team members, an executive sponsor, and a project manager.

Project Team

Your project team members should be selected carefully. As a representation of your organization as a whole, this team should include an individual from every facet of the business that will be affected by the new system. These stakeholders should have a thorough understanding of their business areas as well as perspective on how their team's activities fit into the organization's big-picture operations. This knowledge will enable them to speak to the specific needs and nuances of their department as well as how their requirements might be prioritized among others. Among this mix of team members, you'll want key opinion leaders who have a certain amount of clout within their departments. Involving them from the start will ensure you have inherent senior-level buy-in throughout the process, which will keep employee resistance at bay. At the same time, the team should include employees who know the current system well and can envision how the new system will impact the day-to-day. Eventually, these team members will be tasked with leading their teams in training and fielding questions as "super users" during implementation.

Assembling an all-star team for your ERP project is critical to your long-term success, so do not take these decisions lightly.

Executive Sponsor

Any large-scale project with the impact of an ERP implementation should have an executive sponsor. This individual should report directly to the CEO and come from a vantage point that covers all affected areas of the organization. Ideally, they will be familiar with the current system and have experience in the ERP system selection process. The sponsor should be heavily involved in making the business case for the new or upgraded system and be prepared to speak to the

benefits of the change to key stakeholders. As an integrated participant in the selection process, the sponsor will add high-profile support to the project and can help diffuse any interdepartmental conflicts that may arise.

Project Manager

Once your project team has been assembled and your sponsor has been identified, it is time to enlist the help of a dedicated project manager to oversee the comprehensive ERP process and coordinate all the moving pieces along the way. Whether your project manager comes from within your company or is hired as a consultant, they are responsible for assigning tasks and resources throughout all phases of the project. In keeping the rollout on course, they will keep a close eye on schedule and budget and report on major milestones and unforeseen issues as they arise. To ensure consistency, their tenure should last throughout the selection and implementation phases of the project.

Using Outside Consultants

Aside from assembling an internal team to drive your ERP implementation, you may want to consider using an outside consultant. A consultant, especially fluent in the solution intended to be implemented, coupled with best practice credentials, can help you obtain an objective view of your organization's processes and evolving employee roles. In addition, an ERP consultant can offer insights you may not even be thinking about, as well as protect your interests and advise on ways to save costs, time and maintenance of your system. Outside consultants are typically very well versed on industry standards and may have specific industry or sector expertise. This is especially helpful for manufacturers in FDA regulated industries, or those with specific ISO quality standards.

Assembling an all-star team for your ERP project is critical to your long-term success, so do not take these decisions lightly. By procuring the expertise and support of your organization's best and brightest, you'll set up your organization for a well-informed ERP selection process and a drama-free implementation.

Next Steps

- Assemble your ERP project team by selecting knowledgeable leaders and potential "power users" from all affected departments
- Identify a C-level executive sponsor to champion your project
- Select an ERP project manager, who will manage both the selection and implementation phases of the project
- Consider seeking support from an outside consultant



2. Defining Your Business Drivers for ERP System Adoption

Early ERP systems were often adopted to help manage a single function within an organization, such as finance or order management. However, today's broad-based ERP systems are designed with a gamut of operations in mind.

That's why, even if you have a current ERP system in place, it is important to envision how the technology can be leveraged to improve activities across your business.

Four of the most common business drivers among manufacturers are summarized below. They are intended to be used as a tool for prompting discussion around your organization's ERP goals, which will help you build your business case and focus your efforts in the ERP selection process.

To improve business performance

While the priorities of improving a business's performance will vary across organizations, there are a few core strengths that a new ERP system is sure to bring to the table.

One is transparency. When an order is placed, all authorized ERP users are able to see the order request and to follow its progress through the pipeline. Backed by real-time updates and automated workflows, productivity is increased and critical knowledge gaps are filled. The result? Customers get their orders faster and with fewer errors than in the past, and company leaders have the insights they need to make smarter business decisions.

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To ensure compliance

For many industries, including medical device manufacturing, regulatory compliance is a critical component of running a business. Before ERP systems, this meant painstakingly maintaining spreadsheets and databases with the data required by regulatory bodies.

ERP systems eliminate much of the risk of error that is introduced with manual data tracking. With all departments working from one system, it is possible to track compliance throughout a product's life cycle through functions like

cradle-to-grave traceability and a complete audit trail of user activity. On top of this, ERP systems make it easier to track issues related to problem products or customer concerns so quality issues can be resolved more readily.

To simplify employee tasks

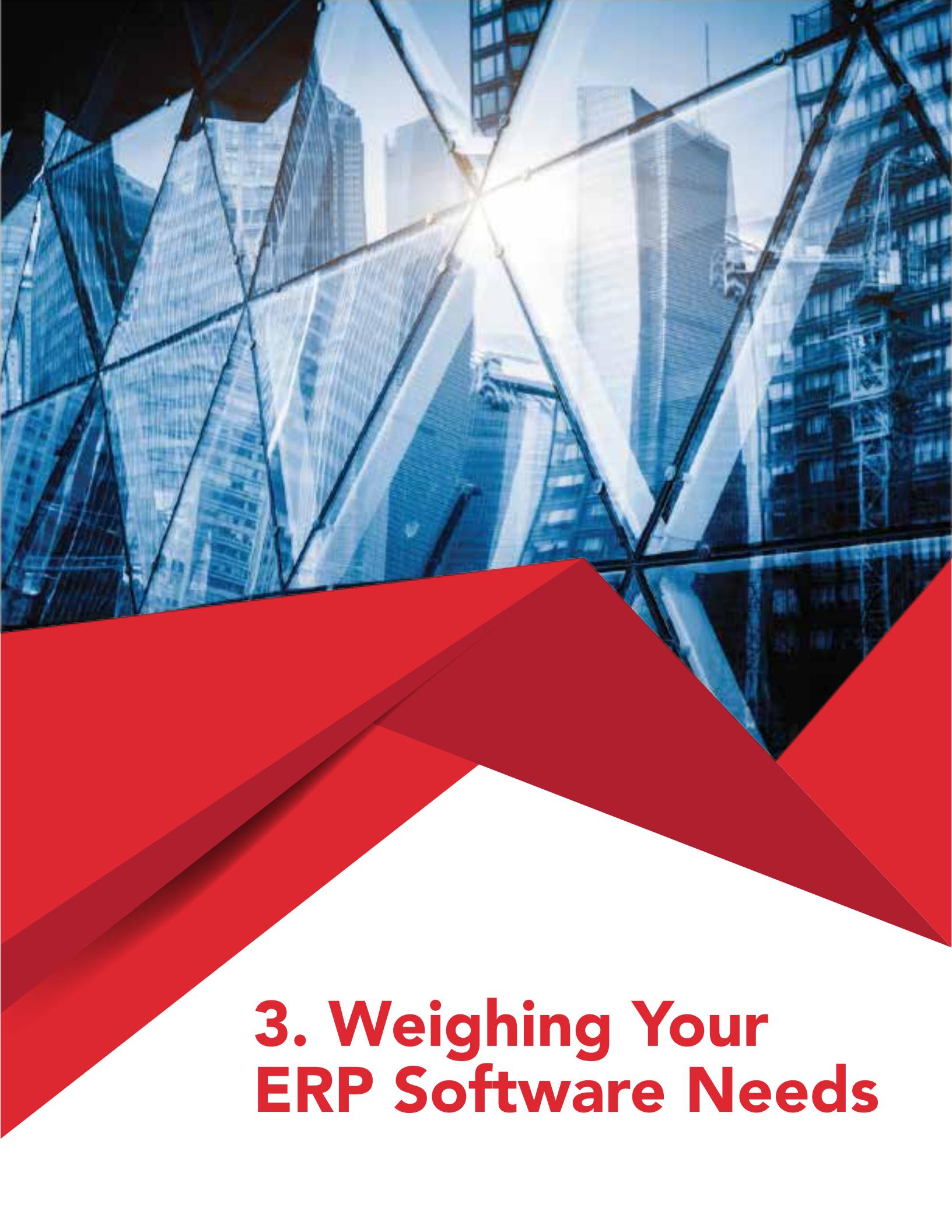
Although there may be a learning curve, many companies adopt ERP systems in an effort to make their employees' jobs easier. Many times, routine processes can be standardized or streamlined through ERP functionality, eliminating inconsistencies and errors that can creep in when manual processes are being handled by different workers using different procedures. With this infrastructure in place, employees spend less time performing labor-intensive tasks and can turn their focus to value-added, mission-critical activities.

To improve integration across locations

In today's global economy, it's not uncommon for manufacturers to have multiple facilities, sometimes in multiple time zones or countries. Multi-site companies recognize the role technology can play in integrating co-located teams as well as communicating with remote employees, suppliers and customers. Importantly, ERP systems help organizations lay down standardized processes across different business units and, through configurable settings like units and language, localize the procedures to fit each site's needs. ERP systems are often leveraged to simplify invoice processing across locations, which can reduce invoice shipping costs and minimize staff involvement. ERP-enabled invoicing also ensures that, like other critical data collected across sites, financial information is accessible anytime, anywhere, by authorized users.

Next Steps

- Discuss the shortcomings of your existing system or procedures
- Consult with department heads to gain insight into daily challenges
- Create a list of the business challenges you hope to solve and assign a priority value to each
- Review final list with ERP team and department heads; revise as needed



3. Weighing Your ERP Software Needs

Once your organization has defined the business drivers for your new ERP system, it's time to move from big-picture to technical requirements.

Many times, companies get this backwards, or skip over organizational goal-setting altogether. However, the business drivers fueling your ERP implementation will serve as a critical foundation in assessing available systems and how best they fit your needs. From industry focus to deployment options, there will be a gamut of decisions to be made. Before diving in, think through some of the following specifications, and consider which are nice-to-haves and which are deal breakers.

Business/Industry Focus

Customization used to be the only means to adopting an ERP system to fit your exact business needs. Over recent years, specialized ERP systems have emerged, focused on industries spanning from fashion to pharmaceuticals and mid-size businesses to global enterprises. Limit your short list to systems that recognize and accommodate your business's unique requirements. First assess out-of-the-box systems based on what's built in, not what could be tacked on or customized. You want a system that can adapt to your current processes, not the other way around.

On-Premise vs. Cloud

If you are updating an aging ERP system, chances are your old system was run on-premise. Perhaps you have robust IT resources to help you manage the hardware, upgrades and maintenance tasks that go into system upkeep. However, now is a good time to weigh your options. Most cloud-based models allow you to license the software from your vendor at a per-user rate with the responsibility of IT support and complete data center management resting on their shoulders. Before making the call, read up on the benefits of cloud-based ERP systems.

Usability

This might be a difficult box to tick in the early stages of system selection, but it is one to consider as you begin demoing ERP systems. Keep in mind the comfort level your workforce has exhibited with new technologies in the past. Is the ERP interface user-friendly? Do the dashboards provide the info you need in a format you can follow? Will the platform integrate with existing programs, or will users need to toggle between windows and log into multiple systems? Remember, at the end of the day, your employees need to be able and willing to use the system as intended in order for your organization to fully experience expected benefits.

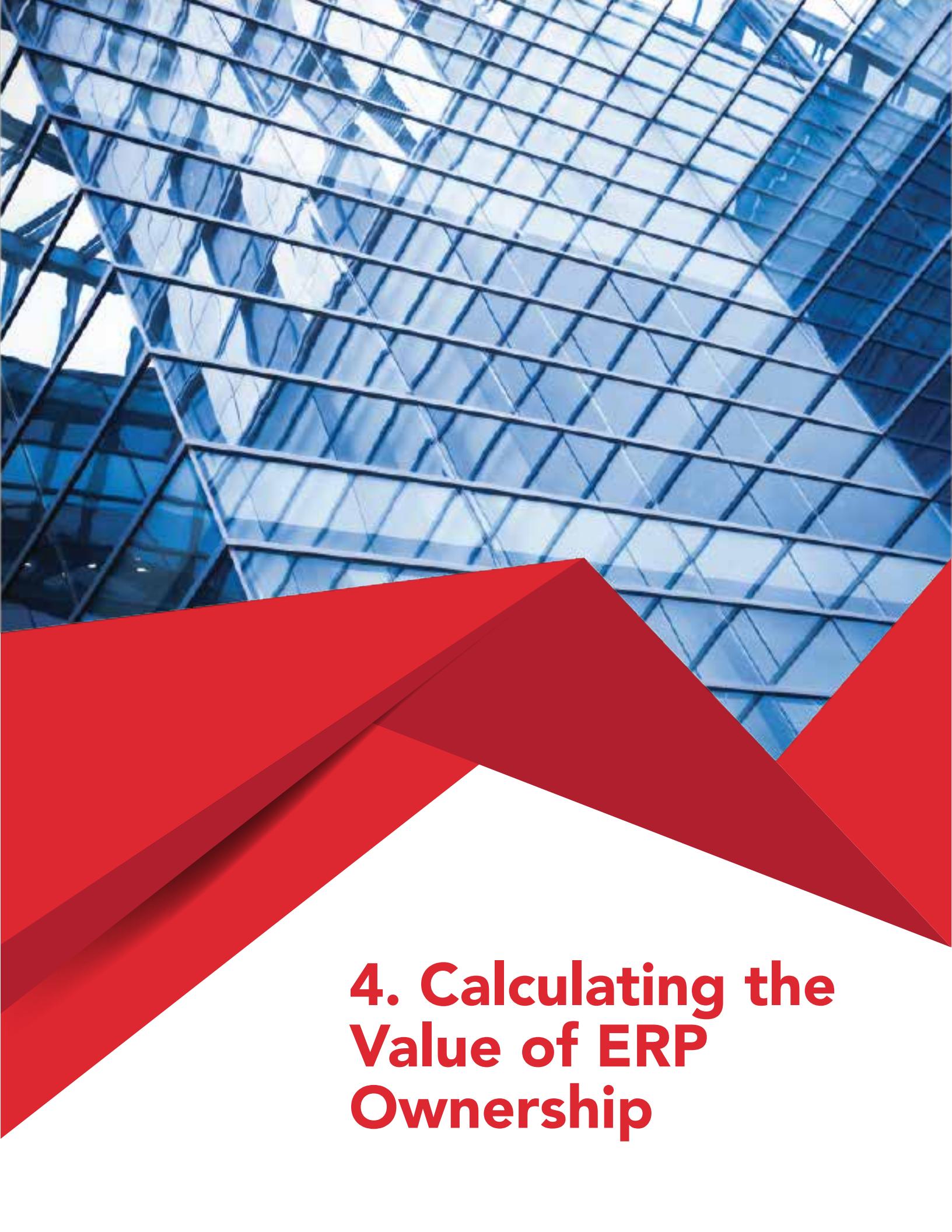
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Reliability

Reliability means that your company can count on accessing the system when and where they need it, be that on a laptop during a conference call or from their mobile device while visiting a client. A system's reliability will depend on the servers, security mechanisms and other technologies supporting it. While some on-premise ERP systems hold their ground, the system up-time levels of cloud-based equipment is often difficult for them to match. Whichever you choose, ensure that downtime is minimized and backup mechanisms are in place to protect your data in the event of a disruption.

Next Steps

- Identify ERP systems and/or vendors that cater to your industry and size
- Survey your current environment and determine on-premise vs. cloud preference
- Consider mobile and offline access requirements
- Create a list of existing systems at your organization that would require ERP integration
- Demo systems to experience ease of use first-hand



4. Calculating the Value of ERP Ownership

Prior to approving the budget for your ERP system, senior leadership will likely be clamoring for a return on investment (ROI) forecast. Because there are many ways to define and interpret the numbers involved, it is never too early to begin thinking about your approach to this calculation.

Below we cover major factors related to both costs and gains – some of which can be very difficult to measure. Be sure to review them with your ERP committee, your finance department and expert analysts to ensure consistency and consensus.

Costs

The hard costs involved in ERP implementation encompass more than just the total on your vendor invoice. Beyond the vendor's quote for initial costs, consider whether you'll need to pay the following ongoing expenses:

- **Subscription service:** This covers the license fees and subscription fees if you are working with a software-as-a-service (SaaS) provider.
- **Consultation hours:** It is wise to conservatively budget for some additional consultation support, as ERP rollout can sometimes include unexpected complications. Consider the scope of work and man-hours you'll realistically need so you can draw up an accurate estimate.
- **Training:** Without appropriate instruction, your ERP users won't know how to leverage the system to achieve the efficiencies you expect. Budget for a reasonable number of training hours – and don't forget any temporary support that may be needed to cover normal operations during training time.
- **Maintenance:** In order to mitigate the risk of inefficiency – and security hazards – it is critical to keep your system up-to-date with software upgrades as time goes on. Be sure to also account for potential hardware upgrades over the life of system, along with help desk support should it be required.

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Gains

It's important to remain realistic and conservative in your estimates on gains from your ERP system. The areas that will be most impactful will depend on the current state of your business. Think back to your ERP system business drivers, which were discussed in the second section of this e-book. For example, if you've had difficulties with parts and products going missing due to a suboptimal tracking system, loss prevention will carry significant weight in your ROI forecast. Here are other areas where you can expect savings and/or improvements.

- **More Accurate Data:** When data is warehoused in silos, it can be both an inefficient and error-prone process to pull important business figures together. An ERP system integrates multiple data streams into one source of truth, which can reduce both man-hours and costly errors in your supply chain and/or customer service operations.
- **Financial Control:** Your ERP system will provide more reliable access to up-to-date data, which will provide a clearer picture of your finances and enhance control of earnings and expenses.
- **Business Forecasting:** With heightened visibility into your finances, your senior leaders will be equipped to make smarter business decisions. This includes setting more realistic goals, making savvy investments and predicting problems before they can occur.
- **Simpler Audits:** As mentioned above, the functions and features your ERP system provides will pave the way for more accurate, real-time bookkeeping. When the system is used correctly, this should inherently minimize the odds of accounting errors on your tax return. However, should an audit be requested, investing in an ERP system ensures your records are fully integrated into one easy-to-use database.

Next Steps

- Forecast costs for the ERP system
- Define predicted gains and their value (Your business drivers are a good place to start)
- Collaborate with financial analysts to calculate final ROI forecast
- Deliver ROI forecast to senior management to obtain project approval



5. Choosing the Right ERP Software Partner

If you've been following the steps outlined thus far, then your journey to ERP selection is nearly complete.

You've gathered an *ERP* selection team to discuss your business drivers and software needs. You've analyzed the cost of *ERP* ownership versus the gains. With these thoughtful conversations behind you and comprehensive reports in hand, you are prepared to make the biggest decision of all: choosing an *ERP* solution.

Settling on an ERP System

By now, you know what's driving your organization's need for change and how this translates into specs for your ideal *ERP* solution. Keep this list in check by prioritizing the features so you can easily distinguish between requirements and nice-to-haves.

Next, it's time to compare this list to the offerings of your industry's top *ERP* software solutions. In addition, be sure to consider the software's ability to integrate with your current systems and create the reports needed by various departments. Before moving forward with a given *ERP* system, ask management and key stakeholders for their input to ensure consensus.

Selecting an ERP Partner

Depending on your requirements, you may find that several *ERP* systems are able to provide the functions and features you are looking for. However, your success will largely depend on how that solution is implemented to fit your needs.

This comes down to having a partner who understands your particular business application. As a mid-sized manufacturer, you may be competing in the same space as big, international players. Some *ERP* vendors specialize in implementing sophisticated IT systems for companies who have large IT departments to manage the process. It's important to work with a partner who has worked with other mid-sized manufacturers, so they can complement your internal resources and help you achieve the results you're looking for in weeks not years.

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The best way to gauge a given vendor's fitness for the role is to witness their team in action. Ask all vendors from your shortlist to present a software demo of the specific workflows you will be utilizing. In both your face-to-face meeting and your RFQ, you'll want to investigate the following qualifications:

- **Expertise.** Has the vendor worked with other similarly sized organizations within your industry? Is this knowledge reflected in their software features, knowledge of best practices and comments from references?
- **Customer service.** What is the vendor's customer satisfaction and retention rate? What are their support channels, and are they local and/or convenient to your offices?
- **Security.** What are the vendor's data monitoring and security protocols? Ask questions about the credibility and reliability of third-party software and vendors.
- **R&D.** How often does the company update their software? Are there planned enhancements or product launches that could benefit you?

Selecting the right ERP partner is like an insurance policy for your implementation. Keep your expectations set high. Look for a vendor who understands your industry speak and your business needs. Request a demo of workflows and features that will be relevant to your day-to-day life. And remember that the vendor you settle on will act not only as a partner to your ERP team but your organization as a whole.

Next Steps

- Compare list of software requirements to features of industry's top ERP solutions
- Identify your ideal ERP software system
- Create a short list of vendors
- Define questions and scope for software demo
- Schedule demos with vendors on your short list
- Create RFQ and send to all vendors that presented demonstrations
- Review RFQ responses and call references
- Make final selection

About The Copley Consulting Group

For 30 years The Copley Consulting Group has delivered Infor CloudSuite™ Industrial ERP implementation success to hundreds of enterprises. From Fortune 1000 companies to start-up operations, Copley provides education, training and technical services melded with a focus on Best Practices. As Infor's micro-vertical practice leader for the FDA Regulated Industry, we have helped dozens of North America's leading medical device and biotech firms achieve software regulatory compliance, while providing business system functionality to meet every client's go-to-market and growth objectives. Copley blends the unique requirements of this stringently regulated industry with a deployment methodology that is client resource sensitive, methodical in execution and honed to reduce project budget and regulatory risk.

For more information about our Infor CloudSuite Industrial (SyteLine) system implementations in FDA regulated environments, contact a Copley Consultant at 855.884.5305 or sales@copleycg.com.



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