


# ERP EVALUATION Guide



 **NAVIGATOR**

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Deploying a new enterprise resource planning system (ERP) is an important initiative that deeply impacts both your organization's strategy and daily operations. It streamlines your business processes, creates new revenue and cost savings opportunities, and delivers a host of other benefits including a reduction in operational silos and enhanced security.

While the transformational potential of a new ERP system is significant, evaluating and then selecting and implementing a new ERP system also is a significant undertaking.

Properly evaluating the ERP solutions on the market and selecting the right system requires a solid, holistic understanding of your organization and its needs both today and in the future. Implementing, training employees and supporting the system after go-live also is a significant project in terms of time, planning and resources.

Successful ERP deployment comes from considering all phases of the project even before a system has been selected due to the complexity of deployment and the need for a firm foundation with such an important, company-wide project.



This guide is a comprehensive workbook that helps you evaluate various ERP systems for appropriateness before selection and implementation. It does this by guiding you through a series of questions that help define your organization and its needs, establishing basic project parameters, and comparing those needs and parameters against the specifications of the various ERP solutions available today.

The goal of this guide is to clarify the needs of your organization and the project so you can choose the right solution. This guide also has the secondary benefits of laying the foundation for your overall ERP deployment journey and answering many of the questions needed prior to building your implementation team.

The questions in this guide come from more than 20 years experience helping organizations of all sizes with the ERP evaluation and implementation process. While we specialize in SAP ERP implementation support as an SAP-certified Implementation Gold Partner, the questions in this guide are vendor-neutral and serve as the starting point for effective ERP evaluation regardless of the solution ultimately selected.

## How to Use This Guide

Many ERP deployments fail. Most of these failures come from poor planning, limited consultation and buy-in from key stakeholders, and inadequate needs assessment. These problems usually start during the ERP evaluation process.

When working through this guide, it therefore is essential that you fully consider each question and write your answers below in the space provided or on a separate document. Avoid the temptation of treating this guide as a white paper to be read and digested.

Also avoid the expedient of answering the questions in this guide quickly, selectively, or without proper fact-finding. This is a workbook meant for clarifying the needs of your business and understanding how the various ERP solutions relate to those needs. The utility of this guide comes entirely from thoughtfully answering the questions.

Equally important is consultation with key stakeholders within your organization as you answer the questions. Forgetting stakeholder input and making assumptions on their behalf is a leading cause of ERP deployment failure. Without input from stakeholders in each area that will be touched by the new ERP system, project buy-in, resource allocation, needs assessment and adoption all are compromised.

So, treat this guide as a working document and consult with key stakeholders as you make your way through the questions.

# Needs Assessment

Before you can accurately evaluate ERP solutions, you must define key aspects of your organization and its needs.

This assessment includes understanding the lines of business, key stakeholders, headcounts and other specifics such as the software currently in use within the business (both software officially used within your organization and the shadow IT adopted by employees when official solutions prove inadequate). You also should define your organization's goals for the new system, how you will measure project success, and the timeframe needed for completion of the ERP deployment.

**Warning:** Don't answer these questions alone! Seek input from management and key stakeholders in each department that will be affected by the new ERP system. Stakeholder input is perhaps the single biggest indicator of ERP deployment success, and that input should start during the needs assessment phase.

# Company Overview

The new ERP solution will serve as the nerve-center for your organization, so you cannot evaluate and select the right system without first defining your business, its structure, and how it operates. The right ERP solution for a consumer packaged goods distributor will differ from that of a medical device manufacturer, for instance, and a medium-sized business will have different needs and budgetary constraints than a Fortune 500 company.

Similarly, factors such as the number of physical locations and whether the organization plans to grow organically or through acquisition will affect the ERP selection process.

So the first step is defining your organization.

Organization name: \_\_\_\_\_

What is the 4-digit Standard Industrial Classification code (SIC) for your organization?  
\_\_\_\_\_

What are your products or services? \_\_\_\_\_

Why do your customers buy from you? \_\_\_\_\_

What are your existing departments/groupings? \_\_\_\_\_

Who are the stakeholders who will be affected by a new ERP solution?

Finance: \_\_\_\_\_

Operations: \_\_\_\_\_

Logistics: \_\_\_\_\_

Quality Control: \_\_\_\_\_

Sales: \_\_\_\_\_

Service: \_\_\_\_\_

Compliance: \_\_\_\_\_

Other: \_\_\_\_\_

**Tip:** Encourage project buy-in and system adoption by giving employees who have developed processes, workarounds or shadow IT systems a role in the ERP planning and implementation process. This rewards proactive employees, helps you better understand your organization's true system needs, and reduces the likelihood that employees will resist the new systems being put into place.

What is your annual revenue? \_\_\_\_\_

How many employees do you have in total? \_\_\_\_\_

How many employees do you have at each physical location (list each location and the number of employees at that location)? \_\_\_\_\_

How many off-site contractors do you have? \_\_\_\_\_

How many employees and contractors currently telecommute at least some of the time?

\_\_\_\_\_

In which countries do you have operations? For each country, define the following:

Country name: \_\_\_\_\_

Primary languages used for business within the country: \_\_\_\_\_

Briefly describe the local operations within this country: \_\_\_\_\_

Do you have more than one legal operating entity? Briefly describe each legal operating entity:

\_\_\_\_\_

Do you have any legal non-operating entities? Briefly describe each legal non-operating entity:

\_\_\_\_\_

What is the current weekly processing volume for the following types of documents (include both the average and maximum volume):

Sales documents (quotes, orders, contracts, etc.): \_\_\_\_\_

Customer invoice documents: \_\_\_\_\_

Purchasing documents (contracts, orders, invoices, etc.): \_\_\_\_\_

Bank and financial statements: \_\_\_\_\_

Inbound/outbound delivery documents (those without serial numbers):

\_\_\_\_\_

What is the current volume for the following types of activities and groupings (include both the average and maximum volume):



Tasks per project: \_\_\_\_\_

Logistics areas per location: \_\_\_\_\_

Organizational units per legal entity: \_\_\_\_\_

Time confirmations per purchase order: \_\_\_\_\_

How many different fiscal calendars does your organization use for operations?  
\_\_\_\_\_

How many lines of business does your organization operate? \_\_\_\_\_

**Tip:** A line of business is not a division *per se*. A line of business is typically a separate business unit that does something completely different from other business units, and which usually has a different set of operating procedures.

For example, a parts company might have a line of business manufacturing and distributing an industrial part. It might also have a line of business providing field service and repair. A professional services firm, on the other hand, might have a single line of business providing engineering and project management. While this professional services firm has three divisions that target completely different market segments, it still has a single line of business because all three divisions provide engineering and project management.

How many divisions do you have? \_\_\_\_\_

How many physical locations have key users? \_\_\_\_\_

**Defining a Key User:** A key user basically is a power user who will be responsible for maintaining a specific part of your ERP software after go-live, such as financials or human resources. Key users typically manage other users and both security and system settings. They also create custom reports.

How many distinct warehouses and production locations does your organization have?

\_\_\_\_\_

**Tip:** Producing in one section of a building while warehousing in another part of the same building counts as a single location. Multiple buildings you can walk between also typically count as a single location.

How many sites will require on-site training instead of web-based training materials or train-the-trainer education? \_\_\_\_\_

How many distinct warehouses and production locations does your organization have?

\_\_\_\_\_

Do you outsource all or part of your manufacturing process? \_\_\_\_\_

Do your parts or products go out and come back to the same facility, or do they move from one facility to another? \_\_\_\_\_

Do you track multiple sub-assemblies within your ultimate finished product? \_\_\_\_\_

Does quality control impact your business processes? Briefly describe where quality control impacts your processes and how these inspections are structured:

\_\_\_\_\_

What costing method does the finance department use?


\_\_\_\_\_

What is your organization's three- or five-year plan?

\_\_\_\_\_

Does your organization plan to grow organically or through acquisition?

\_\_\_\_\_



What business pains is your organization currently facing?

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What potential challenges does your organization expect in the future?

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What challenges, if any, does each department within your organization face in terms of business processes or IT systems?

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Are there any special circumstances or additional aspects that need to be understood about your organization?

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# Current Software Situation

Your new ERP system likely will replace or augment many of the software solutions currently used within your organization. Understanding current software usage therefore is important for choosing an ERP solution that meets the needs of your business.

Assessing your current software situation also is important for understanding the integrations that your new ERP system will require, and how much customization, if any, will be necessary for maintaining essential operational workflows. These factors can play a large role in defining which ERP solutions are most appropriate for your organization.

What software and cloud services are currently in use at your company? For each software or cloud solution in use, define the following:

Name of software or service: \_\_\_\_\_

Type of software: \_\_\_\_\_

Number of users within your organization: \_\_\_\_\_

Types of users (department, job function): \_\_\_\_\_

Are there self-service users (such as customers or suppliers)? If so, roughly how many:

\_\_\_\_\_

How long has the software been in place at your organization? \_\_\_\_\_

Is the software on-premise or cloud-based? \_\_\_\_\_

**Tip:** Have your key users document all the software they use on a daily basis and what they use it for. If they are bypassing an official system, have them explain why (and make sure you clearly acknowledge amnesty for any shadow IT they mention). Also have them document any instances where they need to duplicate data as part of their work.

How many people currently staff your IT department, and briefly describe their roles and responsibilities (group by function if your organization has a large IT team)? \_\_\_\_\_

How many people on your IT team are responsible for programming as opposed to desktop or network functions? \_\_\_\_\_

What is the internet connectivity at each of your locations (bandwidth and type)?  
\_\_\_\_\_

Do any locations have less internet connectivity or special connectivity needs?  
\_\_\_\_\_

Does your current software have any customizations specific to your organization? Briefly outline those customizations. \_\_\_\_\_

Why are you looking to replace your current system? \_\_\_\_\_

What ERP solution are you currently using, if any (list both the provider and specific solution)?  
\_\_\_\_\_

What additional information about your IT system should be considered?  
\_\_\_\_\_

# Deployment Timeline

For some organizations, an ERP deployment is a scheduled systems upgrade with a large window for project completion. For other firms, rollout is an urgent initiative necessary for growth in a new market or meeting a sudden regulatory need. Understanding the needs around project timeline and the cost of not hitting that timeline can play a role in defining which ERP vendors and support partners an organization should choose.

When do you want to have your new ERP solution live and running (give a specific date)?

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What is the cost to your organization if you do not meet that due date?

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Are you planning multiple go-lives for the ERP system, or will you roll it out to all locations and departments at the same time? \_\_\_\_\_

In what order are you planning to go live if multiple go-lives are expected?

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# Project Goals

All ERP solutions serve as a system of record, but each system has strengths and weaknesses. When evaluating ERP solutions, you therefore should establish the specific goals and process improvements your organization hopes to achieve by adopting the new system. This helps you define which solutions can best meet your needs.

Factors such as ease of deployment, scalability, vendor size and whether an industry-specific solution is necessary also come into play depending on your project goals.

Are you expecting sales or operational growth from the new ERP system?

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What rate of sales or operational growth are you expecting?

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Over what period of time do you expect this growth?

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How will you define a successful ERP deployment project?

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What metrics will you use for establishing the success of the project?

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What strategic goals will the new software help your company achieve?

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What specific process or business improvements are you planning on achieving by deploying the new ERP solution?

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How can you quantify these targeted improvements?

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What is the expected lifespan for the new ERP system?

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How will doing nothing impact your organization's ability to meet its strategic goals over the next three years? \_\_\_\_\_

**Tip:** Write down and have all key stakeholders agree upon the goals for the ERP project. Refer to these goals periodically during your evaluation process as a way to stay focused on meeting the stated goals during selection and implementation.



# Evaluation Specifications

With a firm understanding of your organization, and defined needs and goals for the deployment project, the second major phase is answering key questions necessary for evaluating the various ERP solutions on the market.

Questions you should answer include who will select the system, who will use it, what features are necessary for meeting the goals of your organization, what resources and budgets will go toward the project (including external consultants), and how long various solutions will take to implement.

# Decision Process

Because a new ERP system will impact all areas of an organization, it is important that you define the evaluation process and how decisions will get made. You also should define the key stakeholders who will be consulted during evaluation.

Who will lead the ERP evaluation process?

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Who are the influencers and key stakeholders for the evaluation?

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Will the selection process be decided by an individual or a committee?

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Who or what process ultimately decides which ERP solution is selected?

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Does the decision require board approval?

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Who will sign the final agreement with the ERP solution provider?

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# System Access

Often organizations mistakenly assume that all employees will use the new ERP system. There isn't always a one-to-one relationship between employee count and the number of ERP users accessing the system, however. Not all employees need access, and your organization also might find it beneficial to give rights-restricted access to key external partners.

So as part of your ERP evaluation, you should look at each department within your organization and define who will use the system and how many total users will need access. This plays a role in picking a solution that matches your budget and access requirements.

**Management:** How many people in management will actually use the system beyond accessing reports and informational dashboards? \_\_\_\_\_

**Accounting:** Typically, everyone in accounting will need ERP access. How many people in the accounting department will use the system? \_\_\_\_\_

**Administration:** How many people in administration will realistically use the system?  
\_\_\_\_\_

**Procurement:** If you have a formal procurement department, everyone in that department will typically need ERP access. How many people in procurement will use the system? \_\_\_\_\_

**Sales:** Do sales staff need access to the ERP system? If so, what will they do in the system, and how many sale staff will need access? \_\_\_\_\_

**Marketing:** How many people in the marketing department will use the system beyond accessing reports and informational dashboards? \_\_\_\_\_

**Professional services:** Typically, project managers, consultants, field service agents and anyone who needs to record time, effort or expenses relating to a project task or service will need access to the ERP system. What is the estimated number of people related to professional services who will need access?  
\_\_\_\_\_

**IT:** Will one person be in charge of the ERP system or will it be a shared responsibility? How many people overall will manage the ERP system and need administrative rights? \_\_\_\_\_

**Planning and Forecasting:** Will those who handle planning and forecasting access and enter data directly in the ERP system, or will they perform analysis externally and pass the results to someone else who will enter it into the system? \_\_\_\_\_

How many people who handle planning and forecasting functions for your organization will need access to the ERP system? \_\_\_\_\_

**Budgeting:** How many people maintain the budget within your system beyond sending budgetary spreadsheets to accounting and receiving budgetary reports? \_\_\_\_\_

**Manufacturing:** How many people within your organization work with bill of material documents or engineering change notices? \_\_\_\_\_

How does your organization plan production?  
\_\_\_\_\_

How is your production plan communicated to others internal and external to your organization?  
\_\_\_\_\_

Do manufacturing staff who need access to the ERP system have their own terminals or do they use a kiosk? \_\_\_\_\_

Do manufacturing staff write notes on a paper record and have it entered for them by someone else, or do they enter data directly into the current IT system? \_\_\_\_\_

How many manufacturing staff currently enter production data into the system today?  
\_\_\_\_\_

**Partners:** Are there any external partners such as distributors or suppliers who need access to the system? How many people external to your organization require access? \_\_\_\_\_

# System Requirements

The heart of your ERP evaluation is defining the processes and functionality required of the new system. This builds on the previous work of understanding your organization, and it establishes some of the most important criteria for choosing among the various ERP solutions available.

This also is where you start defining your shortlist of ERP solutions before selection, and it helps map out the internal and external resources you will need for deployment.

What departmental needs must be addressed by the new ERP solution?

Marketing needs: \_\_\_\_\_

Sales needs: \_\_\_\_\_

Demand planning needs: \_\_\_\_\_

Purchasing and sourcing needs: \_\_\_\_\_

Engineering needs: \_\_\_\_\_

Manufacturing needs: \_\_\_\_\_

Quality control needs: \_\_\_\_\_

Shop floor control needs: \_\_\_\_\_

Inventory and warehouse needs: \_\_\_\_\_

Shipping needs: \_\_\_\_\_

Accounting needs: \_\_\_\_\_

Project needs: \_\_\_\_\_

Service needs: \_\_\_\_\_

eCommerce needs: \_\_\_\_\_

Mobility needs: \_\_\_\_\_

Electronic data interchange (EDI) needs: \_\_\_\_\_

Compliance needs: \_\_\_\_\_

**Tip:** Give each key user within your organization a binder and highlighter. Ask them to start keeping a copy of their key reports within the binder, and have them highlight the data on the reports they actually care about. The binders should also contain copies of any special forms, labels and functions they want or need covered by the new system.

Are there any custom integrations or extensions that must be connected to the new ERP system?

\_\_\_\_\_

Are there any software systems that should integrate with the new ERP system instead of being replaced by it? \_\_\_\_\_

What ERP solutions are you currently considering?

Option #1: \_\_\_\_\_

Option #2: \_\_\_\_\_

Option #3: \_\_\_\_\_

Option #4: \_\_\_\_\_

# Project Resources

The right ERP solution depends not only on the needs of your organization, but also the internal and external resources allocated to the deployment project and the ongoing maintenance of your ERP system. An organization might choose a turnkey, industry-specific solution that works out of the box and is hosted in the cloud if there is a limited budget for implementation and ongoing maintenance. Alternately, an organization with a larger budget and more internal IT support might stress customization and look for ERP solutions with more complex integrations and configuration opportunities.

Defining your ERP project resources is therefore key both for ERP solution evaluation and planning your deployment.

Do you already have a budget established for the project? \_\_\_\_\_

Is there one budget or a separate budget for each go-live if multiple go-lives are planned?  
\_\_\_\_\_

What is your total possible budget for deploying a new ERP system? \_\_\_\_\_

What is the budget range needed for a successful project? \_\_\_\_\_

Has an internal project manager already been identified for the project?  
\_\_\_\_\_

Does your organization need to hire a project manager for the ERP deployment?  
\_\_\_\_\_

How many IT resources will be assigned to the ERP implementation? \_\_\_\_\_

What change management will be required for the new deployment?  
\_\_\_\_\_

Is there someone identified to lead this change management?  
\_\_\_\_\_

Will the ERP deployment project require financing?  
\_\_\_\_\_



## Consulting Needs

Deploying a new ERP solution usually requires both a strong internal project team and the support and guidance of outside experts who understand best practices and have deep experience with the chosen ERP solution, implementation project management, configuration and ERP integration, and other areas essential for a successful deployment.

As part of your ERP evaluation, you will want to look at what you need from external consulting. You also should consider the support options offered directly by the various ERP vendors, as well as the size and experience of the support communities that support each solution.

Where, if anywhere, are internal knowledge, resources and experience inadequate for a successful ERP deployment project? \_\_\_\_\_

Are you currently working with any outside consultants on the evaluation and implementation process? \_\_\_\_\_

What consulting and support do the ERP vendors on your shortlist provide? \_\_\_\_\_

How long does vendor support extend beyond project go-live? \_\_\_\_\_

How large is the community of consultants and support organizations for the ERP solutions on your organization's shortlist? \_\_\_\_\_

Do the ERP vendors on your shortlist have a certification process for assisting with the selection of qualified third-party consulting and support services? \_\_\_\_\_

## Project Timeline

Earlier in the evaluation, you defined the ideal timeline for deployment and the cost of not meeting that timeline. Implementation times vary widely among ERP solutions, so understanding the speed of deployment for a given ERP solution can help clarify the importance of evaluation factors such as cloud vs. on-premise deployment, prepackaged industry solutions vs. custom configuration, and the relative need for external implementation support.

How many weeks does the ERP solution typically take to implement for an organization your size?

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When will implementation need to begin to hit the go-live date for your project?

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## Next Steps: Selection and Implementation

If you have thoroughly answered the questions in this Evaluation Guide, and reviewed the various solutions on the market, the right ERP system for your organization should start to become apparent. At minimum, the long list of potential ERP solutions will narrow down to two or three likely candidates.

The next step after reading this guide is selecting the system you will deploy and getting buy-in for this choice from the stakeholders consulted during the evaluation process.

If you have several strong ERP candidates but still are unsure which solution you should select, consult with the ERP solution providers on your shortlist and consider talking with a third-party ERP consultant who can help bring clarity around the decision. The answers from this Evaluation Guide will help third-party consultants assist you with your choice.

Once you have selected a solution, you will then start the process of implementing the system. Because ERP is complex and serves as the nerve center for your organization, this usually is done in conjunction with a vendor's in-house implementation team or a certified third-party implementation provider such as Navigator Business Solutions. Your implementation provider can help guide you through the implementation steps.

For an overview of the ERP implementation process, see our white paper on the topic, *ERP Implementation Guide for CFOs* [\[Click Here to Download\]](#).

## **About Navigator Business Solutions**

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*By helping more than 500 clients better manage and grow their businesses, we understand how to work with you to apply our proven expertise to deliver solutions for your business needs. We offer an entire suite of SAP-certified, integrated extensions to help better leverage your SAP system. These integrated extensions include credit card & shipping integration, EDI, eCommerce (Magento, eBay, Amazon, WooCommerce), point-of-sale, WMS, DCAA reporting, and configurator.*

*Headquartered in Salt Lake City, Utah, Navigator (<http://www.nbs-us.com>) has more than 20 sales & service locations across the United States and Canada, ensuring that help is where and when you need it.*

To learn more about ERP selection and implementation, contact Navigator Business Solutions.

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