

Life is easier with ERP II

SMEs are spoilt for choice today. But they should go for technology that is need-based and not for glamour

By Satish Kumar

ERP II is more than an extension of ERP. ERP did not cater much to the individual elements but focused more on macro parameters like departments, process and procedures. Since the micro elements escaped attention, there was no proper remedy for defects, and even if they were implemented, they were not highly effective. ERP II has some comprehensive features that not only concentrate on individual elements but also synergize them and makes the functioning of the component more meaningful. The beauty of ERP II is that it can be used by sectors irrespective of the nature of business or volume of transactions.

ERP II has more functions than its predecessor. It has not only facilitated in bringing non-conventional, core and supportive functions but also the best practices followed in other industries, reports ERPWire.com.

ERP II has been able to draw the most benefits from the internet. Its contemporaries Wireless ERP and Web-enabled ERP have helped in making this possible in addition to the existing features of ERP. The operation of ERP is more focused within the organization and has a far reaching impact on external factors. On the contrary, ERP II includes both internal and external factors and remains internal even in the connection part. In the meanwhile, every other area is given due importance when it comes to ERP II.

Open source

Open Source Technologies have made the job of ERP easier. It has helped the consumer in many ways other than cost and many companies are increasingly using them.

It is literally available free of cost. All that the user has to do is to download the software and install it - an unbelievable fact is that even the source code comes free. This in itself has encouraged many companies to go for ERP, as they are not burdened by investments. Open Source accounting ERP and Open source ERP payment are becoming popular. Open source ERP payment has helped in facilitating easy disbursement of cash.

However, there is a flip side to this. Unlike the usual ERP applications, it is not possible to avail the services of a vendor

as the company handles everything independently. This has many dimensions. Firstly, the company enjoys a sole liability. Secondly, a simple error when not rectified (when in-house personnel do not know to) could prove to be a costly affair for the company.

Open source ERP has resulted in many lawsuits and incidental claims. There is still ambiguity in the copying aspects. The question of infringement and indemnification remains unanswered as seen from previous cases, the report adds.

Web-enabled

Web-enabled ERP services have helped in removing many drawbacks of the earlier applications. This has gained momentum as it has made ERP functions more meaningful and dynamic.

Web-enabled ERP services help companies keep track of what is going on. Since the entire system comes under the purview of the internet, it is not possible for employees to engage in any sort of misappropriation of funds. In addition, the errors could be easily deduced and corrected.

Web-enabled ERP has reduced response time to a few seconds. In addition, the customer can access the details from his

personal computer and need not even depend on the company for trivial information.

A CEO can know the status of the company's business and problems by sitting anywhere in the world. Similarly, any other person can obtain the desired information in the shortest possible span of time. However, the worry in this is confidentiality of information. Web-enabled ERP is the future but it needs to evolve further.

Wireless

The latest is wireless ERP. It facilitates up-to-date information on enterprise operations as and when required through the use of modern communication devices like mobile phones and laptops.

Though privacy is a burning issue here, wireless ERP has a huge market potential. This is evident from the fact that big players like SAP and Peoplesoft have penetrated the segment.



ERP for SME in SaaS Model



SaaS model has the power of big organizations and at the same time simplicity of an SME

By S Vijay Venkatesh

As a term, SaaS (software as a service) is generally associated with business software and is typically thought of as a low-cost way for businesses to obtain the same benefits of commercially licensed, internally operated software without the associated complexity and high initial cost. Many types of software are well suited to the SaaS model, where customers may have little interest or capability in software deployment, but do have substantial computing needs.

Application areas such as customer relations management, video conferencing, human resources, accounting and email are just a few of the initial markets showing success of SaaS. The distinction between SaaS and earlier applications delivered over the internet is that SaaS solutions were developed specifically to leverage web technologies such as the browser, thereby making them web-native.

With abundant internet bandwidth, like Gmail and Yahoo mail, ERP applications can also be comfortably accessed through Internet.

Shrink-wrap Indian ERPs

Over the period, like accounting and HR applications, ERP also has grown with diversified functional features. Several ERP vendors are offering vertical specific ERP application with practically no customization. Hence the same can be put into direct deployment. Over the period, handful of Indian ERP products with right functionalities and technology have emerged and are ready to deliver in this model. The MNC ERP products need localization, which is done as a part of customization. Some of the well-known international ERPs, while upgrading to newer versions,

need such customizations have to be re-done. The long and short of it is that the SMEs will really not know what they are buying.

Functionality scores above technology

Flexible technology and openness to customization might not work in one's favour of SMEs. It is like an impressed king gifting an elephant to a poor poet - while it is prestigious for the king to gift an elephant, the animal is a liability to a poor poet.

Industrial associations have to take the initiative to bring like-minded industries as a cluster to adopt ERP in SaaS model and create success stories.

As a cluster these industries can take up the basic training in a common facility to leverage cost and time.

SMEs need to come out of hand-holding beyond a point and look for remote support from vendors

Security and Reliability

As we all know, keeping gold and jewels in a bank's safety locker is better than keeping it in one's own house and so the data is always more safe in a standard data center.

In a SaaS model, the ERP application will be hosted in a robust server and the same will be co-located in a secured data center. The data center will have infrastructures like server racks, data backup devices, secured networks, anti-virus and firewalls (with constant upgrades), adequate internet bandwidth equipped with well trained IT professionals to maintain all these 24x7.

Even though the application is accessed by several organizations and several users, the application design is such that one company's data cannot be accessed by unauthorized persons. Within a company, each user will have access only to the specific data access as per their business functions. For example, a sales person can see the sales data and the debtors outstanding status (DOS), but he/she cannot access the general ledger, P & L or balance sheet.

Accessibility

For application access, the SME organization needs to have a reliable internet broad band connectivity. The advantage is that the application can be accessed even from a cybercafé.

Cost is shared and continuous support

Under SaaS model, with marginal initial setup cost and training cost, the application usage payment can be made on a monthly basis. Unlike the ownership model, the vendor relationship is on an ongoing basis - they are bound to provide service levels as agreed.

Upgrades

It is Convenient for the ERP vendor to provide the patches and upgrades on a regular basis.

SMEs who are planning to go in for ERP may look for vendors providing ERP application on a SaaS model. This model will have the genius of both ends, power of big organizations and at the same time simplicity (low cost and less complex) of an SME.

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ERP for SMEs – To buy or not to buy?

ERP opens up new markets for SMEs

by Nagaraj Bhargava



You will have a problem of plenty today if you are the CIO in a large company. You will have many unopened IT product mailers on your desk, quite a few 3 dimensional product teasers at your mail-room and many IT salespersons outside your cabin waiting to tell you of the brilliance of their software.

However, if you happen to run an SME company or the IT/Finance department in it, and are struggling with trying to go home on time on account of the quarterly MIS or the inventory scheduling, life is a bit different. Your mailbox is healthier and you do not suffer from an information overload. You can decide whether you really need ERP by asking yourself the following questions?

Isn't ERP for the big guys?

The right question to ask, but the answer has changed drastically over the last few years.

Once reserved for big corporations, ERP applications are gaining traction among entrepreneurs who need real-time insight into sales patterns, inventory availability, cash flow and the like. According to industry analysts, more than a million small businesses worldwide implemented an ERP system last year.

Yesterday's ERP systems carried seven-figure price-tags and required painful two-year deployments, not to mention battalions of expensive IT consultants to keep them up and running. Today's products can be deployed in less than a week and are unlikely to let you down in moments of crisis (or create a crisis by crashing!). And the total cost of ownership has made it affordable.

Does the ERP really help me in growing the bottom line?

SMEs are typically successful because of their founding father's individuality & their agility.

And as the company grows, spreadsheets are not enough to meet their needs. SMEs need to decide which business problem they are trying to solve. Do they need a software for accounting purpose only or do they need insight into sales patterns, inventory availability, cash flow et al? Or are they tired of custom built solutions for each department and now want a single view of data and a correct rendering of their business processes on software.

The uniqueness of your requirement should drive what ERP you need to go for.

How long will it take to implement my ERP?

One valid question in the mind of SME leaders is the timeline for ERP implementation. SMEs have limited resources. There's only so much time they can devote IT and business staff to getting an ERP system up and running. ERP for SMEs can be implemented in a matter of days – going from a week to a month. Similarly, for Mid-sized businesses, the time line can vary from a fortnight to a month. And smart implementation planning could lead to zero downtime.

Can ERP help me strategically also?

Traditionally most SMEs use ERP for cost management and control. Chris Andersen, editor of Wired magazine has coined the term 'long tail' to explain millions of low-volume but collectively huge niche markets opened up because of the web.

An IDC whitepaper sponsored by SAP: Enterprise Long Tail: Will IT Matter says that "smart SMBs in the enterprise long tail will not see cost reduction and revenue generation activities as mutually exclusive. They will strive towards all rounded operational excellence across the customer, design, and supply chains – resulting in higher revenues from improved customer experience; and more innovative, higher quality product/services." The study surveyed SAP Asia Pacific customers – including India - and found that majority of the respondents considered among the top business benefits from their SAP solution deployment: higher operation/process efficiency, greater business visibility leading to faster decision making and higher levels of internal/external collaboration.

SAP in SMEs

SAP has been in India for over 10 years and counts on 1400 SME customers out of its 2000 strong customer base. SAP ERP is the brand name of SAP's flagship enterprise resource planning (ERP) software used largely by Large Enterprises. For mid-sized enterprises, SAP offers SAP All-in-One - a collection of preconfigured, vertically designed software packages based on the flagship SAP ERP. SAP also offers a separate product for Small Enterprises - SAP Business One - an affordable, easy-to-use way to manage critical business functions across sales, distribution, and financials – all in a single integrated software system.

If you like to have more information on whether ERP is right for you, please visit:http://www.sap.com/smallbusiness/resource_kit.epx

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ERP for SMEs – Keep it lean



By Ranganath Iyengar

The best approach to good implementation is to have a cross functional team

ERPs were well known to large organizations but over the last decade several small and mid-sized organizations have adopted ERP to gain similar competitive edge through mainstreaming of processes, high quality reporting, enhanced business controls and well-defined organizational workflows.

Interestingly, the basic process questions for ERP have not changed over the last 35 years – i.e. what do you want to make, what material does it take, what materials do you have and what materials do you need to get. The big difference however, in modern ERPs, is about its ability to run forecasts and simulations (the ‘what if’ scenario) to understand constraints and define performance – both of which are very useful to planners and operational managers alike.

ERP needs a lot of process discipline and the classic challenge that is faced by an SME is – should we change our business process for the ERP (presumably coming with ‘industry best practices’) or look for an ERP that is flexible to accommodate existing processes. The high cost of BPR (business process re-engineering) often puts off SMEs that have very limited budgets.

ERP also needs people involvement, training and lots of patience – given the management bandwidth of SMEs, this is often a challenge and hence unless one of the senior management is involved with the project, it is bound to fail. This is mainly because the test of an ERP is in the end result, functional acceptance as well as employee productivity. These can best be tangibly measured only through senior management involvement.

Technology choices

Technology choices are plenty since industry verticals differ significantly and for SMEs the basic thinking has been altered on many counts – for example, there are ERPs with inbuilt databases (e.g. powerERPro from Vishesh Infotech); ERPs with no databases (e.g. SpApp from Sysnet); stripped down light versions of high end ERPs that are configurable by implementation service partners (e.g. ORION Lite from 3i Infotech, SAP Business One, Microsoft Dynamics AX or NAV (Axapta or Navision) that can be run with free / low end database versions); open source ERPs that are built mostly on Java platforms and have web front ends (e.g. CODAF - a combo pack of Compiere, JBOSS and Daffodil DB, Tiny ERP, Opentaps ERP, Open MFG, Open Bravo etc.); software specification based ERPs for niche industry applications (e.g. Agile Labs P5RM).

In addition to traditional deployment options that offer higher security of data and are designed for in house deployment, ERP is also available ‘on tap’ from several providers for SMEs as a service (e.g. Salesboom, OpenBravo, XL suite etc) which further reduces the risk for a user when selecting an open source platform.

Cost of implementation

Irrespective of the size of the SME, implementation costs are often not clearly understood beyond the software acquisition cost, which is insignificant for open source. However, costs for ERP deployment include bought out components (hardware, software, communication gear), upgradation of access devices (PCs and other hardware) which may call for integration as well (e.g. POS, Barcode), services costs on customization, configuration, project management; data preparation and control costs; training and education costs; documentation costs (since business rules and calculations would have to be customized for the organization); consulting costs (if process definitions need to be done) etc.



Implementation approach and challenges

ERP implementation for SME needs clarity on processes, implementation discipline, a clear understanding of business objectives to be met through the implementation and priorities for the business on adoption of the various modules. The best approach is to have a cross functional team which consists of end users, IT department, senior management representation and a process / domain expert (internal or external). The implementation should be phased out over 3-6 months and not more than 2 modules per month since functional acceptance or the ERP is extremely important and time consuming when reconciling calculations / old data.

ERP for SME’s is a big decision and if implemented in the right doses, very effective: alignment with business objectives and outcomes help reduce deployment risk and keep the implementation team focused; usually 8-10 modules form a reasonably good sized implementation leaving the rest to small standalone applications. So for SMEs – lesser modules is better. Keep it LEAN !

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“SAP Business One made us a better business.”

Ankit Patel, Managing Director, Ankit Forgings

Ankit Forgings

SAP® Business One has helped Ankit Forgings have an accurate, up-to-the-minute picture of their business

Ankit Forgings is an ISO 9002 company, established in the year 1989. It manufactures Precision Fasteners for various applications in Aerospace, Automobile, Textile, Electronic and Home appliance industries, with two manufacturing facilities in Bangalore. Ankit's customers in various industries include leading organizations like Hindustan Aeronautics Limited. In 2002, the Society of Indian Aerospace Technologies and Industries awarded Ankit in the field of development and production of a variety of critical fasteners for satellite launch vehicles.

As the company is in a growth phase, it needs a higher level of efficiency and accessibility to information. Ankit wanted a solution that could integrate data, streamline business operations, and grow with the company.

Why SAP

Ankit Patel, Managing Director, had the experience of working on SAP in a Fortune 500 company in Baltimore, USA, and he wanted a similar solution to be implemented at Ankit Forgings in Bangalore. The company finally decided to go for SAP® Business One, after evaluating SAP and Adpac solutions.

“We found out that a similar, smaller solution will work for Ankit, so we chose SAP Business One. We also wanted a Management Information System in place. SAP Business One met most of our requirements,” says Patel.

“It is ideal for SMEs and so user-friendly. Also, we are in a growth phase, we are growing at 40 % every year,” says Patel.

Implementation of SAP Business One

The SAP Business One was implemented in April 2006, with final touches still being given, and it will be another six months before the 15 users can use it. Customization has been carried out to meet Ankit's needs. “I am very satisfied with the Implementation,” says Patel.

Clockwork Business Solutions is the implementing partner, who is also training the employees. For the employees, it will mean working with information and applications in a new setting, and training them has been a challenge. Once they are trained, the integration of business functions will mean the staff will enjoy an increased visibility of information across the business.

Benefits

The SAP Business One application is an integrated

system, and with one central database, the user can access across all transactions, activities and documents relating to a customer, a supplier or even a product.

“Though the business cycle is longer, the system acts as a check ensuring the accuracy of reports,” says Patel. As the information is consolidated, tracing and verifying data has become easier. SAP Business One has brought in the presentation of data in the right form, and data is more structured leading to faster decision making.

“Earlier, there was a lot of data, and often, duplication of work. With SAP Business One, up-to-date information on time has led to faster decision making and reduction in manpower,” adds Patel.

Mr. Patel believes that the company will experience the advantages of the SAP Business One application in the next 18 - 24 months, and major benefits will be seen in key areas like sales, marketing in the near future. One of Ankit's major customers is the aerospace industry, and supplying components for this segment was often time-consuming and cumbersome.

“We have to provide traceability of components and other information. With SAP Business One, we have solved this problem,” says Patel.

SAP Business One has helped Ankit to serve its customers better, in terms of delivery, and meet their needs. As the company is growing, it becomes vital to have analytical reports and up-to-the-minute information in order to know what is happening to the business on a day-to-day basis, and SAP Business One has proved to be very useful in this regard.

“I need just 15 seconds to get the information I want, and I do not have to cross-check with different departments, like I had to, before the implementation of SAP,” says Patel.

Future Plans

“I do like SAP Business One,” concludes Patel. Consequently, the company is on the look-out for other SAP solutions in sync with its future plans, and would like to add specific modules on material requirements planning (MRP), quality etc., and invest in IT as well, after a year.

SAP Business One has helped Ankit Forgings have an accurate, up-to-the-minute picture of their business “SAP Business One made us a better business, concludes Ankit Patel, Managing Director, Ankit Forgings.