CETEC ERP

White Paper

HOW TO GUARANTEE A SUCCESSFUL CLOUD ERP IMPLEMENTATION (TIPS, GOTCHAS, & MORE)

Take the risk out of ERP implementations

ERP implementations are notoriously high risk endeavors. With decades of experience deploying lean, affordable, and successful ERP projects, Cetec ERP can help you remove the risk and guarantee success. The following White Paper discusses tips, gotchas, and more.

What are the most common ERP implementation costs?

The most significant cost of an ERP implementations is Integration. It is always integration. Even more than the licensing ERP providers charge upfront, integration of separate critical systems is usually the most expensive.

"Integration" represents any behavior an ERP provider cannot demonstrate concretely and immediately due to lack of functionality or lack of data transfer/automation. This integration will require extensive technical and/or programming work, and will be the largest expense of any ERP project.

Our advice to avoiding excess integration costs? Pick difficult cases, and acquire specifics.

ERP sales people always demonstrate the easiest and best and flashiest things to do in their system. Sales staff know to say “yes”; when they say that "their team can do that", that's not the same as "it's already supported". That may be hard integration cost.

If possible, make sure and talk to the actual engineer who will be performing the integration work, and acquire a thorough cost/time estimate from *them*, NOT from sales.

Unlike other ERP projects, integration is typically a minor aspect of Cetec ERP implementations. The Cetec ERP product includes many of the feature sets that are normally covered with external product integration, thus simplifying this process and greatly reduces the project risk, uncertainty, and ultimately cost.

Be aware of soft costs and project length

Consider soft costs, e.g. level of disruption to daily business and operational instability. Do your best to quantify soft costs and opportunity costs, and make decisions accordingly to maximally avoid and/or shorten these.

The length of an implementation project is an obvious soft cost. ERP implementations are infamous for dragging out indefinitely. Pin down details with the provider: if an implementation is projected to go long, find out exactly what is the reason for that length. Get specifics! Implementation projected length can be a very interesting indicator of total expected project cost as well.

Other common ERP project costs to consider include:

- Server costs
- Regular server administration
- Support costs
- Software maintenance and upgrades
- IT admin costs, e.g. installation and updates of software on desktop PCs
- Additional licensing needed to run the product (those licensing, and their respective support fees associated with those licenses), e.g. SQL server licenses
- Other hardware requirements, e.g printers, barcode scanners, etc.
- How much consulting will be needed, and what's the hourly rate?
- If customization or integration work is needed, what is the hourly rate, and who will be performing the development? Are they located in the USA? Are they in India billing at USA rates? If so, then you need to double the amount of time to account for items lost in translation, etc.

Note that Cetec ERP skirts many of the above cost factors due to modern, license-free technology and nimble cloud deployment.

Four Milestones For Success

Take care to hit the following four milestones out of the park and your ERP implementation will be successful: 1- Integration; 2- Data Migration; 3- New Process Implementation; 4- User Training.

Integration

Make sure the software product already includes every key area of functionality your business needs fully integrated out of the box. Budget carefully if there are any areas of integration that will need to be custom to the project. Prove these aspects of the project in a test system ahead of the implementation.

Data Migration

Create a plan to migrate data to test environment 1-2 months ahead of time with software driven, reproducible scripts to map data into your ERP “test” environment. Perform rigorous validation of any and all data imported, and communicate changes/refreshes as needed ahead of go-live. This will smooth out the path for implementation. By the time your company is ready to “go-live”, the process of direct cutover will be relatively mundane, i.e. stable!

Process Change & Implementation

Enforce process change from the ***top down***; company management must be 100% behind the change and enforce process changes accordingly. Try to foster a company culture that is not averse to change. Make an example out of anyone unwilling to change. Lack of leadership will kill the project, as ERP implementations represent an enormous amount of change.

User Training

Train the trainers. Train key departmental users with valid data on critical job functions ahead of time. Document critical functions and processes on paper and provide the user base with them to use as reference. Bring in system experts to train the super users while physically on site.

Phase 1 (Go-Live) Versus Phase 2 (Improvement)

Create a phase one launch plan where the primary goal is operational stability and continuity. This plan will include moving core business functions together as a unit, e.g. order processing, purchasing, inventory control, warehousing/receiving/shipping, and accounting. The interrelated dependencies between these system functions are vast, and phasing out implementation of each requires redundant data entry and transactions to maintain the implementation, which usually redounds to a costlier implementation than simply knocking it out all at once. Focus on business critical functions (e.g. receiving product, shipping product, sending invoices, applying cash, closing A/R, etc.) Don't be distracted by the "nice to have" aspects of the system; not yet. These can usually be segmented and treated as a "phase two" to optimize smoothness of implementation and operational stability, e.g. CRM, Shop floor (routing, work instructions, labor tracking), Quality control, etc. These do represent key operational areas and "low-hanging ROI fruit" to take advantage of at their own pace as part of a Phase Two migration from paper/spreadsheet processes.