

How To Choose Enterprise Resource Planning Software (ERP)

August 2005

If you are reading this article, quite probably you are in search of suitable ERP software, unless ERP software research is your hobby. If you have no prior experience of ERP software, then it is again highly probable that the similarity of the material and expressions in the promotion of the solutions you have examined in the brief investigation you have carried out have left you puzzled.

» **Our customer says:**

"Preparation is a process that begins with the decision to switch to ERP. What you want is more important than what the software companies have on offer, therefore, before demos and meetings, each and every issue must be pinned down in detail.

This process could also be seen as the company reorganizing itself before ERP. At Penti, we tried to make the most of this process."

Tayfun Karakök

Penti IT Manager

What is the best solution for you?

In principle, enterprise resource planning, or ERP software as it is more widely known, integrates the information used by various departments of your organization and converts it into a unique management control system. This enables different departments to use the same database, therefore, the same information, instead of managing information without being able to share this with other departments. The aim of this approach is to enable each employee to access this shared information, to speak the same language and to use resources such as machines, human resources and money in a more efficient manner.

Many companies now prefer ERP solutions to control their growing organizations in a more effective manner and to reduce their costs. However, the changes in technology, new trends, new companies and the changes in requirements have made it increasingly difficult to choose the right enterprise resource planning solution.

When the high investment figure is taken into consideration, it is exceedingly important that the selected ERP company and product can meet the requirements completely and assure the investment. Therefore, the ERP software purchase process requires a thorough analysis. This analysis must cover the experience of the company in the field, its references and its financial structure in addition to technical issues.

In the selection of enterprise resource planning software, the most important issue is product adequacy. If the product meets the present and potential future requirements of the company both in terms of technology and infrastructure, an important part of the process for the purchase decision is completed. Below are our initial suggestions for the selection process:

Test the product

The demos and brochures presented by the solution providers may not always explain a number of important points relevant to the selection process. The bottom line is that they have all been prepared with sales in mind. A product test will provide you with the most reliable information about the ERP product. By all means, test the product if possible in a client environment that is already using the product, if not, carry out a test in an environment designated by the solution provider. The best way to get to know someone is to spend time with him or her.

Speak to references

The product provider company may have answered all your questions satisfactorily, given some guarantees and even made a turnkey proposal. Our suggestion is that you do not settle for what the company has told you and speak to the company's references when you are about to decide on such a large investment. The most accurate information

regarding the quality of consultancy, service and problems experienced and solutions offered can only be provided by companies that have purchased and used the product.

Examine the future of the product

An issue that frequently comes up when companies are selecting their enterprise resource planning software is the consideration of present requirements only. Whereas it must not be forgotten that the requirements of companies constantly change and new solutions are needed. If you are about to choose an ERP product because it meets your present requirements and it is cheaper than other products, it is highly probable that your investment will cost more in the medium and long term. Our suggestion is that when you choose an ERP product and ERP company, carry out a comprehensive research of the R&D investment of the company and the validity of the system they use at the moment for at least the medium term.

Compare

To find the suitable solution, form your own criteria in accordance with your processes and the requirements of your departments and compare and assess the candidate products against these criteria.

Infrastructure

- Must be customizable and have a parametric structure.
- The system must be formed with years of experience, be sufficiently tested, stable and devoid of error.
- The performance must remain high under increasing operation and data load.
- It must easily provide data exchange with external systems.
- The system must be self-sufficient. It must have minimum dependency on external solutions.
- It must not require large and expert teams for maintenance and support.
- The system must be able to run on different operating systems and databases.
- The system must be transportable to another operating system and/or database even after installation.

- The cost of hardware and infrastructure to increase system performance in the future must be low.

System Features

- It must allow flexible reporting. It must allow new reports produced easily.
- It must be available in more than one language.
- It must use more than one currency.
- It must have a modular and integrated structure.
- Its concepts and solutions must have international validity.
- It must have a detailed authorization and security system.
- The system must be open to new developments and must be easily customized.
- It must have an interface standard that provides ease of use.
- It must be able to log all activities performed.
- It must provide data exchange with methods such as EDI, XML.
- It must be usable on the Internet.

- It must support mobile technologies.

Risk

- The solution provider must have strong references.
- The project team of the solution provider must be highly experienced.
- The solution provider must have a strong financial structure.
- The solution provider must know the local legislation and work regulations well.
- The solution provider must have international experience.
- The solution provider must be able to show the functions it promises in presentations or in references.
- The solution provider must have a long-term support approach.
- The solution provider must present a clear and detailed implementation plan.
- The system documentation must be complete.

- The license, service and support pricing policy must be clear and detailed.

The criteria we have tried to set out above are designed only as an introduction. If you are in search of ERP software, the most important point to always keep in mind is that the software you are looking for is no ordinary software, but a tool that will directly influence the productivity and efficiency of your company.