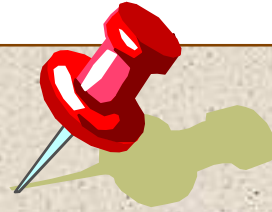


ERP – Selection – What are the Key Elements ?



Agenda

- ✉ Why ERP Selection is important ?
- ✉ Selection Criteria- General
- ✉ Selection Criteria- Functional
- ✉ Open Discussion on queries





ERP – Selection

Suhas Deshpande

KIRTANE & PANDIT

Why ERP Selection is important ?

- ❖ Implementation of an ERP Package brings about significant organisational, people / process changes
- ❖ A Long Term Commitment & becomes a 'Way of life'
- ❖ A Wide range of ERP Packages available in India, in terms of :
 - Coverage
 - Costs
 - Features
 - Functionalities
 - Availability of skills

V/S

A Wide range of management expectations and peculiarities of organizations

Selection Criteria - General

- ❖ **Management's Expectations**
- ❖ **Nature and size of business – Industry Fit**
- ❖ **Industry norms**
- ❖ **Investment Budget**
 - **Hardware**
 - **Software**
 - **Licensing**
 - **Implementing**
 - **Training**
 - **Employees' time**
 - **Organizational changes**
 - **Business disruption**

....contd.

Selection Criteria - General

- ❖ **Required number of concurrent users**
- ❖ **Archiving Requirements**
- ❖ **Regulatory Compliances**
- ❖ **Bar-coding / Remote devices usage**
- ❖ **Ease of implementation**
- ❖ **System maintenance / back-up facilities**
- ❖ **Customisable screens**
- ❖ **Alternative languages**
- ❖ **Interface capability**
- ❖ **Access Controls (ACM, SOD)**

....contd.

Selection Criteria - General

- ❖ **Password / user groups / Audit Trail**
- ❖ **Reporting features:**
 - **Report formats**
 - **Ease of access / customizable**
 - **Statutory requirements**
- ❖ **Web-based capability**
- ❖ **Vendor's professionalism**
- ❖ **Add-on Modules availability- SCM, ABC, etc.**
- ❖ **Customers Base**
- ❖ **Service level agreements**

....contd.

Selection Criteria - General

- ❖ **Multi Currency accounting and reporting**
- ❖ **Operating System, database format, data import/export**
- ❖ **Filtering / drill down / data mining**
- ❖ **User configurability**
- ❖ **Up-gradation facility / Add-ons**
- ❖ **Support**

....contd.

Selection Criteria - Functional

Compare ERP on following Criteria Modules

- ❖ Finance
- ❖ Human Resources
- ❖ Manufacturing Management
- ❖ Inventory Management
- ❖ Purchasing Management
- ❖ Quality Management
- ❖ Sales Management

....contd.

Selection Criteria - Functional

Compare ERP on Financial Criteria

- ❖ General Ledger
- ❖ Accounts Payable (A/P)
- ❖ Accounts Receivable (A/R)
- ❖ Fixed Assets
- ❖ Cost Accounting
- ❖ Cash & Treasury Management
- ❖ Budgetary Control
- ❖ Financial Reporting
- ❖ Project Accounting

....Contd. **Selection Criteria - Functional**

Compare ERP on Human Resources Management

- ❖ **Personnel Management**
- ❖ **Benefits**
- ❖ **Payroll**
- ❖ **Employee Portal**
- ❖ **Travel Policy / procedure control**
- ❖ **Health and Safety**

....Contd. **Selection Criteria - Functional**

Compare ERP on Manufacturing Management (Discrete / Batch / Process)

- ❖ **Product Costing**
- ❖ **Shop Floor Control**
- ❖ **Production Planning**
- ❖ **Formulas/Recipes**
- ❖ **Field Service / Repairs**
- ❖ **Advance Planning & Optimization**
- ❖ **Project Management**
- ❖ **Process Model (Formulas + Routings)**
- ❖ **Process Batch Control and Reporting**
- ❖ **Process Manufacturing Costing**
- ❖ **Materials Movements**

....Contd. **Selection Criteria - Functional**

Compare ERP on Inventory Management

- ❖ **Inventory Management On-line Requirements**
- ❖ **Processing Requirements**
- ❖ **Forecasting MRP**
- ❖ **Outsourcing**
- ❖ **Vendor Management Inventory**
- ❖ **Locations and Lot Control**
- ❖ **Warehouse Management**
- ❖ **Reservations and Allocations**
- ❖ **Physical verification**

....Contd. **Selection Criteria - Functional**

Compare ERP on Purchasing Management

- ❖ **Vendor and Supplier Profile**
- ❖ **Supplier Rating and Profile**
- ❖ **Requisitions and Quotations**
- ❖ **Purchase Orders**
- ❖ **Prices and Discounts**
- ❖ **Vendor Contracts and Agreements**
- ❖ **Purchase Order Management**
- ❖ **Procurement Reporting, On-line Reporting Capability**
- ❖ **Repetitive Vendor Procurement**
- ❖ **Procurement Receipts**
- ❖ **Interface with MRP / Inventory**

....Contd. **Selection Criteria - Functional**

Compare ERP on Quality Management

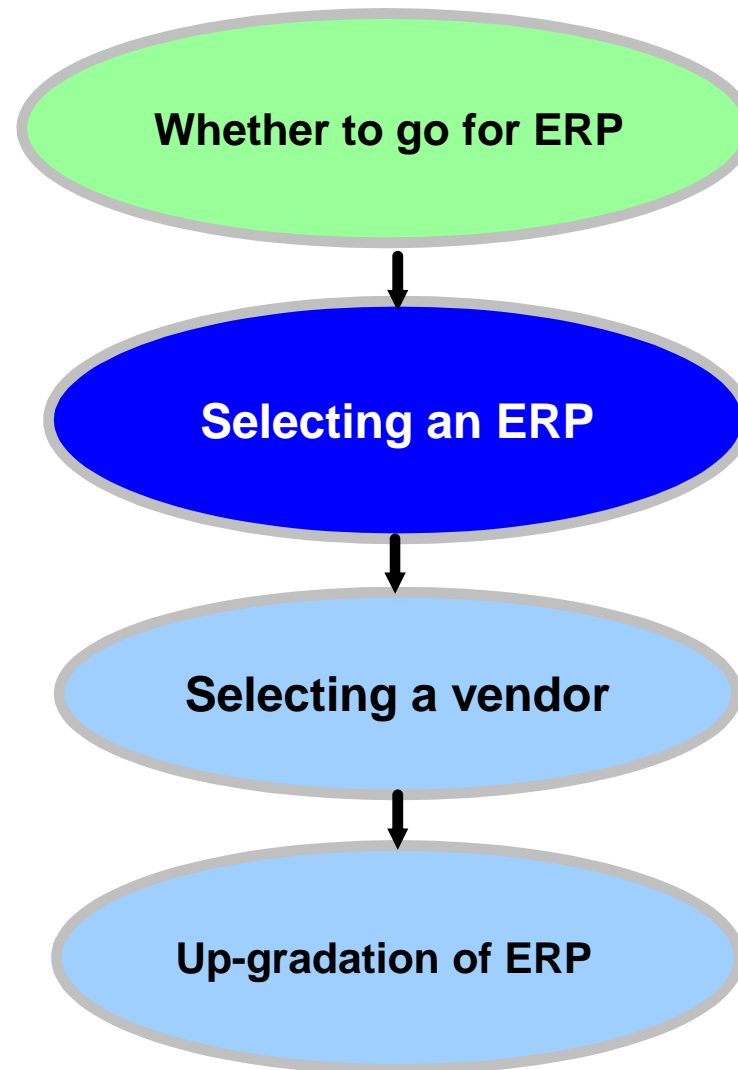
- ❖ **Control over Vendor rejection, customer rejection**
- ❖ **Customer return file: awaiting disposition**
- ❖ **Damaged material — failure analysis accessible to vendor**
- ❖ **Inspection required indicator by supplier and by item**
- ❖ **Pre-inspection receipts registered as "inventory on hold"**
- ❖ **On-line inquiry of inspection**
- ❖ **'In-process' rejection**
- ❖ **Inspection disposition with audit trail**
- ❖ **Rejected inventory control**
- ❖ **Warranty / free replacements tracking**
- ❖ **Reject reason codes**
- ❖ **Rejection history records**

....Contd. **Selection Criteria - Functional**

Compare ERP on Sales Management

- ❖ **On-line Sales Management Requirements**
- ❖ **Reporting and Interfacing requirements**
- ❖ **Available-to-Promise (ATP)**
- ❖ **Distribution network**
- ❖ **Pricing and Discounting**
- ❖ **Customer Service and Returned Goods Handling**
- ❖ **CRM and E-commerce Requirements**

Challenges ...Never ending !



After 'Go-Live'.....

**SECURE THE
FOUNDATION i.e.**

“STABILIZATION”

PHASE I

- ❖ **Acclimatization**
- ❖ **Learning all ERP features**
- ❖ **Usage of fully integrated environment**

**EXPAND &
INTEGRATE FOR
FUTURE i.e.
“CONSOLIDATION”**

PHASE II

- ❖ **Usage of more capabilities and features of ERP**
- ❖ **Process and People Improvements**
- ❖ **Usage of integrated environment**
- ❖ **Avoiding duplication of work and non value adding activities**
- ❖ **Adherence to Best Practices**

**SYNCHRONISE &
HARMONISE FOR
QUANTIFIABLE
BENEFITS i.e.
“TRANSFORMATION”**

PHASE III

- ❖ **Quick response to the external environment**
- ❖ **Improved control over receivables**
- ❖ **Effective control over Inventory**
- ❖ **Reduction in customer complaints**
- ❖ **Optimum resource utilization**

Thank You

Any Questions ?