

ERP Selection Criteria Series

ERP选型要诀

Part1: The Big Picture – An introduction to choosing the optimal ERP solution

第一部分：概况——选择最佳ERP解决方案

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International businesses face a great number of hurdles when they enter or expand their businesses in China. The list of issues is almost unlimited from managing customer expectations, to ensuring quality in operations, to supplier negotiation. However, time is limited and your resources are finite. Often these and other issues drive us to over plan or to completely avoid planning how a business' information will be managed, for example ERP (enterprise resource planning) systems. In this article we will begin to consider how your company can deploy ERP effectively through good decision-making. In the IT industry we generally refer to this as ERP Selection Criteria.

当跨国公司扩大业务进入中国市场时，通常不得不面临大量的问题。这些问题都是关于如何管理客户期望、如何确保运营质量以及如何与供应商进行谈判。但是由于时间和资源的有限性，通常使得企业运营过分计划或完全不计划如何使用ERP（企业资源计划）系统。本文阐述了公司将如何通过良好决策，有效地部署ERP系统，也就是IT行业通常所提及的ERP选型标准。

Before greatly elaborating on details explaining how to make good ERP decisions, lets consider the outcome. Basically, ERP should only be considered for deployment if it allows companies to more easily, legally make a better profit. If any system, ERP or other, does not assist in realizing this goal, then the IT system (or any business system) and the reason for that system should be challenged. So, as a presupposition to evaluating or choosing a system, management teams need to remember that ERP solutions should primarily assist a company to better perform financially. Given this single business principle, we are ready to consider how most companies should proceed when establishing ERP selection criteria.

在详尽描述如何完成ERP选型之前，我们先来思考ERP能为我们带来什么。原则上，只有当ERP系统能够让公司运行良好，并使其获得更高利润，则才需考虑部署。如果ERP或其他信息系统不能帮助企业实现这一目标，那么该系统及选择该系统的动机都应受到质疑。因此，在评价或选择系统前，管理团队必须记住，ERP解决方案主要是使公司获得更好的财务表现。鉴于这一原则，我们才能建立企业ERP选型标准。

First, a company should strive to clearly understand why it is pursuing ERP. A management team should articulate why the business as a whole (or as a single local entity) requires ERP. By analyzing and stating clearly why ERP will benefit the business, the management team prepares the business to make a good, experience-based, informed decision. Typical, good reasons why companies pursue ERP have included:

- ERP integrates company-wide business units under a unified and standardized information platform
- ERP provides control and visualization of complex business processes across departments and business units

There are many other reasons in addition to these, but these provide a basic idea of a broad-based rational answering why ERP will be beneficial to the business. A minimal strategic reason why a business should invest in ERP solutions should also include providing better management insight into business.

ERP solutions should also aim to provide tactical improvement in operations through:



- Reducing administrative work and associated human effort
- Creating better linkage of management information between business units and departments
- Providing better control and calculation
- Handling details so staff can focus on value-added activities

Second, after understanding and defining how an ERP solution will improve a business, it is important to realistically envision how your business can be empowered through specific ERP functionality. An enterprise should ask: what business processes would truly benefit from automation? What direct financial, operational, logistical, or commercial value can be achieved? Realistically, what solutions, if implemented, could be executed and supported efficiently by the business? In particular, it is vitally important to remember an implementation should not distract your company from conducting its core business once the project is completed. Once these objectives are determined, a management team can begin to develop concrete business requirements for an ERP solution.

When developing the business requirements, companies should first focus on bridging performance gaps that currently exist rather than on opportunity gaps to gain new capabilities. (A performance gap is defined as a difference between actual and expected results that can be "closed" by better performance. This is in contrast to an opportunity gap, which can be "closed" by adapting new capabilities.) Typically, when moving a business on to an ERP solution, the transition is smoother by first focusing on familiar business functions followed by new functionality in subsequent phases. For example, the finance department learning to process month-end closing in an ERP system instead of using spreadsheets would address a performance gap. Having the shop floor move from a "make to stock" to a "make to order" solution would be a change in capability (or competence) and connote bridging an opportunity gap.

Third, it is important to carefully consider what is required to fulfill these business information requirements. Typically, these can be broken into general categories for pragmatic decision making. These categories might be identified as software vendors, implementation

partners, project scope, after implementation support, and total cost of ownership. We will briefly preview each of these in this article and consider these in greater detail in over the next few articles.

- Software vendors and packages: What scale and scope of package match the business. For example, some packages provide extensive financial capabilities, but lack sufficient manufacturing capabilities. Will the package we are considering fit and grow easily as the business grows?
- Implementation partners: Most implementation partners bring some advantage. What is it? Some examples of these might be – strong international best-practices knowledge, a reliable local presence, or particular business know-how.
- Project scope: ERP projects typically succeed or fail based on the planned scope. Choose a scope that your business can comfortably handle; and then, stick to this planned scope. Use scope to drive decision-making. There are no benefits to over or under realizing your business requirements, and yet there are numerous hazards.
- After-implementation support: Businesses and personnel all have to live with the implemented system after the project is completed. So, consider carefully how your business will receive support. Will support be provided primarily from internal personnel or externally provided by a partner or a combination of these?
- Total cost of ownership: Finally, what is the ERP system really going to cost? Total cost of ownership often runs much more than anticipated. These costs include but are not limited to the software license costs, implementation fees, support costs (whether internal or external) and annual maintenance fees. So, consider carefully how the 5 to 10 year costs will add up and affect the business.

Over the course of this series on ERP Selection Criteria we will look in detail at vendors, partners, project scope, after-implementation support, and the total cost of ownership. We will consider 1) how each has an impact on a business, 2) how to evaluate this impact, and 3) how to evaluate your options to successfully choose a solid long-term solution for your business.

