

Enterprise Resource Planning (ERP) Best Practices

1. **Enterprise Resource Planning (ERP) system deployments are among the most complex, risky and costly system projects.** ERP generally refers to integrated application software which supports an enterprise's end-to-end business transactions using a common database and presenting users with a common user interface and standard methods of accessing data and functionality
2. **Clearly articulate and document why your organization requires an ERP.** Committing to an ERP deployment is committing to a cash investment of a non-trivial percent of your company's annual revenue. It is a multi-month -perhaps multi-year- software project in which your best and brightest employees must take project and leadership roles. Payback is not assured and customer-facing risk is high. Match your documented, pain points against ERP functionality, benefits, cost and risk.
3. **Create a financially factual business case to justify the ERP investment.** Include internal employee project time as a cost. Be rigorous about anticipated benefits. Use your company's typical payback period and hurdle rate to justify the investment (any exception to this should be approved by your organization's highest-ranking financial officer). Implement a process that manages the business case with the same level of detail as the ERP implementation project plan and use project governance to approve business case changes or exceptions.
4. **Your organization's most senior leadership must embrace and own the ERP project and business case.** An ERP deployment is a strategic corporate initiative. Your CEO and their direct reports must be accountable for its success. If you have a board, they should approve the investment and be regularly updated on its status and progress. Senior leaders without 'skin' in the ERP project are a future source of project failure.
5. **Hire an experienced implementation partner early in the project lifecycle.** Find a firm that understands the ERP landscape and has practical implementation experience with your short-list ERP candidates. This partner will be with you through the life of the project, you will include their costs in the project costs and you should treat implementation partner selection with the same rigor that you will use to select an ERP.
6. **Create a project structure and staff with the best-and-brightest employees.** The team should be full-time on this strategic project and will include members from your company's end-to-end organization. This is not an IT project and the team's make-up and leadership should reflect the strategic business goals of the project.
7. **Use a formal process to determine if an ERP package will meet your business requirements.** Avoid customizing or adding additional software packages to make up for any ERP shortcomings. Be completely prepared to change your company's business processes to match the pre-built business processes of the ERP package rather than changing the ERP package. When customizations get into the high double digits expect that your business case may need to be reviewed and changed.
8. **Change Management starts early.** Market the project internally, especially to customer-facing employees. Involve end-users in testing and certification. Budget enough money for training. Don't forget external stakeholders like customers, suppliers and other partners.
9. **Chase the benefits.** After go-live and stabilization use the project team to monitor benefit realization, ERP acceptance and business case attainment. The project is not finished until the business case is realized.

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eCommerce Diligence™ Checklist

ERP Key Questions to Ask Providers

Company

1. What percentage of your business is in our industry?
2. What is the average all-in cost of an implementation as a percent of your customer's revenue?
3. What is the average implementation duration?
4. What is your year-over-year growth in licenses?
5. What is the average number of customizations?
6. Who are your reference accounts in our industry?

Products/Services

If perpetual license:

- a. What are the hosting requirements?
- b. How many environments will I need to maintain?
- c. How often to you release a major update?
- d. What is the average time for your customers to upgrade to a new release?
- e. What is your patch cycle?
- f. How often do your customers apply patches?
- g. What are your after launch support services?
- h. Which third parties provide implementation support?

If SAAS/ASP:

- a. Is your platform single or multi-tenant?
- b. Do all tiers include maintenance and support?
- c. How often are new features introduced? What do I do if I need a feature you don't have?
- d. What level of online security do you provide?

1. What technical support services are available? Is your support team located in the US or abroad? What is your SLA for support issues?
2. Do you have a support knowledge base, community forum, or applications that are shared by customers?
3. Do you have periodic user meetings?
4. How would we get off your platform?
5. Do you have a standard implementation methodology? Must it be used?
6. Do I own and control my data?
7. Do you have an independent customer advocate? Who in your executive team will we be able to contact? Do you provide project audits? Do you provide a customization layer, enabling customers to make updates without disturbing customizations?

Features

1. Describe your base ERP modules?
2. What key features are included in your solution?
 - a. What features are currently missing, on your roadmap?
3. What is your product's competitive advantage over other packages? Why?
4. What other modules are part of your offering?
5. What pre-integrated software from other vendors do you support?
6. How would we get on your roadmap committee?
7. Do you support out-of-the-box SOX auditing?
8. Describe your localization/globalization features and functions
9. Do you support sales tax/VAT calculation without customization or purchase of additional software?
10. Describe your internal and external portal capability
11. Are your applications web-based?
12. What is your preferred technology stack?
13. Can we use Linux server technology?
14. Does your product accommodate phased deployment?
15. Can your product co-exist with our legacy systems?
16. What 3rd party integrations do you provide?
17. Do you provide customized ETL functionality?
18. Do you provide tuning and performance testing expertise?
19. Describe your management console(s)
 - a. What can I manage with it?
 - b. Does it include reporting and a dashboard?
 - i. Please describe your reporting capabilities (batch vs. real-time, ad hoc, etc.).
 - ii. Please provide a list of standard reports.

Pricing

1. Do you price by the user, concurrent user, server, site, or other?
2. Why do I want to pay to upgrade to the next level? How many past versions will you support?
3. How do you charge for annual support? What about maintenance?
4. Are there any additional fees (e.g., implementation, transaction costs, revenue sharing)?

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