Buyers' Guide to ERP Business Management Software

Cloud UK White Paper

1.   Introduction

When you search for "ERP" or "Enterprise Resource Planning" on the web, the sheer amount of information that appears can be overwhelming — not to mention a little confusing. Every website seems to have its own definition of ERP, and one ERP implementation can vary widely from the next. These differences, however, underscore the flexibility that can make an ERP system such a powerful business management tool.

To understand how an ERP solution can transform your business you need to take a step back and think about all of the various processes that are essential to running a business, including inventory and order management, accounting, human resources, customer relationship management (CRM), and beyond. At its most basic level, an ERP solution integrates these various functions into one complete system to streamline processes and information across the entire organisation.

The purpose of this buyers' guide is to explore the value ERP can bring to your business, look at how Cloud ERP solutions now open the door for businesses of all sizes to benefit, and highlight some of the considerations you will need to make before implementing an ERP system successfully in your business.

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2.   The value of ERP to your business

At its core, an ERP solution helps employees do their jobs more efficiently by consolidating the use of disparate systems, removing isolated spreadsheets and breaking down barriers between departments or business units.

More specifically, an ERP solution:

● **Gives a global, real-time view of data** that can enable companies to make proactive decisions using that data to drive improvements and capitalise on opportunities

● **Automates core business operations** such as lead-to-cash, order-to-fulfilment, and procure-to-pay processes

● **Improves financial compliance** with regulatory standards and reduces risk

● **Enhances customer service** by providing one source for billing and relationship tracking

With an ERP solution, employees have access to central, accurate information in one place that enables them to make better decisions faster. Not only that, but ERP software helps to eliminate redundant processes and systems, dramatically lowering the cost of doing business overall.

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3. Cloud ERP vs. On-premise ERP

One of the first decisions you will face when buying an ERP system is whether to go for a Cloud-based ERP solution or one that's installed on servers managed locally, also known as an on-premise solution.

On-premise ERP solutions — are installed locally on your company's hardware and servers and then managed by your IT staff.

Cloud ERP solutions — also called SaaS, or Software-as-a-Service — are provided as part of a subscription through a multi-tenanted platform (see below). With this type of deployment, a company's ERP software and its associated data are managed centrally (in the "Cloud") by the software vendor and are accessed by employees using a web browser on a laptop, desktop or mobile device.

Multi-tenancy SaaS vs. Single tenancy hosted applications

In Cloud Computing, multi-tenancy means that a SaaS (Software-as-a-Service) vendor provides a single version of its software for all its customers. This differs from a single-tenant hosted solution, where the application is housed on a vendor's server but the codebase is unique for each customer.

Although all users of a multi-tenant solution access the same foundational components, the data and configurations are specific to each customer are these are stored in a separate and secure container. Users can access all the capabilities of the software, but their data is never shared.

Advantages of multi-tenancy SaaS over third-party hosted, single-tenancy applications include:

● **Lower costs**

With a single-tenancy-hosted solution, vendors must build out their hosting environment to accommodate new customers. In contrast, with a multi-tenant SaaS solution, new users get access to the same basic software as all other customers, so scaling has far fewer infrastructure implications.

● **Ongoing maintenance and updates**

End users don't need to pay costly maintenance fees in order to keep their software up to date. New features and updates are automatically included with a SaaS subscription and are managed and deployed by the vendor.

● **Existing customisation and integration with third party applications are unaffected by upgrades**

Although on-premise applications and single-tenant-hosted solutions are often customised, this is often time consuming and costly, and requires changes to core application code. This can result in lengthy, expensive upgrades due to incompatibility with your customised code. Most multi-tenant SaaS solutions are designed to be highly configurable so that businesses can make the application perform the way they want without changing the underlying code or data structure. Because the code is unchanged, upgrades can be performed easily.

● **Uptime, continuity and system performance are managed by the vendor, not the customer**

Multi-tenant SaaS providers invest significant amounts of money and effort into ensuring uptime, continuity, and performance, as any system issues could impact all customers. Although this sounds dangerous, it's beneficial to end users. In a single-tenant environment, if there is a service disruption, it may affect only one customer, meaning that the vendor might be slow to respond and fail to take the necessary steps to ensure the problem doesn't recur.

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Factors to consider when evaluating options for on-premise or Cloud-based software

The table below highlights some of the common benefits and drawbacks associated with on-premise and Cloud-based ERP systems and provides examples of questions you may find useful to ask software vendors when evaluating different systems.

	On-premise ERP system	Cloud-based ERP system	Ask vendor for:
Ownership costs	Usually requires large upfront and ongoing investment to purchase and manage software, hardware, servers and IT staff to maintain the system and keep it secure.	Typically much lower initial costs as software is accessed through an Internet connection, plus the ERP provider hosts and maintains the IT infrastructure for you.	Details of the different levels of support they provide to support users and keep your business systems up and running?
System upgrades & enhancements	Although systems can be customised to meet specific requirements, customisations are tied to your existing deployment and not easy to re-implement when a new release is available. This can lead to costly upgrades or the use of outdated software.	Can be customised to meet specific requirements and as updates are handled by the software vendor you can be sure you're always using the latest, most advanced version of your ERP software, whilst retaining any customisations.	A process workflow showing how they handle system upgrades, roll out new functionality and communicate the impact of these to users?
System performance	Requires significant IT investment (people and time) to ensure optimal performance levels are maintained which are often difficult to report on.	Designed and optimised with high performance rates which adapt to your needs and account for usage spikes in your business.	A breakdown of their system's availability and uptime performance statistics.
Security	Security levels are dependent on the resources allocated by the IT department.	Leading Cloud ERP solutions all adopt bank account grade security, delivered as part of the service provisioned.	Details of the systems security credentials.
Accessibility	Accessible on desktop and laptop computers with limited accessibility to data when on the move.	Available any time on any device with an Internet connection.	Details of compatibility with the range of mobile devices, browsers and hardware used within your business.
Deployment speed	Time can often be lost procuring the suitable hardware and infrastructure. **Typical deployment time:** 12 months.	No time wasted procuring hardware or installing IT infrastructure. **Typical deployment time:** 3-6 months.	Examples of deployment plans for businesses with similar challenges to yours.

4. Why businesses are moving to Cloud ERP systems

Cloud ERP provides a competitive advantage for businesses of all sizes that seek to grow their business and reduce the costs associated with managing traditional on-premise software and hardware. The following benefits are regularly achieved by businesses that switch to the Cloud:

Flexibility/agility

In reality, traditional on-premise ERP systems do not provide the flexibility and agility they were brought in to deliver in the first place, and therefore restrict business growth and development. The whole purpose of Cloud ERP is to provide a truly integrated solution, which provides the right information, based on an individuals specific role, at the right time. Allowing them to make more informed decisions and adapt to changing market conditions.

Consider; would a role-based dashboard providing real-time KPI's be useful to department managers in your organisation?

Scaling to match growth

Cloud ERP solutions are designed to support businesses ranging from less than 10 employees to over 10,000. This enables you to concentrate on growing your business, whether that means expanding internationally, preparing for IPO, looking to strategically acquire, or pursue joint ventures, Cloud ERP removes the constraints associated with traditional ERP solutions.

Consider; how quickly could you deploy your current ERP solution in a newly acquired company? It should take a matter of weeks.

Mobility

Today, business professionals demand access to real time information from any location, 24/7. The latest Cloud ERP solutions are accessed from web browsers, but are also now fully optimised for tablet devices and smart phones.

Consider; how much more productive could your workforce be with easy remote access 24/7 to real-time information relevant to their role?

Cost savings

Cost is another reason why businesses are moving to the Cloud. The resources required to run, maintain and update an on-premise ERP solution are considerable. Businesses that move to a Cloud ERP solution now pass all of those costs and responsibilities over to the vendor, saving significant resources.

Consider; how accurately can you predict your IT spend in the next 12 months and what will this deliver?

Security

Data security is occasionally flagged as a potential risk with Cloud-based applications, however today's leading ERP solutions all adopt bank account grade security. An important standard to check for is ISO27001, which covers the management of sensitive company information. Some ERP vendors also provide several layers of access management, 128-bit encryption and strong password policies for additional peace of mind.

Consider; how proactive is your business currently at maintaining the security of your sensitive information?

Automated updates

One of the advantages of any Cloud-based application is that software updates are under the control of the service provider rather than the user. Many IT departments avoid updating to the latest version in fear of disrupting customised functions which leads to the use of running out of date software very quickly.

Consider; what best-practice functionality are you missing out on due to not updating your software?

Gaining a 'single version of the truth'

Business Intelligence (BI) is one of the most important management tools to come out of the holistic approach that an integrated Cloud ERP solution can provide. The trick is to have the right sort of data available in the right place, and at the right time to make timely decisions. The single version of the truth that comes from building all business management around a single database containing all relevant data makes it possible for managers to examine every angle of every business question they are likely to ask.

Consider; how easily could you currently answer questions such as 'what is going wrong?' and more importantly 'why is this happening?' and 'what needs to be done to stop it?'

Compliance and Governance - almost as a by-product

Every business is now governed by a growing list of regulations and best practice requirements that must be complied with, a responsibility, which is complicated by the different countries and sectors you operate within. The use of a single database gives businesses one point of management for all aspects of compliance and governance. It becomes possible for the ERP software vendor to build them into the core business system. For example, any ecommerce should comply with PCI-DSS for Payment Card security, and service providers should be ISO27001-compliant.

Consider; what will you do the next time a new piece of legislation or best practice requirement is introduced into your sector?

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5. Recognising the need for a Cloud ERP system within your business

There are a number of factors in the development and growth of any business, which will point it towards a move into the Cloud for its vital business management environment.

Answering the following questions will quickly uncover whether your current on-premise ERP solution is capable of supporting the future strategy of your business.

Questions to answer:

- Is your business experiencing rapid growth?

- Is your business seeking new markets to enter?

- Does your business operate in multiple geographies?

- Are you reliant on spreadsheets to consolidate information between departments and regions for reporting?

- Would employees benefit from having real-time access to your business applications 24/7?

- Does your business plan include mergers, acquisitions or a probable IPO?

- Will your current business management systems be able to support your future business requirements?

Cloud ERP solutions, which as we've discovered now provide a significant proposition and opportunity to every single business, regardless of their size or the sector they operate in

6. Conclusion

The term ERP means many things to many people, however consolidating systems, improving visibility of information across the organisation for faster and more informed decision making, automating processes and moving towards a single version of the truth, are all characteristics which businesses using an ERP system have in common to some degree.

The challenge now for businesses is weighing up the value of further efficiency gains and flexibility to support growth alongside the cost efficiencies offered by Cloud ERP solutions, which as we've discovered now provide a significant proposition and opportunity to every single business, regardless of their size or the sector they operate in.

NetSuite Inc. is the industry's leading provider of cloud-based financials / Enterprise Resource Planning (ERP) and omnichannel commerce software suites. In addition to financials / ERP software suites, NetSuite offers a broad suite of applications, including accounting, Customer Relationship Management (CRM), Professional Services Automation (PSA) and ecommerce that enable companies to manage most of their core business operations in its single integrated suite. NetSuite software allows businesses to automate operations, streamline processes and access real-time business information anytime, anywhere.

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The Cloud Industry Forum (CIF) was established in direct response to the evolving supply models for the delivery of software and IT services. Our aim is to provide much needed clarity for end users when assessing and selecting Cloud Service Providers based upon the clear, consistent and relevant provision of key information about the organisation/s, their capabilities and operational commitments.

We achieve this through a process of self-certification of vendors to a Cloud Service Provider Code of Practice requiring executive commitment and operational actions to ensure the provision of critical information through the contracting process. This Code of Practice, and the use of the related Certification Mark on participant's websites, is intended to provide comfort and promote trust to businesses and individuals wishing to leverage the commercial, financial and agile operations capabilities that the Cloud-based and hosted solutions can cover.

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