



Do You Need New Enterprise Software?

10 Key Questions to Ask Before Deciding

We define Enterprise Software as a product that integrates multiple business activities. This includes common administrative functions such as accounting, human resources, payroll, and financial reporting with operational areas that may include manufacturing, order management, inventory, and project execution.

Utilization of enterprise software in a leading-edge manner can have a profound impact on the success of an organization. However, these systems are, without question, difficult and costly to install. Given this, the move toward a new or replacement system should be considered carefully.

We've developed the following 10 key questions in order to help assess your organization's need, and readiness, for an improved enterprise platform:

1. Are you *really* ready to address the lack of operational coordination within your organization?

The use of disparate, non-integrated systems in an organization can result in a lack of visibility across your company's operations. Data will often need to be entered multiple times into different systems, and consistent reporting across the organization will not be available.

However, lack of appropriate software isn't the only reason for these inefficiencies. The prevailing culture in some companies reinforces the implementation of individual systems that accomplish tasks in isolation with data "silos" being the end result.

Many enterprise software implementations fail not because of the software itself, but because these organizational issues aren't addressed early enough in the process.

2. Have you exhausted all the functionality in your current product?

We're surprised how often the notion of new software is entertained before closely examining the products currently owned. While the in-place software may not be the most leading-edge product, often, available functionality is relatively un-used.

A good low-cost first step in improving your business processes is to work with an implementation consultant skilled with your software to address problem areas and review needs for additional training.



Also, third party products often are available to fill frequently experienced “gaps” in your current system. These products can fill a void with specialized functionality and may be developed in a way that allows easy integration into your current environment.

3. Are you concerned your current software will not support the planned growth of your organization?

For growing organizations, you may encounter limitations in your current software in two distinct areas:

The first is processing capacity. Much modern software is built utilizing scalable logic and database components. However, software targeted toward very small businesses, or products built several “technology generations” ago, may not be able to grow with your business. Be particularly careful to monitor processing durations for critical areas that are time constrained.

The second area where growth can cause issues is lack of needed functionality. If your growth comes from an existing line of business, this may not be a concern. However, if growth is from expansion into new areas, your current software, while very effective in your present market, may not support the functionality needed in your new endeavor.

4. Are you concerned about the viability of your current software vendor?

Software vendors tend to follow a predictable pattern. Often, an upstart vendor with leading-edge technology will start winning business from the incumbent vendors. Over time, and with some success, the successful software vendor can become complacent and is tempted to invest maintenance revenue not in features, but in enhanced short-term profitability for shareholders.

Technology then changes, a new upstart begins taking market share, and the cycle repeats. The existing vendor sometimes is aggregated into a larger software firm, sometimes they continue collecting maintenance revenue as long as they have existing customers, and occasionally they’ll close their doors.

Understanding your current vendor’s position in this lifecycle (and that of any new vendor you are considering) is vital. Warning signs we look for are a low ratio of new sales to existing customers, infrequent product enhancements, staff departures on the part of the vendor, an increase in software bugs, and delayed support for modern operating systems and databases.



5. Is there a potential for meaningful process improvement in a new product?

The greatest Return on Investment (ROI) from a software implementation will come from improvements in your most critical business processes. It's important to be able to quantify these results, whether they include improved profit, reduced risk, or some other metric, and articulate clearly how the new product will achieve the desired improvement.

6. Do you have a successful track record of technology implementations?

Implementing systems and conducting process change is a learned skill. If possible, we often recommend that organizations gain experience with the implementation of products limited in scope.

Building the organizational "muscle" to conduct these improvements will greatly improve the odds of success when it comes to more wide-scale implementations when needed.

In cases where there is relatively little organizational experience with change and a large implementation is needed, consulting assistance can be a wise investment.

7. Are you willing to modify your current business processes to fit a new product?

When you buy enterprise software, you're buying a set of business processes. While some of your in-place processes may be unique to your business and generate a competitive advantage, it's likely that many do not.

When at all possible, it's best to adapt to the software provided processes for the areas of your business that aren't unique (e.g., human resources, payroll, accounts payable).

It is equally important to identify the processes that can't (or shouldn't) be changed in your business and map these to the abilities of any candidate replacement products.



8. Are you willing to commit the time and resources to a comprehensive selection project to identify the best product?

Selecting the “right” product is critical to the overall success of your project. Without a very deliberate and structured approach, there is a significant amount of risk involved in selecting a product that doesn’t fit well or has other shortcomings.

For more information on structuring your selection project, e-mail us at info@OnCourseGroup.net, and we’ll be happy to send along a *Technology Topics* on Software Selections that you may find helpful.

9. Are you willing to focus your entire organization for an extended period of time on an implementation product?

Installing an enterprise software system will require placing a very high priority on the project for your *entire* business for a period of months. The disruption to your business can be significant and care must also be exercised that ongoing business operations continue un-impeded.

10. Are you willing to fund the required investment?

While a great ROI is possible, all enterprise software systems come at a good deal of capital expense. Just how great that expense is will depend on the scope of your business operations and the exact product selected.

When considering the cost of the system, be sure and include not only the initial software costs, but also consulting assistance for implementation, annual software maintenance, server and network improvements, employee training, and future upgrade costs. Our recommendation is to compare these life cycle costs over a four- or five-year term to judge the relative cost of candidate products.

Conclusion

Enterprise software replacements, while costly and somewhat disruptive, can be an appropriate course of action once all elements are carefully considered. If you answered a number of questions in the affirmative, a replacement enterprise system may make sense for your business.

However, just one “yes” to the right question may drive a decision to move forward. This is particularly the case if question #3 (Growth Concerns) or question #4 (Viability Concerns) are answered positively.



Technology Topics is a series of communications by Mike Davidson for clients and friends of OnCourse Technology Group, LLC. To be placed on our mailing list, please visit our website at www.OnCourseGroup.net or e-mail us at info@oncoursegroup.net.

About OnCourse Technology Group - Headquartered in Birmingham, Alabama, we provide consulting services for businesses seeking to improve operations and profitability through the application of Information Technology. Our goal is to become the trusted advisor to our clients in all matters relating to the usage of technology products. Our services include strategic planning, software selection, and implementation project management for a wide range of businesses.

About Mike Davidson – As founder of OnCourse Technology Group, Mike has over 25 years experience bringing value to business through the implementation of Information Technology. His specialties include strategic planning, IT project management, business application strategies, business process design, IT infrastructure design, IT organization design, IT staff development, and vendor management. Mike may be contacted at mike@OnCourseGroup.net.

www.OnCourseGroup.net
E-Mail:info@OnCourseGroup.net, Phone: (205) 383-1790
5184 Caldwell Mill Road, Suite 204, Birmingham, AL 35244

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