SMB Guide

The Road to ERP

INSIDE

- Find out if you need a business software
- Get insights on how you should plan the ERP adoption and assimilation journey
- Understand the total costs and returns on investments from these projects
- Learn how to avoid challenges associated with implementing a new solution
- Tips on how to choose the right IT consultant
- Plus, much more

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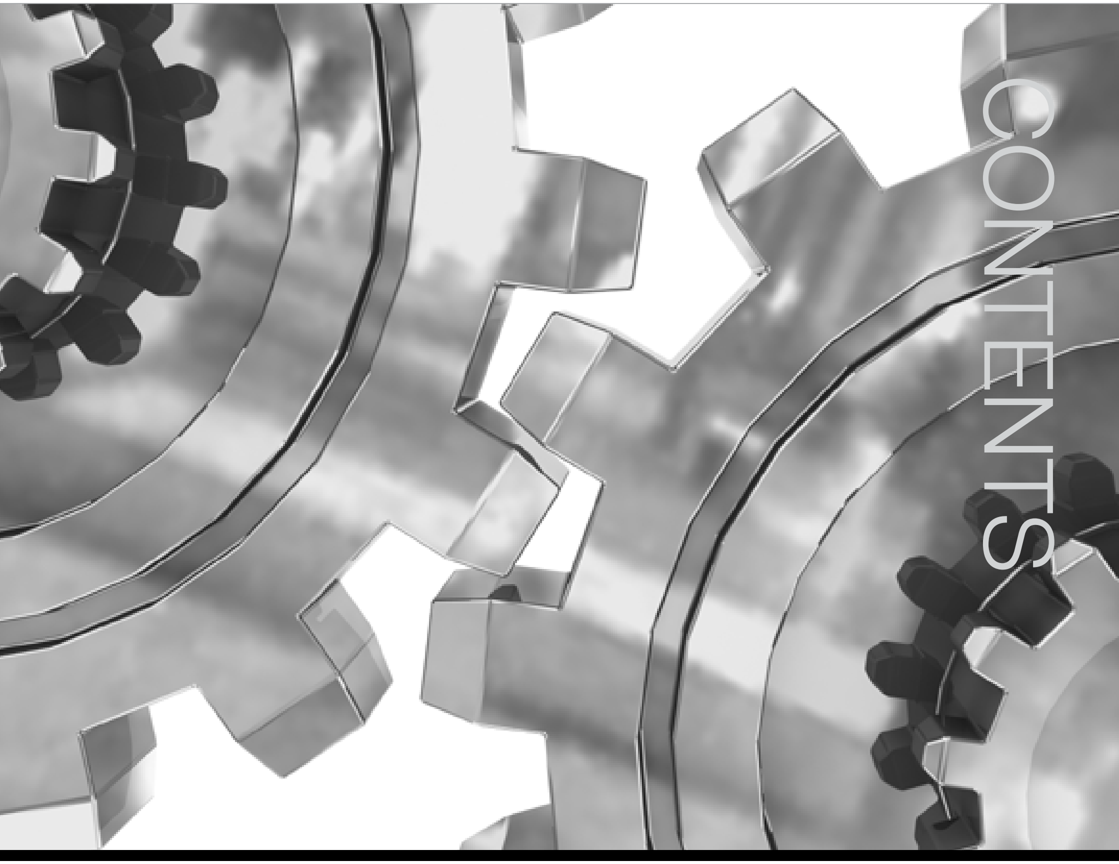

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Chakde SMB: It is your time!

Shah Rukh Khan, the versatile actor created history again with the movie Chakde India. One of the best movies to have been released in 2007, it has solid management lessons while painting a strong positive outlook for every Indian.

This is true not just of sports but for the economy and the business environment as well. Look at the key statistics—the Indian economy is growing in excess of 8% year on year, growth in FDI in 2007 was phenomenal at over 157%, the stock market broke all records, NRIs and VCs are flocking back to India for the best ROIs, the rupee has become a stronger currency.... Over the last twenty five years, the India-US bilateral trade has also grown tenfold, from $3 billion to almost $32 billion.

The good news doesn't end there. The Taj Mahal became one of the new seven wonders of the world. The Twenty20 world champion, India beat the indomitable Aussies again... The feeling of ecstasy across India is palpable.

I have written this Guide as a salute to the optimism of the Small and Medium organizations across India. Trade barriers have been vanquished and have created immense potential for SMBs to market their products anywhere in the globe.

Indian companies are racing against China, the Latin American, Eastern European and other countries to grab the major pie of the sourcing opportunity. The Wal-Marts and IKEAs of the world are looking at SMB partners to support their success story.

SMBs in India are challenged to find the right information. They don't have specialized IT resources to select and implement the right solutions for them. This Guide attempts to present the information SMBs need about the business solutions market, the ideal solutions for SMB organizations and their benefits. In the following pages, I would also attempt to create the ROI statements for SMBs and the compelling proposition to go on the journey of implementing business solutions.

SMBs need business solutions that are adaptable to their requirements and can enable their growth, at the lowest cost. The solution should form an integral way of working for their people. Above all, they wish to implement the new solutions very quickly. Finding the right partner is another challenge. In addition to the competency to implement the solution, the partner needs to have the intent to enter in a long term relationship with them. This Guide brings some insights to help SMBs make the right purchase decisions for business applications.

SMBs, it is your time! Accept the global challenge, the exhilaration of victory will follow!

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The SMB Advantage

New business opportunities lie ahead, and SMBs have the agility to make the most of them. But are your systems ready to adapt?

Consider this: SMBs will lead and large businesses will follow.
Or this: SMBs will spearhead the next level of innovation.

These may sound like aggressive statements, but they ring true. SMBs enjoy the distinct advantage of having fewer layers of bureaucracy when making technology purchasing and adoption decisions. The moment you appreciate this, the statements do not look impossible at all.

Large enterprises are perceived to be the technology trendsetters, with SMBs waiting for prices to fall or solutions to be fully tested before they go ahead and absorb them. Barring a few organizations, many of which have been referred to by IBM's ex-head, Louis Gerstner in his book, "Who Says Elephants Can't Dance?", large organizations still find it difficult to handle change management, and have higher inertia to change the 'in-bred' and 'inborn' culture developed over the years. With the investments on hardware, database and networking technologies falling, SMBs can now confidently go forward on the ERP (Enterprise Resource Planning) adoption route. ERP is a term widely used for a set of business applications that can help companies integrate internally and then forward- and backward-connect their customers and suppliers respectively.

It is vital for an SMB organization to set its expectations from any business application. Cost control has been the

major attribute to any ERP adoption. But that is more pertinent to large organizations.

Gearing up for new opportunities

I would dare the SMBs to create their own expectations. *Would the new business application help me create a new business model and tap latent business opportunities? Would it help me in reaching new markets and create stronger customer relationships?*

Pause. Think for a while.

Wal-Mart, Tesco and now our own Reliance Retail and Bharti Agro are all looking for SMBs to be a fundamental part of their value chain. Doesn't it open a plethora of new opportunities for you, which were not there some years back? And we all thought that *outsourcing* is the legacy of the Indian IT industry alone! Contrarily, the focus has now shifted back to traditional industries.

Further liberalization of the economy would lead to an influx of new opportunities. And it would be the smartest or the fittest of the SMBs who would lead the show. For SMBs, the success would broadly be defined as an outcome of a new way of doing business, especially with these large organizations. So the new question to ask is: *Are my systems capable of integrating with these large organizations?*

Do not follow a big bang approach to ERP implementation. Identify the key pain areas and then plan milestones to address them

Opt for flexibility with ERP

It's time to consider ERP solutions. There are two broad types of ERP applications. One is very rigid and difficult to change, and this is being primarily used by large organizations who do not change their business models frequently.

The other type of ERP application provides you the flexibility to imbibe your business processes as they grow and mature. It is important for you SMB to consider ERP packages which are flexible. Change is a subset of innovation and SMBs would be more competent to accept change and grow faster, while large organizations usually play on economies of scale.

Further, SMB organizations should not follow a big bang approach to the implementation of ERP. They should identify the key pain areas of their business, target them first, and then plan multiple 'Go-Live' milestones for other areas. Think from the viewpoint of your business objectives and identify the requirements in a simple framework: Vital (V), Essential (E) and Desirable (D) and that sets the ball rolling. Your priorities are easily established.

Come on SMBs, go ahead and seize the huge growth opportunity!

Plan Your ERP Project

Four tips to ensure a successful ERP deployment in your organization

Recently I read a nice story about Sir Edmund Hillary, the first human being to scale Mount Everest. Many of us do not know that Sir Hillary failed miserably the first time he tried. He stumbled upon one problem after another, and more than half of his climbing team died. When asked to describe his experience, he pointed towards the majestic picture of Everest and roared, "You won, this time. But you are as big as you are ever going to get. And I'm still growing." The human spirit won the next year.

SMB organizations face dilemmas on their ERP adoption journey—move ahead or be left behind. Moving ahead is the safer route as you would need to come back the same track after some years. The choice is simple between the two—do you plan your future today, or wait for some years by which time many others are far ahead of you?

As discussed in Chapter 1, SMBs should target new technologies to create a better business model. SMBs are at a huge plus rather than large organizations as they can adapt and evolve more effectively.

The next logical step is planning your ERP project. Here are some tips to help you do that.

Involve your internal stakeholders

Right from the inception stage, involve the internal stakeholders. Create an internal team and put them on the job of structuring and documenting the core business processes—both 'As Is' and to

the extent possible 'To Be'. The 'To Be' should capture the aspirations and long term objectives of the business. Once you have mapped all your processes, you have won two battles—created a strong internal team who would own the project, as well the 'requirements' document which would guide the success of the project.

Take a Top Down approach

Take an example. The dashboard of your automobile contains a myriad lights and instruments like speedometer, odometer, petrol levels and engine temperature. It presents a unique medium to track the performance and health of your automobile. In your organization, you should definitely be tracking those items that are important to the health of your organization—customer service, quality, inventory levels, etc. Prioritize your requirements based on what you wish to achieve through the project.

> **Go for user-friendly ERP products—something which your employees find easy to use and would reduce the chances of resistance to change**

Plan the project in phases

ERP projects bring transformation to the existing way of working. It is vital to plan this change and make the transition gradually. Pick your critical business processes and plan the project in phases. Simplicity is the mantra for victory. It is a human tendency to oppose any change and you cannot risk your critical stakeholders to create any negative perception midway. In his book on Change Management, 'Our Iceberg Is Melting', John Kotter uses penguins to brilliantly capture and manage the human mindset and presents eight steps on successfully managing change.

Select the right products

The next stop in your journey is to select the right products. Can we forget the daily news of consolidation in the ERP vendor space? ERP products demand huge R&D investments on the part of the vendors. Friends, this is a long term initiative. Can you risk your future with a product which may not be there tomorrow? Go for user-friendly ERP products—something which your employees find easy to use and would reduce the chances of any resistance to the change.

You can move confidently on the ERP journey, or you can wait and continue to be like dead fish. Even a dead fish can swim downstream along with the current and give an illusion of progress. Wouldn't you rather swim against the current and create your own opportunities? The choice is yours!

ERP Purchase

Three tips to zero in on the right ERP solution for your business

So far, I have discussed the strategic importance of ERP solutions to SMB organizations. Globalization is a double-edged sword for SMBs. It creates stiff competition and pressure on prices while providing new vistas for growth. Technology may have different connotations to large companies but for an SMB, its impact is likely to bring positive change in the areas of customer service, supplier and partner interaction, operations management and innovation.

Coupled with the 'future' element, the plan for successful implementation of ERP is a serious subject. ERP is not an off-the-shelf product which you can buy from any superstore, install and run it. It requires good planning to prepare your organization for this ambitious journey. As per Ted W. Engstrom, "Clearly, the rewards for those who plan and persevere far exceed the pain that must precede the victory."

First, evaluate the various solutions that are available.

A brand name, or key business imperatives?

Should I go for a large brand name or evaluate fairly on all factors? Close your eyes, take a deep breath, and think how you bought your car? Sounds crazy, but the rules for any purchase remain the same, and ERP acquisition is no different. What is the first thing you do when you buy your car? You either go for the top-end models, like a Mercedes or a BMW (Do you really want to flaunt it?) or you frame your evaluation parameters

(comfort, power, mileage, space, looks, budget etc.) and then evaluate the trusted brands. Notice the difference in the two patterns.

ERP purchase is not about frills and fancies of products but a logical evaluation of various factors which are central to the success of your business. Once you have done your homework well, you can evaluate the various ERP products. A safe bet is to go for large established vendors in this volatile IT scenario. You should definitely demand for the published roadmap of the ERP product from your vendors.

A flexible platform to define best practices

Would the ERP product provide me with the best practices? Time to think again. How was your experience the last time you had called up the call center of any large bank or maybe your cellular services provider? Did you receive the best service? I am sure most of them would be using the top-of-the-line ERP and CRM applications. Think—how would any specific ERP vendor know what is best for your industry in your business conditions?

At best, ERP products can provide a sound framework for devising the 'best practices'. ERP is not a magic wand which would open the corridor to riches. You and your people, who built your organization, would really need to work hard and smart to create the best practices on the new platform. You would require a flexible ERP which can adapt to the changing requirements as you grow. Further, the ERP product should accommodate and absorb the best practices of your business.

> **You and your people, who built your organization, need to work hard and smart to create the best practices on the new platform**

A supportive environment

Would the new ERP product you select be easy to use? Would you find an abundant support ecosystem of partners and trained resources? I call user friendliness the key essence of people-ready ERP. I read a funny article about someone who went for a flashy Italian car in India and then realized that there were no service centers here. The nearest one was at Bolognese in Italy and the proud (read poor) owner had to spend $2000 to ship the prized car for regular servicing.

Just as the selection of the product is vital, your implementation partner would play a key role in the success of your project. Go for vendors who have the requisite expertise and who pass the 'cultural fit' test. SMBs always prefer working closely with their IT partners who can be flexible and adaptable to their in-house teams.

Purchase the right solution. Plan the process well. Well begun is half done!

ROI: Returns on Investments

Learning to look at ERP as a smart business solution investment rather than a money-sucking project

The term 'ERP' creates a perception of a highly complex solution. Stories of huge amounts of money spent by large organizations on these projects and the never-ending implementations instill a 'fear syndrome' amongst the SMBs who have limited budgets and scarce resources.

Are the rules for calculating returns for large companies relevant to SMBs? The answers need to be looked at with a different set of binoculars. SMBs have a simple business model dependent on their 'current survival' rather than a very long-term perspective.

ERP vendors face a huge challenge of educating SMBs on how their solutions can make a direct, quick and tangible impact on their productivity and business. On the contrary, a large organization can hire a highly paid CIO who doesn't need to be educated about ERP and its impact on the business parameters. The selling process can be even more prolonged at the smaller companies, many of which are operated by owners who know they need new technology but are particularly sensitive to its cost.

For a while, let's refrain from using the term 'ERP'. Instead, let's use simpler words like 'A business management solution' or 'Business solution for your enterprise'. These have a more a positive ring to them. The word ERP is already a misnomer. Already integration of CRM and SCM solutions along with portals and business intelligence tools has augmented the scope and meaning of a business solution. Let's act fast before this fear syndrome becomes fear psychosis.

Can the business solution provide you with a backbone to evolve your business model? In the Internet economy, SMBs foresee the world as their market both for their customers and suppliers; the ambitious ones would definitely respond positively to this approach from vendors. A business solution should be projected as strategic enabler rather than a mere automation tool.

Can the IT strategy enable your future business strategy? On the product front, a simple, modular, easily adaptable solution with quick implementation timelines can emerge as a winner. The additional costs on hardware, network, and training need to be minimal. A bundling approach like an 'out of box' business management solution can come in handy in addressing this market.

CHAPTER 5

ROI: The Cost Factor

What do I get back ('return') for the money I'm being asked to spend ('investment')? What is it really worth (the "ROI")?

Return on Investment (ROI) is one of approaches to building a financial business case. The term means that decision makers evaluate the investment potential by comparing the magnitude and timing of expected gains to the investment costs.

Technology has become more of a commodity, and so defining ROI is more a definite possibility and close to reality. Before we delve into deeper realms of the concept and applicability of ROI to ERP investments, it would be pertinent to understand the costs involved.

A. Upfront software cost

Each vendor has a different product and pricing structure. A lot would offer complete functionality (all modules) and pricing along the lines of named or concurrent users. Some would provide you the flexibility to decide the modules and then settle on the number of concurrent users.

A concurrent user concept provides the flexibility of planning the usage of your system. For example, suppose you have bought licenses for ten concurrent users for about 20 employees from different departments who would actually access the system at different times during the day or even weeks. A case in point could be weeks near the end of the financial year, which would require extensive usage of the system by Finance users, but not so much by HR or other non-critical free users at that time.

Go for investment in phases rather than spending the entire budget in a single shot. The upfront software costs comprise approximately 40-50 % of the total investment on ERP.

B. Implementation cost

This includes the cost from the start of implementation to the 'go live' stage on the new system. You would hear success stories about ERPs from different vendors. Remember, there would be some failure stories, which has created the fear psychosis and the deterrent to this investment. It's the same software which was successful in many cases, and which failed in some others.

Here comes the value of the right implementation partner. Does your partner have the requisite expertise on the product or does he simply have smarter salespersons? Go for implementation in phases. You would see the results as you go along.

C. Infrastructure cost

This means the cost of hardware, database, etc. Make these costs an integral component of the total budget. You would find a lot of differences in the hardware and other system software costs of some applications as compared to others.

D. Upgrade cost

This covers the annual support fees to cover patches, updates and version upgrades. ERP is a continuous process, so is the cost associated with it. Upgrades include versions, new releases, patches, and bug fixes, even new features that are offered by the vendors over time. In this evolving technology world, remember that the only constant is change.

Select a vendor who has released new versions over the past and has a definite roadmap for the product for at least the next couple of years. A lot of customers of a particular ERP player in India stopped paying support charges, as there was no upgrade or new versions over the years.

> **"The upfront software costs comprise approximately 40-50 % of the total investment on ERP"**

E. Training/manpower cost

More than their big brothers, SMBs need a system which is easy to use and needs minimal vendor intervention to run it. I am not talking of training for a few weeks, which is part of the implementation process anyway. Do your people know how to use the system after the implementation partner has left? How can your people without any IT background learn something in a few days, for which there are certified courses that run for 3-4 months?

SMBs need to run their business and not an ERP company. Some of the big organizations like Flextronics, Siemens can afford to set up their own ERP companies for inhouse implementations. User-friendly systems reduce the Total Cost of Ownership and thus present an early favorable equation for the ROI.

Proper planning on the above ABCDEs can result in a favorable ROI. Are you ready to make the kill?

CHAPTER 6

The Right Implementation Partner

Four questions to ask before you choose the implementation partner for your ERP deployment

ERP is a strategic investment for any organization. For an SMB with limited budget, it is crucial to select the right partner. Usually, the ERP product company sells the software and the implementation partner implements it. Product companies present their implementation services only in case of large customers. Implementation partners usually handle SMB projects.

When choosing a partner, SMBs should answer the following questions:

1. Is your business important for the implementation partner?

You need to understand the partner's business model. Are they very large companies whose vital share of business comes from other geographies or areas of business? There have been many large companies in the Indian market who believe in 'Learn in India, Earn abroad'. Finding the right answers would let you negotiate better terms with them.

2. Does your implementation partner know enough about your business?

Though verticalization of SMB space is not discrete, case studies from similar industries would be beneficial.

3. Does your partner have sound knowledge of the ERP product?

They need to present references and examples of ROIs from the SMB space. ROI figures for a large organization can't be imposed on SMBs.

4. Is the partner organization easily accessible?

The returns on your ERP investment would not come overnight. ERP is a strategic initiative and it's important to understand the long-term perspective. Ensuring the partner's availability in the long run is vital. The total cost of an ERP project should include support costs.

SMBs would not like to invest in in-house support teams, as it is not their core business. In the fast moving ERP industry, attrition rates of in-house support professionals can be disturbing.

I know of an SMB who got the ERP implemented by a large software house with no presence in their city. The SMB had to chase the vendor for all support issues. The response was not fair as it didn't present enough of a value proposition for the implementation partner. Effectively, it left a bad taste for the SMB.

SMBs gear yourself up with information before selecting your partners.

A spark neglected at the evaluation stage can really burn the house.

Enabling an Adaptive Enterprise

Choose an adaptive ERP solution that connects you to customers, can be deployed quickly, is flexible, ensures a low TCO, and is as easy to use as Microsoft Office

I am tempted to draw the comparison between the evolution of ERP, and the things happening around us in nature. In 1859, Charles Robert Darwin, an English naturalist, highlighted two vital traits of evolution in his book 'Origin of Species'. All living things on earth today are the descendants—with modifications—of earlier species. Second, he proposed a mechanism—natural selection—to explain how evolution takes place. As part of the natural selection, all living things keep on adapting to the changing environment around them. The fittest survive and carry their traits to the next generation.

ERP solutions have also undergone a multiple metamorphosis over the last few decades. They have adapted to the changing customer requirements and evolved over a period of time. Along the journey, there have been a lot of players who couldn't survive the onslaught of their own competitive environment and have either been acquired or have perished. Yes, Darwin's theory of Survival of the Fittest applies everywhere.

The explosion in networking and Internet technologies has forced businesses to change the way they work. Gone are the days when you would compete with the company from the same geographical region. You may be taken by surprise by someone from Guangzhou in China or from a relatively unknown place like Timbuktu. A worse scenario would be that you may not even be aware of whom you are competing with. Suddenly, winning is everything. Innovation is the single ingredient that would make 'adaptive companies' think ahead of their competition and provide their customers with the best solution at the lowest costs.

Companies are moving fast in creating loyal customers. It takes at least five times more energy and resources to acquire a new customer rather than maintaining the existing ones. Companies are fast making customers part of their own operations. For example, Mclaren Mercedes, a luxury car maker in Woking, Surrey, requires its vendors to provide sub assemblies for steering wheels, suspension systems, dashboard systems 'just in time' to match their customer's requirements. The customers buy Mclaren for the brand value which is the superset of quality and reli-

able cars, customizable finish and never ending value. Mclaren may invest in the best information systems but it needs to ensure that its vendors, an important part of the total value chain, use the right systems.

Outsourcing is the order of the day in any industry. Some years back, I had visited Coventry, a onetime manufacturing hub in the United Kingdom, to go to a large tractor company. To my amazement, the huge site had only one functional building—the administrative office—among a large number of sheds and other structures. The rest of the factory was more of a yard and in ruins with the entire manufacturing having shifted to Poland and other low-cost eastern European countries. Come to India and visit places like Bangalore, Gurgaon, Pune and Hyderabad and you can taste where BPOs run your banks, credit cards, railway enquiries, energy bills management…the list is endless. Businesses are fast becoming adaptive, and outsourcing is the New Economy phenomenon.

An Adaptive ERP would be one which allows the customers to connect with the vendors. It should be open to talk to the customers' systems thus enabling 'real integration'.

An Adaptive ERP can be implemented fast. Generally SMB organizations can't afford to spend more than 3-5 months to implement any business application.

An Adaptive ERP should be easy to use. End user acceptance is key to the success of any ERP project. Executives instinctively know that their employees are their most valuable asset. Indeed, in many industries such as Financial Services and Real Estate, the employee population is the most critical asset and manageable cost. The nagging issue is how can an ERP system create a more efficient work environment and unlock the value of these employees. Unfortunately, many well-known ERP products are cumbersome and difficult to use by the employees and thus many ERP projects fall flat on the ground.

Microsoft Dynamics presents a better proposition in terms of user friendliness, ease of implementation and all this resulting in lower total cost of ownership

An Adaptive ERP should be flexible to change with the business requirements. For example, Retail in India operates in an unorganized manner, with less than 5% accounting for the organized sector. The industry is in its nascent stage but the CAGR is exponential. An Adaptive ERP should help a retail player to constantly innovate and accommodate the changes in the ERP systems to enable the business. Let's say you wish to launch a new promotion scheme for your customers, but what if your system doesn't allow you to do it fast. You end up losing a key business opportunity as the ERP system was slow to react and rigid to change.

An Adaptive ERP should present the lowest TCO (Total Cost of Ownership). I was going through the total revenues of one of the largest global ERP players. More than two-thirds of their revenue comes from existing customers in terms of services and maintenance. This is scary. Would the ERP vendor charge you more as you move further?

Considering the plethora of ERP players around, Microsoft Dynamics presents a better proposition in terms of user friendliness, ease of implementation and all this resulting in lower total cost of ownership.

Can anyone beat the user friendliness of Microsoft Office? And if your ERP looks like Microsoft Office, you would have a smooth and successful implementation. SAP may be good looking in features but still scores low when it comes to SMB requirements: ease of use, quick implementation, adaptability to changing requirements, and a lower TCO.

Ask yourself, "Can an adaptive ERP bring me Competitive Advantage?"

CHAPTER 8

Software as a Service

Choosing ERP as a rented option is exciting, but be sure you are aware of the risks and protected against random price escalations

Software as a Service, commonly known as SaaS is the new kid on the technology block. The beautiful part about the information technology industry is that the companies are inventing and re-inventing very quickly. Rarely does any month go without any new invention in the industry.

Let's go a step further to start the discussion on this new software delivery model, SaaS. As the name suggests, you simply use the software as a service.

Does SaaS mean that I don't need to purchase the software but just pay the rent for the usage? I feel excited as I move further to understand the new model. Do I also comprehend that I don't need to procure the expensive hardware to run the system in my premises, recruit specialized IT workforce trained on the newest technologies? Wow! The list of good things goes on and on and I am really ecstatic to know more about this new change in my environment.

"Would your investments escalate year on year as the software vendor can increase the rent? Can you get some price protection clause in your contracts?"

Imagine a simple example. You plan to stay in the city. Would you buy your own house or would you prefer a rented property?

A rented option would help me pay as long I use the property, I can make small changes (the lease contract wouldn't allow me to go for a total overhaul), I am immune to any changes in the taxes levied by the government and local bodies (like maintenance charges) during the lease period, I can make a choice of staying in one house and then change if I don't like staying in those environs for long.

With SaaS as a software delivery medium,

you can expect each of the above benefits if you play your cards well (you need to sign a proper contract with your software provider). As compared to the 'on premises' model (conventional), you don't need a fully fledged IT team to maintain the setup.

The IT giants as well as many start-ups have already announced their SaaS offerings.

Salesforce.com provides Customer Relationship Management (CRM) for the sales driven companies in the same model. The most exciting offer seems to be from the software giant, Microsoft. You can procure the complete stack—Microsoft Office for desktop processing, Windows as the operating system and Microsoft Dynamics for the business applications through the Office Live, Windows Live and Dynamics Live initiatives respectively. You can get the complete information system on the on-demand (SaaS) model. This is an exciting option for SMBs where they can economize their total IT investments in the new model.

Let's say you buy a house. The owner tells you to buy the parking separately, asks you to purchase the complete furniture and consumer goods independently. Now compare it with the convenience of buying a fully-furnished house where you pay for the complete package you require.

The business decision makers in the small- and mid-segment companies are in a state of quandary. Should I go for the new model which seems so good, or should I go ahead with the conventional path of procuring my own applications?

Remember any change comes with its flip side as well. Your key business data would be stored with a third party and can exist as a neighbor to your competition's data. Can you take that risk? Would your investments escalate year on year as the software vendor can increase the rent? Can you get some price protection clause in your contracts?

Ask these questions to your SaaS providers before you take the jump.

CHAPTER 9

Is My ERP 'People Ready'?

Change management becomes easy when the ERP system works as easily as the office suite your team uses

Would I need to change my people to embrace the new technology?

Would my people adapt and bring success and growth to the company?

Is my company ready to accept the new tools?

Would my people fear that they will lose their jobs to the new technology?

Entrepreneurs face these common dilemmas when moving ahead with any new technology. This is especially true in the case of software selection as you can't see them. Software is not tangible, like new machinery, and cannot be easily perceived as adding value to your processes, raising the bar of productivity and preparing you to compete with the best in the world. The dilemma becomes a tough situation in case of SMBs as they can't afford to recruit expensive trained resources from the open market. Further, they have an emotional attachment with the people who have stood with them through thick and thin.

We come across a variety of ERP and CRM applications vendors and the sad part of the story is that everyone talks only about process improvements and efficiencies. ERP vendors become myopic and insensitive towards the same people who built these SMB organizations. Very few vendors talk on how you can utilize the same human resources with a little training, and make them vital ingredients to the success that lies ahead.

A recent Forrester study on a similar subject concluded that "poorly designed user interfaces can profoundly affect the bottom line for an organization. The expenses associated with a bad UI, over the course of the application's lifetime, may end up being many times the cost of the application itself."

Let's move a step back, pause a little and introspect.

Which was the first software on which you learnt computing? Most people would answer that with "Microsoft Office". When I was in 7th standard in my high school, I graduated from using a typewriter to a computer and wrote my first wonderfully formatted letter. It was so easy to handle the Microsoft Word application. I moved further with my inquisitive mind challenging my abilities. I made great presentations using Microsoft PowerPoint. Excel was like a genie

which worked on my wishes and did all the mathematical calculations and presented them in graphical, readable format. Today, all computer users know how to work in MS Office.

Can I make my ERP experience similar to that of MS Office? Would my people stand up and say this about the new ERP system: 'Yes, this is my system. I will learn it quickly and bring value to the business.'

Microsoft's entry in the business application (Dynamics ERP and CRM) space has completely changed the rules of the ERP game. Microsoft Dynamics offers ease of use just like MS Office and integrates well with other Microsoft technologies. SMBs globally embrace Microsoft for its easier interfaces and the availability of a large workforce well versed in Microsoft technologies. In fact, SAP is working closely with Microsoft to make their solutions people friendly through the project 'Duet'.

> **Microsoft Dynamics offers ease of use just like MS Office and integrates well with other Microsoft technologies**

Is your business application "People Ready"?

The ERP Waves

ERP or enterprise solutions, like other successful innovations, have worn different masks in their process of evolution, but now it's you who calls the shots

Masks remind me of Jim Carrey's famous movie, 'The Mask'. Various characters in the movie wear the mask and enact roles quite different from their actual personalities. ERP solutions have also donned several masks as they have evolved. The similarity ends there. The actors could wear the mask to satisfy their innermost desires. ERP players, on the contrary, don't enjoy the luxury of making merry their own way but submit themselves to the market forces governing their customers.

Wave I: The formative years

About 20 years ago, organizations looked at managing their inventories and financial systems. They required Material Requirement Planning (MRP) systems, the practice of calculating what materials are required to build a product by analyzing a bill of material data, inventory data and the master production schedule. As any material management would translate into a relationship with financial transactions, the seeds of enterprise-wide planning started to be sowed.

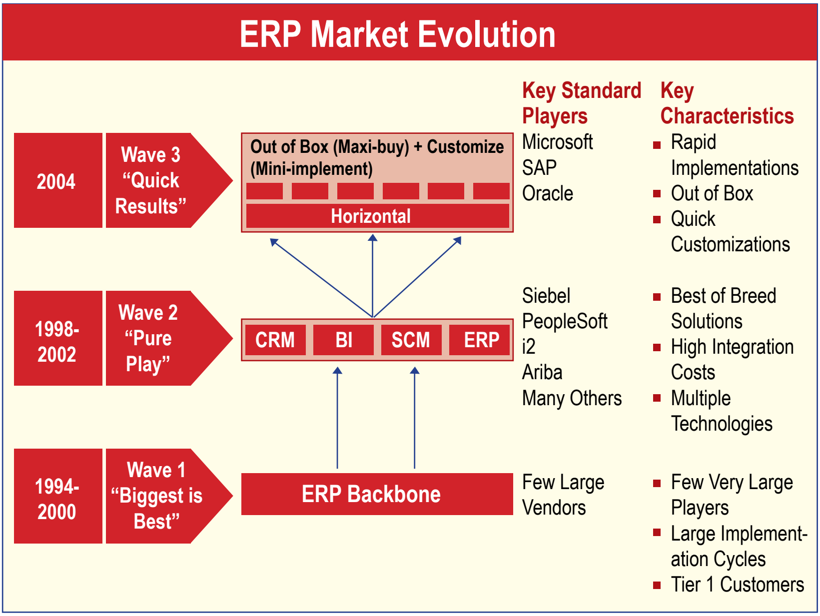
Wave II: Integration within the organization

The concept caught the attention of a large corporate who spotted the potential in integrating other portions like Purchase, Sales, HR, Projects along with MRP systems. ERP as a concept was born. ERP created the premise of consolidating an enterprise's planning, manufacturing, sales and marketing efforts into one management system. The mood was upbeat. Management analysts spoke highly of the benefits of integration. The ERP players made huge commitments (and money too). 'Biggest is the Best' was the name of the game.

The wave witnessed large ERP implementation projects, huge budgets for these initiatives and large number of resources being involved in the entire game. Organizations had to pay big bucks for these projects.

Wave III: Best of Breed

Despite these challenges, the markets moved on, riding the positive part of this change. The economic forces posed new challenges to inward looking ERP systems. Companies started looking beyond their enterprises—customer retention became the essential part of their survival. Increasing competition forced companies to hold their customers closer. It marked the entry of customer relationship systems in the business landscape.



Satisfying customers meant fulfilling the promises made to them. Though the companies managed their internal functioning through ERP systems, customer relations through CRM systems, there was still a large gap in the entire value chain to the customers.

Suppliers, the other stakeholders in the business, also needed to be managed. If they didn't supply what a company needed on time, it could not complete the end product and fulfill the promises made to the customers. Managing the supply chains through SCM (Supply Chain Management) systems was the need of the day.

So now there were three blocks to the landscape: SCM, CRM, and ERP. Individual investments on these solutions from different specialized vendors burnt a hole in the organizations' pockets. Each of these vendors had their own technology roadmaps and strategies. The cost of integrating these best-of-breed solutions made CXOs re-think their investments. They asked themselves: Are we making ourselves beta sites to make different vendors' technologies talk to each other?

Wave IV: Quick solutions, quicker ROI, stronger players

All this while, it was the end user organizations who learnt their lessons the very hard way. The economy has now changed drastically. People talk about cutting costs, becoming smarter and outsourcing etc. ERP, CRM, SCM vendors who had been making merry all this time have had their happiness cut short.

The business solutions market

has witnessed a major change—individual CRM, SCM, ERP vendors have started making losses, some have even vanished. Darwinism through its 'law of the survival of the fittest', applies to business solutions players too. Organizations now wish to work with solution players who can themselves survive these market forces.

Organizations demand bang for their bucks. They want quick results, solutions which can be implemented fast. Big bang approaches are no longer in vogue; organizations want to adopt phase-wise models. Rather than putting their risk in one black box with full faith on an implementation vendor who has smart PowerPoint justifications, organizations now want realistic equations for Returns on their Investments (ROI).

> **Rather than putting their risk in one black box with full faith on an implementation vendor who has smart PowerPoint justifications, organizations now want realistic equations for Returns on their Investments (ROI)**

'Pay as you go' models are the need of the hour. Can I phase out the total investments in the enterprise projects over a period of time?

Today, organizations can no longer afford to make mistakes and learn from them. There is no second chance in these days of cut-throat competition. Smarter companies learn from the mistakes of their larger counterparts and adopt solutions which support them in creating a competitive advantage.

Ask yourself: Should business solutions be the enabler of competitive advantage or a mere support system?

Delivering Higher Efficiency

CASE STUDY

Satyam Auto Components opted for Microsoft Dynamics NAV for optimized inter-departmental co-ordination

Satyam Auto Components Limited (SACL) is one of the largest manufacturers of frame bodies, fenders and fuel tanks for motorcycles in India. Part of the Hero Group, the organization began its operations in 2001. It is an ISO/TS 16949 and ISO 14001 certified company.

Challenges

Due to standalone legacy systems, SACL was facing several challenges. It was unable to track accurate information and faced with islands of information, it was unable to unify business processes.

Solution

"We chose Dynamics NAV due to its suitability, ease of customization and lower cost," remarks Sameer Munjal, Executive Director, Satyam Auto Components Limited. "As our business was expanding, it was essential to sustain a competitive edge in the market. Microsoft Dynamics NAV has empowered us to deal with issues such as quality control, connectivity and productivity."

Munjal eSystems, a Microsoft Certified Business Solutions partner, customized and implemented the solution. It implemented the General Ledger, Fixed Assets, Purchase and Payables, Sales and Receivables and Inventory Management modules.

Microsoft Dynamics NAV was customized, deployed and made operational within a period of six months. The implementation began in November 2002. The solution went live in March 2003. Finance, sales, purchase, production and inventory functions are connected online into one cohesive solution. The solution has been implemented on a single Pentium III server.

Benefits

The integrated solution has led to improved organizational operations and processes. It has also simplified Management Information Systems reporting.

Streamlined Production

Microsoft Dynamics NAV allows SACL to effectively manage manufacturing including production orders, supply planning, shop floor production, bills of materials, delivery of goods, customer response, etc. on an ongoing basis.

Optimal Inventory Levels

The solution has enabled accurate inventory supervision within the company. This has facilitated other departments to take prompt procurement and production-related decisions. The Microsoft Dynamics NAV implementation has also created a lean supply chain with optimized inventory levels that ensure timely availability of goods for production.

Detailed and Accurate Analysis of Business Information

It has provided SACL's finance department with detailed financial transactions and analysis. The employees have access to ongoing sales and marketing related information. This has empowered SACL employees to make informed decisions.

> **We chose Microsoft Dynamics NAV due to its ease of customization and lower acquisition cost**
>
> **Sameer Munjal**, Executive Director, Satyam Auto Components Limited

Inter–Departmental Coordination

"Microsoft Dynamics NAV has provided an integrated structure within the organization. We are now able to track and access information across the various departments with ease," says Munjal.

SACL plans to link the complete supply chain and payroll using Microsoft Dynamics NAV. In addition, it also plans to have raw material and inventory management totally linked with production.

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Gaining Competitive Advantage

TEI chose Microsoft Dynamics NAV for the proper dissemination of business information, improved internal accuracy and optimized customer service

Tricolite Electrical Industries Private Limited is a leader in the design, manufacture and supply of low-tension switchgear panels used in electric power systems in India. It caters to several clients in the domestic market and has recently attained ISO 9001:2000 certification. The company is engaged in the manufacture and export of power control panels, control relay and LT switchgear panels, capacitor control panels, motor control center, double bussbar power control center, DG synchronization and load sharing panels, mimic panels, feeder pillar and bus trunking.

Challenge

TEI wanted to automate processes such as information sharing, accounting and remove inaccuracies in logistics management. In its competitive business environment, TEI felt it was essential to disseminate business information to the right people at the right time. A critical business need within the company was to save time by avoiding repetitive tasks, improving internal accuracies as well as optimizing customer service.

Solution

The company conducted a solution evaluation exercise, which went on for six months, during which time it assessed solutions from SAP, Oracle, and Microsoft. After a thorough evaluation process, TEI decided to deploy Microsoft Dynamics NAV. The company chose Microsoft Dynamics NAV because of its user-friendly nature and product flexibility. The TEI management also believed that Microsoft Dynamics NAV would streamline critical business operations and make employees more accountable.

The implementation was carried out by a team of four people from Munjal eSystems, a Microsoft Certified Business Solutions Partner. The implementation team also carried out a customization on almost all the modules that were implemented, to ensure that it met all of TEI's requirements. The Microsoft Dynamics NAV modules were implemented at a single location for 10 user licenses initially. These included General Ledger, Fixed Assets, CRM, Inventory, Sales, and Purchasing. Even though the project involved a high degree of customization, the project was completed in just over six months, going live in September 2004.

In addition, TEI invested U.S. $6,700 (INR 3,00,000) for hardware requirements to ensure the smooth functioning of computing processes.

> **The implementation of the Microsoft Dynamics NAV has helped us become a more efficient, transparent and capable organization**
>
> **Amitabh Nangia**, Director, Tricolite Electrical Industries Pvt. Ltd.

Benefits

TEI's business processes have improved dramatically with the implementation of Dynamics NAV.

Integrated Financial Information

Due to the user-friendly nature of the product, the finance department at TEI has been able to get relevant and up-to-date information. It has also enabled the department to close the books on time every month and create timely analytical reports to add more value to the business. "We have gained a competitive advantage of enabling timely and critical decision making, with the availability of accurate, real-time information," explains Rakesh Sachdeva, CE Finance, Tricolite Electrical Industries Pvt. Ltd.

Automated Processes

The implementation of Microsoft Dynamics NAV has helped increase efficiency and cost effectiveness within Tricolite's work processes. Since most processes have been automated, the possibility of error, which existed in the previous system due to manual intervention, has been eliminated. TEI's new system has also helped to plan better deliveries to the customers.

Improved Inventory Management

Microsoft Dynamics NAV has enabled TEI to improve manufacturing efficiency by a reduced work-in-progress inventory. "We have reduced costs by streamlining our inventory management processes," reports Anand Prakash Singhal, Executive Director, Tricolite.

Improved Customer Satisfaction

The implementation has aided Tricolite in reducing delivery time, increasing delivery transparency to its customers, while also enabling product customization.

"We share information seamlessly and we have become a more efficient and capable organization," declares Ajay Narayan Singh, CE Marketing, Tricolite.

Precision Report Generation

With timely and accurate information, TEI employees can make the right decisions and ensure improvement in productivity and customer satisfaction.

Simplifying Business Processes

Salveo Life Sciences wanted real time information on its operations across locations

Set-up in October, 2005, Salveo Life Sciences Limited was formed with the objective of profitably marketing ayurvedic/herbal products. The company's head office is in Bangalore.

Challenges

Salveo Life Sciences required a comprehensive Enterprise Resource Planning (ERP) solution to provide real time information of its business operations across its various locations.

Solution

In 15 months, Microsoft Dynamics NAV 4.0 was rolled out at its Bangalore head office and across 22 odd consignee agent locations.

Salveo's technology consulting partner and Microsoft® Gold Certified Partner, Affordable Business Solutions Private Limited (ABS) implemented the new solution in 15 months. "We chose to implement Microsoft Dynamics NAV 4.0 because we wanted to have better accessibility and control on the real-time sales and inventory data across India," says Raman R V, Chief Executive Officer, Salveo Life Sciences Limited.

He further adds, "We were looking for a user friendly ERP due to the diverse background of people accessing the system. Microsoft Dynamics NAV 4.0 is the ideal business solution for a start-up company like ours. It provides our organization with an affordable, stable and proven product from Microsoft."

Salveo implemented the Sales and Inventory, Purchase and Finance modules of NAV 4.0. The Sales and Inventory module rollout commenced at the end of April 2006. The critical challenge for ABS was to roll out the application within 3 months since the company had started its India operations and the invoicing was done at various consignee agent locations and sales offices.

The Purchase module went live on September 2006. The Finance module is still in the stage of implementation. ABS completed the customization in the Tax division during the month of April 2007.

The user training and reporting initiatives were taken in phases across its 22 consignee agents and 2 branch offices. The user training was conducted at three places for users across India

(Bangalore, Delhi and Kolkata)

One of the unique requirements during the implementation of NAV 4.0 was to allow creation of transfer orders even before the items were received or available in the stock. This was mandatory because of the nature of the operations at receiving locations.

The other unique requirement was to incorporate all India taxes with out affecting the Finance module. The other typical requirement was to allow Delhi consignee agents to use the system for billing purposes, for items which were no longer a part of the inventory.

Some of the key customizations included Value Added Tax (VAT) calculations on MRP of items, quantity based schemes, numbering series for each locations and restricting data access for users to their individual regional data.

> **Microsoft Dynamics NAV 4.0 helps us gather accurate information on actual sales and stock position across our 24 locations countrywide**
>
> **Anirban Bhattacharya**, Company Secretary, Salveo Life Sciences Limited

Benefits

"Today we are a full fledged Microsoft solution organization," states Raman.

Access to real time data across locations

He adds, "We now have access to real time data on sales, sales returns and inventory at different location across India. This enables us to track sales and inventory on a daily basis."

Facilitates Accurate Business Information

"NAV 4.0 helps us gather accurate information on actual sales and stock position across our 24 locations countrywide," says Anirban Bhattacharya, Company Secretary, Salveo Life Sciences Limited.

Empowers Users

The entire solution is hosted at ABS Data Centre and accessed by over 22 consignee agents from across the country in real time invoicing, purchase order, stock transfer etc. ABS has used the Windows Terminal Server (WTS) technology to help users access the application.

Faster Report Generation

Microsoft Dynamics NAV 4.0 enables better structuring and maintenance of records and transactional data.

Helpful Online Resources

Accounting Software Advisor

This online resource delivers useful information about technology and accounting systems to the CPA community and business community through lectures and online content. The Accounting Software Advisor provides up to date and accurate information regarding the top accounting software products and technologies in an unbiased manner—allowing you to properly evaluate accounting and financial management software to select the best products for your business.

www.accountingsoftwareadvisor.com

2020 Software

Simplify your search for business software. 2020software.com provides a select “short-list” of business software products that are developed by fiscally stable corporations that provide excellent support and long-term development strategies. This site offers a number of free services including: free demos, selection assistance, pricing information, and software comparisons.

www.2020software.com

Aberdeen Group

Aberdeen Group is the trusted advisor to small and medium-sized businesses for value chain strategies and technology advice. Through its continued benchmarking and analysis of value chain practices, Aberdeen offers a unique mix of research, tools, and services to help executives assess their value chain performance, develop improvement strategies, and select solution partners.

www.aberdeen.com

ERP Vendors Comparison

Compare various ERP vendors by reviewing customer stories, white papers, expert opinions, and analyst reports

http://www.microsoft.com/dynamics/product/compare/default.mspx

Microsoft Dynamics India website

Microsoft Dynamics website is an online resource designed specifically to address the needs of small and medium businesses by demystifying technology and helping small business owners get the most out of their software.

http://www.microsoft.com/india/dynamics/default.mspx

Microsoft Dynamics Customer Stories

See how growing companies are using Microsoft products to innovate and improve processes.

http://www.microsoft.com/india/dynamics/customerspeak.mspx

ERP Evaluation Checklist

Use this checklist to evaluate your current and future Business Software (ERP) solution. Insert the following rankings for each category during your evaluation:

Low - Does not meet expectations.
Medium - Adequately meets expectations.
Extensive - Exceeds expectations.

	Current	Low	Medium	Extensive
General				
Financial strength of product (software) company				
Availability of multiple implementation partners				
Availability of published product roadmap				
Compatibility to local taxation laws				
Frequency of updates/ product upgrades				
Availability of customer portal				
Expertise of implementation partner				
Modules and Functionality				
Broad functional areas coverage				
Functionality within each module				
Third party applications required				
Reporting				
Data resides in multiple systems				
Data is difficult to extract				
Tools to support charts and graphs				
Report writing tool is difficult to use				
Limited what-if analysis				

	Current	Low	Medium	Extensive
Adoptability and Adaptability				
Familiarity (Look and feel of MS Office or other commonly used packages)				
Flexibility (Ability to accommodate new changes in processes and business models)				
Usability (Ease of usage)				
Ease of customization				
Ease of reporting				
Ease of Integration				
Integration with MS Excel				
Integration with web technologies for E-commerce capabilities				
Integration with E-mail applications (like Outlook) and Mobile PDA applications				
Integration with 3rd party systems				
Total Costs of Ownership				
Software (ERP)				
System software (Windows/ SQL/etc.)				
Implementation (fixed cost or variable cost for services)				
Customization (services)				
Hardware				
Software maintenance (Software AMC)				
Personnel (Services AMC)				

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