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Achieving A Successful ERP Implementation In Your Organization

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Introduction

Enterprise Resource Planning - or ERP - is the utilization of a tool or set of tools which streamline a company's workplace procedures and online presence.

Most ERP management tools, like the ones provided by PowerWeave, are designed to increase workplace success, as well as save money and time. However, ERP implementation is often not as simple as introducing new software at a site or single sites.

Successful ERP implementation involves a complex interplay of people, process, and technology. It is crucial to achieve the correct balance if you want to ensure that the ERP system you implement pays off - in terms of creating synergies across your organization and delivering on your business goals.

An Overview of Common Issues

More information about ERP will be discussed later. For now, we will begin by examining the broader issues surrounding its implementation.

To start, it is important to mention that these platforms arise out of necessity. As technology changes, old systems will rapidly become obsolete. These old systems, placed alongside its competition, will eventually prove to be cumbersome. They prevent companies from progressing any further. Without updates, it is inevitable that such systems will cause a company harm in the future.

The acknowledgment that there are issues with company workflow is the first step towards more successful ERP management. But it is insufficient to stop there. Some of the more common issues associated with ERP implementation include:

- Companies who are either overzealous with their implementation goals or make ERP implementation goals that do not meet the needs of their workforce
- The attempt to implement ERP software and platforms without appropriate testing
- Administrators who do not account for compliance issues throughout the span of ERP
- Training for employees, especially for those who have been with the company long enough to become used to outdated processes
- Determining whether an ERP vendor understands your company's individual needs, or provides the tools and resources necessary to make implementation a long-term, seamless process
- Selling the belief that ERP is a set, permanent system without the need for future fixes and updates

Issues mostly arise from unrealistic views of how the process works, indecisiveness about updating legacy processes, and failing to put together a proper plan.

They key to success relies on many factors, the most important of which starts with working with an ERP vendor you trust.

How to Successfully Work with These Issues

Successful ERP goals and implementation are created by assessing your needs first before implementing anything. Working with a trusted partner, and then gathering data across the enterprise for risk assessment and mitigation, comes later.

While there are other factors that lead into successful ERP implementation, these can certainly be considered the foundational ones. A well-conceived plan prior to implementation will ensure that critical success factors are achieved during it. Furthermore, investing the time and energy to truly understand your synergies and to map them to technical configuration will optimize your total cost of ownership throughout the system life cycle.

This whitepaper will focus on:

- What ERP is, in exact detail
- The factors that drives ERP implementation
- The conditions necessary to propose a newer, better ERP system
- How implementation risk can be minimized and how long-term value can be maximized

- The best implementation methods that will honor and uphold these systems.

We will illustrate the critical success factors that can act as checkpoints for you and your implementation partner, when you are carrying out the appropriate process and product enhancements.

02

The Value of ERP Implementation

Jumping into an ERP platform necessitates a huge risk on behalf of the company that is working with it. Unsuccessful ERP implementation can create an immense financial toll on a company, which often comes after lulls in revenue - due to outdated workplace procedures and loss of business to trendier, more technologically savvy competitors. Non the other hand, refusing to taking the risk can often mean the demise of a business, as competition moves toward streamlined technology and new business solutions that rely on that technology.

Therefore, it is important to consider the value of ERP implementation before going down that path. Getting on board with its values will help your company create goals that meet the financial and workplace needs associated with ERP implementation.

Streamlining Workplace Procedures and Customer Service

The use of ERP solutions in modern organizations enables several potential success factors. It allows processes to be aligned with standard procedures, streamlines resource management processes, simplifies workplace and compliance procedures, reduces rework within an organization, and improves the quality of a finished product or products – all while reducing manual handling costs. ERP can also expand the use of SOPs across departments, driving quality results and traceability.

Running parallel to traceability gains, organizations are also able to:

- Recall products more effectively

- Track production
- Match replacement parts with a successful ERP implementation

All these changes affect customer satisfaction, and all businesses know that customer satisfaction is key to the overall success of a business. There are tremendous cost gains to be received from a realignment of organizational functions and processes, all of which proactively serve the customers' needs. ERP implementation is one of the best ways to do this.

Not only does an overarching ERP management system help you streamline your business, but it also makes your communication with customers that much richer. Up-to-date ERP systems provide an extra layer of security for your customers' information, allowing for quicker turn-around times of customer information. Databases are also synchronized, that way the information available on onsite and remote databases is up-to-date and accurate. As a result, phone and in-person interactions with clients can become more efficient and streamlined.

Greater Insight Regarding Operational and Risk-Based Decisions

A common reason for upgrading an ERP is to create better workflow in a workspace. In earlier years, it was hard to monitor internal and external operations within legacy and outdated processes. This was largely due to systems requiring manual updates, as well as lack of continuity between customer, competitor, and vendor software and programs. The time it took to keep everything in the system up to date was far too long to create solutions when they were needed. With an upgraded ERP platform, these problems are made obsolete.

Decision makers can monitor performance in individual departments across the entire organization. This also allows them to consider the interdependence of different areas. Integrated data supports effective decision-making processes and metrics monitoring platforms. With updated ERP, it is possible to step up other areas of management within an organization, such as:

- Key Performance Indicators (KPI) Management
  KPI is one of the most important parts of organizing business efficiency. Acknowledging KPIs at the various levels within your organization is essential to making goals for your organization, but it requires the categorization and

organization of a vast number of metrics. With the help of an ERP platform and a knowledgeable ERP vendor, organizations can monitor and assess business success metrics - plus outcomes arising from the greater number of integrated data sources available - via ERP connected with downstream reporting tools.

- Key Risk Indicators (KRI) Management
  In addition to KPIs, KRIs help organizations understand the risk factors they face and allows them to make plans to overcome them. Like KPIs, their organization is a long and involved process. Without proper management, the data from KRIs is of no use to an organization. With a proper ERP, organizations can monitor and assess business risk metrics and outcomes arising from the greater number of integrated data sources. These abilities are available via ERP, connected with upstream and downstream risk monitoring and measurement tools.

Increased Workplace Productivity

By acknowledging and organizing Key Performance Indicators and Key Risk Indicators, it is possible to make plans and increase the productivity in your organization's workplace. These can range from simple changes to employee log-in, to significant shifts in day to day business practice. Having an easy-to-use, effective, and up-to-date ERP platform vendor is key to improving workplace productivity.

Adoption of ERP platforms and software drives automation. They reduce the number of employees needed for time-consuming tasks that are prone to human error and opens up new job opportunities within your organization where employees might flourish. Human error is a large factor when mitigating customer service issues, especially in organizations centered around healthcare, postal services, or any other industry that might have access to sensitive customer information. In addition, ERPs increase the speed of delivery, which enables better accuracy and QA.

In order to maximize productivity gains, the organization should pay particular attention to efficiencies in two main areas:

- The deployment of ERP platforms
  Organizations must evaluate the way they intend to implement and execute their platforms. They need to assess how they automate the maintenance, deployment, and upgrade process of an ERP platform. This can be a huge task to those who are unfamiliar with ERP deployment, but it is a worthwhile undertaking.

- **Adequate ERP system risk management**
  Organizations also must enable mitigating processes for non-compliance risk, as well as mitigating the risk associated with patches and upgrades. Technology changes often, and while ERP vendors have their own processes for dealing with such changes, it is important to consider the scope and involvement of your company when it comes to address the risks associated with implementing or not implementing ERP.

Once risk and productivity are thoroughly assessed, it is possible to successfully implement ERP, making a dent in workplace productivity issues.

Greater Workplace Reliability

Organizations and their customers both suffer from the unreliability of legacy and out-of-date systems within workplaces. Legacy systems are prone to human error or faults caused by obsolete technology. When these errors happen, decline in customer satisfaction is often substantial. This leaves many organizations standing at a crossroads – should they update their systems and risk further customer services issues if the ERP integration does not go as planned, or risk continual decline as their customer relation processes grow more and more outdated?

With enough forethought, the risk of ERP system integration can be mitigated and the processes that are currently in place can be improved upon. Updates to the QA process and the ability for up-to-date data to drive decision-making from upstream and downstream sources will be necessary. To maximize productivity gains, the workplace should pay specific attention potential efficiencies in two main areas:

- **The reliability of ERP processes**
  This includes the ability to create integrated flows and process sharing, as well as data in the ERP system to avoid duplication and inaccuracies in data.
- **The reliability of people processes**
  Appropriate supporting resources and systems training should be provided to the organization's data team, in order to drive quality of business outcomes dependent on ERP data.

Improved Reporting

A proper ERP system provides sustained management. This is why your company's ERP system needs to be upgraded, assuming it does not provide streamlined help.

Good ERP systems can also integrate with third-party reporting tools to provide visibility across multiple stages within the process. When maximizing productivity gains, the workplace should pay particular attention to maximizing use of these reports:

- **Out-of-the-box Reporting**
  These reports are usually coupled with the system's ERP data sources and are easy to implement with minimal development. Working with these reports first often also eases the company into a smoother implementation.
- **Custom Reporting**
  These reports enable a wider coverage of reporting sources, including reporting on external platforms and processes. It is essential to consider the development costs and business benefits of custom reporting implementation whenever necessary.

03

Assessing Your ERP Readiness

ERP implementation is not something that your company will be able to jump right into. There are many different things to consider when it comes to upgrading or changing processes that have existed in your company for a long time.

It is crucial to spend time and resources on ensuring adequate level of internal preparation to maximize the benefits of an ERP implementation. Consider these organizational units a way to structure internal resources to support the ERP implementation process.

ERP companies call the testing done on ERP systems active load testing, which calculates what their capacity is. In most instances, the process of active load testing looks a little like this:

Core Project Team Assembly

This is done by establishing a project team that is meant to observe and work with different areas of your company. An active load testing team usually includes employees from key functional areas including sales, manufacturing, accounting, purchasing, operations, and senior management. Please note, however, that the project team can vary greatly – depending on what your company's dynamic looks like. The most important part of assembling a project team is that it should ensure adequate representation from all stakeholders, including management, in order to drive strategic planning across ERP functionalities.

Internal Project Manager / ERP Champion Designation

Once your team is assembled, the next step is to hire an internal project manager or ERP champion. This person's role is to drive implementation deliverables, project management, and internal communications as ERP features and functionalities are rolled out. Because this is a separate job from normal project management, consider someone who both has the capacity to manage projects normally and the time to do it alongside their regular job role.

External Resources Determination

In this step, the company creates a list of external resources needed for ERP implementation success at each stage of the ERP implementation cycle. This can be basic at first, but it should eventually extend itself to more specific resources.

Objective Setting

The process of setting objectives is important when executing the ERP plan. In this step, the company sets objectives for what information should ultimately be managed and generated by the new system. Without this step, it is possible to implement a project management tool that does not work for the company, therefore acknowledge objectives is a high priority.

Examination of Current Business Processes

Most people acknowledge this step as a normal part of ERP implementation. Once the team is assembled and the objectives are set, the next step is to examine the current business processes in place. From there, the team will acknowledge what processes are working, and make plans for process remediation before implementing a new ERP system.

Plan Development

Once the preliminary steps have been taken, it is time to draft the plan in question. At this point in the ERP implementation process, the team develops a high-level plan that includes objectives, timelines, ERP selection, implementation, training, and ongoing support processes. This will prove important to the next step.

Budget Development

Once a team is obtained and a fleshed-out plan is in place, it is time to develop a five-year budget. The items within it should include software and hardware costs, implementation costs, additional staff costs, training costs, back up costs, and ongoing support costs. Weighing the costs of implementation against business gains will be critical to future ERP implementation planning.

Never attempt to dive headfirst into an ERP plan. This will only lead to financial losses and other negative effects. If this has happened in the past, try to analyse where your readiness assessment went wrong. Chances are, if your ERP implementation seemed like a failure, there was little planning that occurred beforehand.

04

ERP Implementation Risk Assessment

Every new business process implementation comes with risk. Risk can be mitigated if a proper ERP implementation risk assessment is done beforehand. Here are some of the ways that risk assessment can be carried out prior to implementation.

Stage Gate Review Conductions

A stage gate review is a set of planning decisions used in process implementations to ensure that certain standards are met before proceeding with the next process. Stage gate reviews ensure the quality and completeness of your project plan. At the end of each implementation stage, the executive team and project team should determine if every deliverable for that stage is complete before moving on to the next stage.

A very important part of this process is assessing the quality of work done at each stage. Assess how all the elements of operation have functioned for each area of the business, as well as each business process. Some good questions to ask include:

- Are you addressing business aspects, such as change management, or are you just focusing on technical aspects?
- What methodology and templates are you using?
- What risks have you identified?

Avoiding Project Recovery Services

Is project implementation not going as expected? If so, it is possible to use a project recovery service. However, stage gate reviews can reduce your likelihood of needing

project recovery services, making project recovery a last resort for many organizations. Those who pursue digital transformation can inadvertently skip key project activities and find themselves in need of project recovery.

Assess Project Management and Governance

Effective project management can mitigate many project risks. A good project manager knows who manages the project budget and timeline, while maintaining an understanding of the roles and responsibilities of project team members. Don't feel embarrassed if this doesn't sound like your project or like a good synopsis of the way things operate at your company. It is not too late to develop strong project governance or enhance your management team.

Focus on Organization-Oriented Management

When assessing your project plan, you might notice it's heavy on technical activities and lacking in people-related activities. Keep in mind that your team are the driving minds behind your project. Ask yourself these questions regularly: Do you have a plan for identifying and mitigating change resistance? Do you understand the impact of change on each department and their employees?

Your project plan should include change management activities that promote two-way communication. Communication works best when it's informed by employees' needs and concerns. Investigating the reasons for change resistance and determining the skillsets employees lack allows you to develop a change management plan that addresses every concern – both at the departmental and individual level.

Focus on Business Process Reengineering

Business Process Organization, or BPO, is the process that allow businesses to streamline their workflow. As technology advances, business process reengineering is needed to help everyone adapt to changes in technology.

Many project implementation plans lack focus on business processes. This is equally as problematic as a lack of focus on people, because it neglects the fact that your business is driven by technology.

If you've noticed that your business plan neglects business processes, business process

reengineering may be a good addition. Business process reengineering ensures that a new ERP system has the functionality to support your organization's goals. Subject matter experts will help you determine business requirements and identify opportunities for process improvement.

For every process you improve or redesign, change management becomes more essential. Be sure your project plan considers the interdependency between business process reengineering and organizational change management.

Assess Your Data Migration Plan

Data migration is a step that plan leaders don't like to think about. It involves the movement of critical information – both internal and external. Any wrong moves during data migration can spell disaster for both you and the company.

So, how do you avoid such issues? Organizations who develop a data strategy prior to implementing ERP software are more successful with data migration. The process is still difficult, and there is still potential for things to go wrong, but it doesn't cause operational disruption because you have an emergency plan on hand.

Best practices for data migration include:

- Setting milestones prior to pilots and well before implementation
- Conducting multiple conference room pilots
- Aiming for 25% of your data converted and cleansed for the first conference room pilot
- Aiming for 50-75% for the second conference room pilot
- Achieving 100% for the third conference room pilot

Assess the Level of Customization Within Your ERP

Customization in our companies' tools is important to keep brand names alive and well. Permitting customization within an ERP system allows your ERP to work with your company's needs, meeting the demands of an increasingly technological world.

Software customization is costly, so it's important to plan for it early to avoid going over budget. Budgetary issues are one of the most highly cited problems associated with enterprise resource planning and business process transformation. You may find a lack of project controls while assessing your project governance around customization.

Here are some ways you can assess whether your company practices good project governance for customization:

- Your project governance includes predefined customization limits
- Your project governance plan includes a formal approval process for change orders
- Your company's executives have the final say when it comes to additional customization
- Your company's executives will decide if it's worth the extra cost by:
    - Investigating the reasons behind the change order
    - Assessing inherited risks of the order
    - Reviewing case studies

It might be worth it to reassess your project governance methods and team, if your company is lacking in any of these fields.

Assessing Risk Mitigation Processes and Understanding Uncovered Risks

While assessing your ERP implementation, you may find holes in your project plan. This can equate to unforeseen risks that can potentially damage or slow down day to day tasks in your company. It's not uncommon for organizations to skip organizational change and business process management in order to accelerate their implementation. Even organizations who pursue digital transformation tend to overlook certain change management activities. These oversights occur naturally, but is not a habit that your company should get into.

Fortunately, revising a project plan isn't difficult if the project is still in its early phases. Most executives will not object to more project controls around customization. Some may object to organizational change management, but developing a business case can help you show the value of change readiness.

Risk assessment does not guarantee that things will not go wrong during a project. However, it does grant foresight concerning what could potentially go wrong, allowing you to make plans for it before and during ERP Implementation. After your company assesses the risks associated with implementation, you can then commence with the next step of the process.

05

Establishing a Strategic Plan for ERP Implementation

So far, we've discussed what must be done prior to establishing an ERP implementation plan. If your company never included some of these steps, or if you are finding your company's current processes increasingly outdated or inefficient, it is worth your time to revisit the previous steps.

If your company has just gone through the prior steps, then you can begin the next process: Setting a strategic plan into motion. This looks very similar to active load testing, as active load testing all leads up to this step. Here is what the process often looks like:

Establishment of a Project Team. Based on the outcomes of active load testing, this is where you establish roles on the project. Roles will include employees from all key areas of the business, including sales, manufacturing, accounting, purchasing, operations, and senior management. Roles should be similar to those that were established during active load testing.

Selection of an ERP Champion. This leadership role needs to be held by someone with proven success in leadership, as they will oversee the implementation.

Confirmation of External Resources. This determines what will be required for the project to be completed successfully.

Objective Setting. This determines what information is ultimately going to be managed and generated by the new system. This may very well be one of the most essential steps in ERP implementation.

Development of a High-Level Implementation Plan. The team will need estimate the requirements that come with the plan implementation, including objectives, timelines,

ERP selection, implementation, training, and ongoing support for the handling of the ERP.

Budget Development. After the other five steps have been completed, it is time to consider your company's budget. A complete five-year budget will include software and hardware costs, implementation costs, additional staff costs, training costs, back-up costs, and ongoing support costs.

Developing an ERP implementation plan this way can completely transform how your company does business. Companies unfamiliar with the process, however, do not need to undergo it alone. The selection of a helpful ERP vendor can make the transition a smooth and cost-efficient process.

06

Selecting the Right Vendor and Vendor Risk Assessment

Picking a vendor from the sea of ERP vendors available is not easy. Many businesses wonder how to choose the right vendor for them, or they worry about choosing one that is unhelpful or dishonest. These are some of the ways that companies and businesses of all sizes can avoid picking the wrong ERP vendor.

Develop A Request for Proposal

A request for proposal is essentially a bid sent to interested agencies that tells you what you are looking for in a product and asks potential vendors to respond. Usually, these include a summary of ERP needs, issues with your current ERP platform (if applicable), and objectives for a new system. ERP vendors who are skilled, established, and ready to serve companies will respond to these proposals appropriately.

Source Vendors Based on Your Software Needs.

Unless your company is doing a complete overhaul of their system's technology, you should seek out a vendor who will meet your current software support capability and minimize customization.

Create a Vendor Evaluation Matrix

No step is too radical when it comes to finding the vendor who can address your company's needs. Key criteria for ERP selection are as follows:

- Pricing
- The provided system's ability to fit in with defined company needs
- The needs and length of the implementation process
- Training requirements regarding the system

- What sort of data backup capacity the system has
- What sort of ongoing local support the vendor offers

Considering these distinct needs is important to finding a vendor with the right fit for you.

Send Your RFP

After you have composed an RFP and after you have considered what you are looking for in a vendor, it is time to send that information out to vendors. Once you receive a response, schedule an in-person product demo with their company. Avoid looking into companies that do not provide a free in-person product demo.

Create Questions for Before, During, and After a Demo.

Once you start scheduling vendor demos, you must be prepared to ask questions. Open the floor questions the vendor has regarding the product. Encourage your team to chime in during the demo whenever appropriate. Finally, meet with your team to discuss any lingering questions in the days after the demo. Send follow up questions to the vendor following the demo, and add these responses to the vendor matrix as they come in. Remember that a failure to ask questions means your company has not given enough thought to the process.

Complete a Minimum of Two Vendor/Customer References.

These references should focus on ease of implementation, training, and ongoing support. Making use of customer references is a great way to get clear and informative feedback.

Shortlists and Follow-Ups

When your company has weeded out the vendors you are no longer considering, it is time to follow up with your shortlist. Conduct meeting with your shortlist after carefully evaluating the results of your vendor checklist. Based on your final meeting, discuss how each vendor fulfils your company needs with the ERP implementation team.

Select an ERP System and Related Vendor

Make your selection based on the weeks' worth of work your company had to go through. This final decision should not just include vendor relationship but should also anticipate the software needs.

07

Assessing Total Cost of Ownership & Post-Implementation Success Plan

Unfortunately, the total cost of ownership is not limited to the purchase of and implementation of an ERP system. Ownership is a process, and the calculation of the total cost of ownership is part of ERP implementation.

The modern definition of total cost of ownership (TCO) for business plans was established by Gartner Research in the mid-1980s. In earlier years, identifying, calculating, and measuring the cost of known operational expenses did not involve a methodical, streamlined process. With the emergence of new computing and software technologies, however, the improvement of cost accounting methods was needed. In the ERP market, the Gartner definition became the ultimate rule rather than the exception, as a response to the need for industry updates.

Further history of TCO is not necessary beyond this point, but it is vital nonetheless to acknowledge its place in ERP implementation. Here are some common terms to consider when outlining TCO:

- Capital Development

  Capital development is the need or desire for an enterprise to grow its business systems. In this case, capital development would include the purchase, test, and implementation of an ERP system. The goal of ERP implementation, in tandem with capital development, is to mitigate impacts on measurable enterprise cash-flow.

- **Measured Costs**

  A measured cost is any sort of predicted income. From a TCO calculation perspective, measured costs can include:

  - **Principal pay-back**

    This includes the original investment value, opportunity costs, and initial purchase price.

  - **Interest**

    The cost of borrowing to acquire or construct a long-term asset.

  - **Potential pay-off penalties**

    This includes any additional costs calculated on the original investment value, such as late fees, payment schedule extensions, other administrative/legal costs, and financial products of that nature.

- **Equity or Share Costs Over Time**

  This term relates to the extended costs of completion, or modification of investments associated with a final purchase. This element can also be calculated using share points, where equity is delivered rather than being tendered as a cash value.

- **Risk Management**

  We've already discussed risk management, but its relation to the total cost of ownership cannot be ignored. Risk management planning will cost a little up front, but failure to include risk management as a part of ERP implementation can be disastrous for any enterprise.

- **Upgrade Availability**

  Upgrading when needed is critical to keeping operations functional and relevant. Looking for a system with decent upgrade abilities will save any enterprise significant costs in the long-run.

- **Patch Ability**

  The ability to patch a system is different than a system upgrade. As the name might suggest, a patch ability is one that allows a programmer to fix known issues with a system. This is extremely important when it comes to cyber security. Therefore, finding an ERP system with patch ability can save enterprises thousands of dollars in the instance of a breach.

- **Insurance Costs**

  The expenses themselves are self-explanatory. However, changing your ERP might affect your insurance policies -- especially your liability insurance. Be sure to speak with your insurance agent regarding your insurance costs before and after your ERP implementation plan.

- **Scalability Expenses**

  Expenses occurred during the integration or upgrade of the technology related to your ERP platform are defined as scalability expenses. Opting for a system which uses outdated technology can save money up front, but it does not account for the amount that will be needed to upgrade business processes through that enterprise in the future.

Taking expenses into account, both presently and in the future, will assist enterprises as they determine the total cost of ownership over a period of time.

08

Critical Success Factors for Implementation

There are ways to tell whether an ERP implementation plan will be a success. By evaluating critical success factors, like the ones below, you will be able to plan for successful ERP implementation.

Software

Providing digitized sets of instructions may result in the manipulation, management, and consolidation of individual data records - or the formation of a formal structure that delivers meaningful business and user information. Analyzing your legacy software before diving into an ERP platform implementation will indicate means and methods of success.

Core Platforms

In ERP terminology, this typically applies to modules related to the general ledger, accounts receivable, accounts payable, payroll, and enterprise inventory. Most companies depend upon this software by default, which means that monitoring your core platform prior to, during, and after ERP implementation, can ensure smooth transition and prevent losses in these areas.

Operational Security

In the past, security systems were largely seen as discrete, value-added components with the enterprise ERP segment. However, as cloud computing has become more prominent, fully-integrated security elements have emerged.

From a TCO perspective, the cost of implementing a full-span security system ought to be a stand-alone component, in order to ensure that any affiliated costs are identified accurately.

Low-Level Utilities

Today's cloud-based systems typically include necessary utilities as part of its operating infrastructure. While the cloud approach appears to be emergent, certain enterprise types still demand more traditional approaches to ERP operations.

Custom Builds

To understand the practical cost of a platform, as well as its success, all-in costs of custom builds must be calculated and included within TCO analysis. Whether a custom build is worth it or not is wholly dependent upon the needs of the enterprise.

Linking Code

In the same way that code customization has become critical to today's ERP operations, affiliate or linked code bases that connect current systems with legacy-based systems must apply to any accurate TCO evaluation. This plays an integral role in the success of the operation over the long-term.

Training and Educational Applications

Training and educational applications are a complex part of ERP implementation and analysis, mainly because they require an extraordinary amount of time and money. Part of this problem is based on the perception that knowledge-based systems are not typically believed to be relevant costs relating to the ERP platform itself.

No one has ever seen a resources-based system run itself, populate itself with data, or use resultant information to put a buck on the bottom line. People are needed for the system to work, and without proper training, the success of the ERP implementation will be severely limited. In short, the fully-implemented ERP system doesn't make money, well-trained workers do.

Ongoing Training Programs

Education doesn't stop at the end of training. Stopping an educational venture short shows in the long-term success of an ERP platform, as well as the success of the company overall. Sometimes, an enterprise may be able to simply run the same workforce programs until folks get the point, but that approach often does not work for a host of reasons.

It is always a good idea for enterprises to leave some cost margin in the training budget. Incorporating continued training into the equation is also a great way to promote continued success, just in case you have to try a different set of educational precepts.

Process Re-engineering

There comes a point in every enterprise's life where its existing processes will need to be optimized to make them more efficient. A failure to monitor or a failure to implement continued process improvements may spell disaster for enterprises.

Although implementing these processes can be time-consuming, it is usually much cheaper than the alternative, which is customizing an ERP system to fit an existing (and often non-profitable) process.

Process Auditing Tests

Existing software processes need to be evaluated and audited for many factors, including system usage, functional ERP usage, and optimization of processes for re-engineering. Even though this can take time, failure to do this can result in the poor success of your ERP implementation.

The most successful process audits often include:

- Installation and Integration of hardware and software costs.
- Systems Implementation, otherwise known as the process of ensuring that an information system reaches an overall operational standard.
- Consideration of data migration. Assuming that ERP implementation is driven by an upgrade from one ERP system to another, many enterprises fail to account for the cost of migrating one data store to another. Successful businesses notice this, since the cost of successfully migrating mass data from one system to another can range anywhere between 10% to 15% of its final total cost of ownership. Therefore, failure

to consider this sub portion of process auditing can result in huge financial loss.

- Upgrades. Failure to consider an upgrade often results in the de railing of processes that have been put into place.
- Infrastructure testing. If this element is not accounted for in a proper ERP success plan, then it should be. Monitoring the success of this over time will indicate whether its scalability is being utilized, whether its processes are working, or whether it has become obsolete or not.
- Systems Testing. The more you test an ERP platform before you launch, the more stable that system will become. So, take the time to test the 'guts' of your enterprise. Prove stability, don't assume it. In this case, testing includes:
  - Installation and initial stability
  - Pre-move data stability
  - Post-data migration stability
  - Module integration run-throughs
  - Pre-launch stability
  - Post-spin-up tests
- Stand-in and Special Personnel Auditing. Did you hire an ERP consultant during your implementation? You should also be auditing their success as well. If they are not providing any sort of value to the processes, then it is time to cut them loose for the benefit of your team and the success of the ERP implementation.

Risk Management

An important part of continued success is the consideration and identification of potential vulnerabilities, upgrade availability, and patch and future license management areas. Each allows you to plan for disasters or mishaps that could be easily stopped before any further damage occurs. This includes compliance assurance reviews, risk prioritization, and internal sign-offs.

Scalability Expenses

As your business grows, your ERP needs will likely grow with it. This means implementing new modules, adding more users, or upgrading the system completely if upgrades

aren't included in the purchase or subscription cost. If two years after implementation you choose to add an additional fifty users - plus two modules - then this needs to be accounted for in your TCO calculation. Without accounting for that extra money, you could witness setbacks in your original plan.

Project management costs

Planning out project management costs involves keeping track of how much it costs to keep the implementation running smoothly. This includes calculating the cost of the team members who keep the ERP project on track, as well as the ERP project manager or managers – whether internally or externally.

Legacy Platform Decommissioning Costs & Timeline

Decommissioning your legacy platform takes time and money, so it is important to prepare for it. During this time, your old system will be switched off and your new system will be the new way of life. However, there are important real-world elements to consider. Closing your legacy system to new transactions (and subsequently letting clients know about the switch), reducing the availability of your legacy ERP, and ultimately removing the legacy ERP completely, are only a few examples.

People

New systems are meant to streamline workflows, but they still require the human element that has been used over the decades. Evaluating how much a workforce costs, in terms of defining an accurate TCO, can help make or break an enterprise in the long term, both for a budgetary standpoint and a success standpoint.

Some of the ways in which people and their "by-products" can be monitored include:

- Downtime and outage costs

  This is the amount of time in which your system is offline. It usually occurs during implementation, resulting in non-productive hours or hours when customers are unable to submit orders.

- Reduced productivity costs

  Usually, this includes the time it takes for employees and customers to acclimate to the system, which can have an impact on the productivity of an enterprise. Your

employees' wages remain the same, but their productiveness is limited until the new system goes online. Therefore, you should not leave this 'soft cost' out of your TCO calculation or the cost of buying a support program to cover the time lost.

- ERP project team responsibilities

  Your ERP project needs to be equipped with your best personnel to ensure that your system meets all requirements and implements. Your ERP project team will be spending a lot of time on the ERP project, rather than their day-to-day duties - which means either providing cover for their existing position, or an increase in work hours.

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Post-Implementation Success Plan

All of these elements, along with virtually every other hidden element costing more than the price of a paperclip, should be applied to an ERP TCO in order to understand how the implementation process is going, as well as how much it will cost the company to get it going. Cost, not revenue, is often the primary gating issue when it comes to executing a successful ERP project. That said, each enterprise struggles in different ways during implementation.

It should be clear by now that all critical elements relating to the development and calculation of accurate TCO and ERP implementation are paramount. The next step for you, as a potential customer of an ERP system, is to evaluate where you stand.

Are you uninterested in updating your ERP platform? If so, it is still best to explore options before it is too late for your company. Upgrading technology is unavoidable, and eventually even the best ERP platforms will become obsolete.

Do you have a vendor but are reconsidering your choice?
It's always natural to second-guess choices in life, especially when there are so many great choices out there. If you are second guessing a vendor, however, it might be time to call in other ERP experts and re-evaluate your systems.

Do you have no vendor and are actively looking for one?
Get started on an ERP implementation plan and start requesting free vendor presentations. This will help you on your search, and the right vendor will work with you to make the implementation process as smooth as possible.

The best enterprise in the world, paired with the most cutting-edge ERP system, will fail if cost awareness is not maintained throughout an implementation - since this type of

technical expansion sets up nearly everything else that follows.

ERP platforms are not like other enterprise systems, as they tend to subsume every other affiliate system, rule, and policy within a typical business operating infrastructure. Over time, the ERP platform itself becomes a most critical revenue driver and begins to forms the backbone of all revenue bearing operations. Because of this, your ERP system often becomes the most important part of your continued evolution as a company.

If an enterprise is unwilling or unable to understand its total cost of ownership at the implementation, costs can be reduced over time. Additionally, the failure to plan for failure tends to breed even more failures within the ERP implementation structure. This lack of forethought can hurt a company's bottom line and could even cause a complete shutdown. Therefore, whatever you end up doing, be sure to plan it out – both organizationally and fiscally. Proper planning is the key to successful ERP implementation.

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