

10 Strategies for Choosing a Midmarket ERP Solution

For a midsized company, finding the right ERP system is a tall order ... but that's not necessarily a bad thing.

Descending upon the midmarket enterprise-resource-management space are big-name vendors now hawking ERP (Enterprise Resource Planning) solutions. Oracle Corp., Microsoft and to some degree SAP are now barreling down on smaller companies that are contemplating an ERP move. Naturally, vendors that have long catered to midsized enterprises are reacting to the entry of these giants. With a little savvy, midsized companies can make this new market dynamic work to their advantage. To leverage new realities of the midmarket ERP sector, customers might want to bear in mind the following 10 strategies when shopping for a midsized ERP solution, including tips for getting the best ERP deals and advice on how to roll solutions out quickly.

1. Name-drop. By all means, let the smaller ERP vendors know that you are watching the big guns. "There is now extraordinary pressure on traditional midmarket ERP vendors. This means that customers can and should get a richer set of features and better industry-specific solutions from all ERP vendors serving the midmarket," noted Andrew Robinson, a managing consultant with PA Consulting Group, a firm that regularly advises customers on adopting ERP and other major applications. Robinson cited Lawson Software, Epicor Software Corp. and Infor as vendors to watch as the dynamics of the market shift.

2. Don't settle for second best. Whether your company decides to go with a solution offered up by one of the software giants scouting the midmarket or run with one of the classic vendors dominating this space, don't fall for a solution that amounts to a skinnier version of the original. In fact, you can probably count on the fact that some of the midmarket mainstay vendors will bring up the dangers of buying ERP solutions from the bigger players. "Epicor does not need to offer stripped-down or 'templated' versions of its solutions to the midmarket. Our solutions are manageable in terms of cost and functionality and are well suited for the smaller, midsized company," said James Norwood, Epicor Software's vice president of product marketing. Norwood points to the company's Epicor Information Worker (IW) as a product tailored for midsized companies, since the solution packs basic CRM and ERP functionality along with supply-chain management functions and presence technology — all of which can be accessed via Microsoft Outlook, Excel or other packages.

3. Do the hustle. Regardless of the vendor you pick, look for reassurance that the solution you go with will roll out rapidly in the SMB (small- to medium-sized business) world, advised Scott Salomon, president of 3RP Co., which works with customers to implement ERP solutions using applications from Oracle and others. "The budgets in the SMB market are not designed for long and burdensome implementation. The key is to implement and deploy the ERP solution; to understand it and to expand the solution as knowledge and need dictate," he said. 3RP recently worked with a manufacturing company to rip out an existing, unsupported ERP system and replace it with Oracle's E-Business Suite, which has allowed the customer to phase in financials, human resources and manufacturing-specific applications.

4. Think outside the (shrink-wrapped) box. Many SMBs are forgoing traditional means of buying and installing ERP solutions as IT executives discover the power of SaaS (software as a service). For example, Plexus Systems Inc. designs ERP and other systems, mostly for manufacturing and engineering customers. The company's Plexus Online makes use of the SaaS model to provide more than 350 functional modules, including ERP. "Manufacturers pick and choose the modules needed for their unique business operations," said company president Mark Symonds. BScaler Inc. is another company touting the benefits of ERP and other applications delivered as a service. Specifically, the company sells its SaaSPlus solution, which wraps in many of the capabilities of its flagship BScaler product, including workflow and other back-office applications.

5. Make it a double. For an SMB, it makes a lot of sense to take the CRM plunge in tandem with an ERP investment. "The key feature many businesses are looking for in an ERP solution is true integration of back-office business processes with the front-end customer-management and sales data offered by CRM," said Bill Lyons, vice president of Glovia Services Inc., which offers GSIInnovate for AppExchange, as a fully integrated ERP-CRM solution targeted at the smaller market. Indeed, many vendors claim that their ERP solutions are bumping up against functionality long isolated to CRM applications. However, Lyons offered this word of caution: "True integration of ERP and CRM is hard to find and can be difficult and expensive to implement."

6. Widen your search ... both literally and figuratively. Many midmarket vendors are now injecting enterprise search capabilities into standard ERP offerings. "We have added an Enterprise Application Search (EAS) tool, which integrates powerful Google-like functionality directly into IFS Applications," said Jorge De Freitas, CRM senior product advisor at IFS. IFS Applications is a middle-market solution that also combines CRM capabilities with ERP back-office applications.

To make your search for the right ERP solution cover even more territory, look for other functionality not typically associated with ERP. For example, Exact Software has added project-management capabilities that appeal to the midmarket customer in search of the right ERP approach. "We find that no matter the size of the company, there seems to be an intrinsic desire to better evaluate the business performance inside the smaller units of the company. As a result, the need to embrace project accounting-type principles is coming more to the forefront," said Matthew Bather, product marketing manager for Exact Software Americas, which offers Exact Macola ES, an ERP tool set, and Exact e-Synergy, a front-office CRM solution set.

7. Be open-minded. Consider a look at ERP vendors now touting open-source solutions that make use of Linux operating systems and other open-source software. One example of such a vendor is Compiere Inc. "Our products are freely distributed as open-source solutions without up-front software license fees," said Bill Freedman, director of marketing. Although customers can expect charges attached to specific functions and service contracts, piggybacking on open-source solutions can drive down the cost of an ERP solution, Freedman added. OpenBlueLab and Apache OFBiz are other organizations developing open-source ERP and CRM applications.

8. Exercise your individuality. For midmarket ERP customers, it will be very important for vendors to be knowledgeable and sensitive to the unique needs of a specific vertical, according to PA Consulting Group's Robinson. "Many of the midmarket packages have a focus within a sector, for example process manufacturing, or an industry, such as medical devices. This is part of their heritage, and for the most part, many vendors continue to be strong in this regard," he said. Midmarket ERP vendor The Sage Group PLC plays up its ability to specialize in verticals, such as retail. "Our ERP solutions offer comprehensive accounting functionality. However, those packages created for the retail or small-market companies have been greatly simplified," said a Sage Group spokesman, who cited Sage MAS 90, MAS 200 ERP, MAS 500 ERP and Sage Accpac ERP as the packages likely suited to most SMBs.

9. Keep it clean. Regardless of the specific solution that an SMB eventually settles on, IT executives will want to maintain stringent management policies to maximize ERP performance. “Data management is a must with any good ERP as so much ERP data passes to other systems,” said Kenneth Kelly, managing principal for Strativia LLC. “Thus, there is a need to keep it clean and usable by disallowing the entering of a lot of garbage. To do this, many systems prevent a lot of free text fields. Instead, you must select from a choice of predetermined answer options.” Strativia has helped many companies develop ERP systems using a variety of solutions, including SaaS and packages from Oracle and NetSuite Inc.

In addition to being clean, data must be kept up-to-date, according to Bill Munn, president of Com V Ltd., a consulting and training firm that works with enterprises on ERP and other endeavors. “If data is not current and if it isn't maximized to produce conquest sales, as well as shorten existing customers' buying cycles, the enterprise will experience only nominal growth after investing in ERP,” said Munn.

10. Multitask. In the end, the single most imperative rule is to realize that ERP — in markets large, medium and small — is emerging as a springboard for other applications. Even a partial list covers a lot of territory, since ERP is now seeping into the following areas:

- CRM
- Sales and marketing applications
- Business performance
- Business intelligence
- Business analytics
- Workflow
- Document management
- Supply-chain management
- Human Resources
- Budgeting
- Project accounting

Yet instead of feeling overwhelmed by these many hooks into other applications, think of your investment as a major move to incorporate a plethora of functions that can boost the effectiveness of internal systems and your company as a whole. After all, with the giant software vendors eyeing this market and traditional players hustling to hang on to market share, your business is in great position to craft a solid deal to get the system you want at an attractive price.