

Modern CFO ERP Buyer's Guide

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ERP Buyer's Guide for the Modern CFO

As a CFO, you know that your company's Enterprise Resource Planning (ERP) system is at the heart of your business and financial operations. It also represents the one application where you and your team will spend time every day to perform your jobs.

So, how do you go about selecting the best ERP solution for your company? What do you look for? This guide will help you and your staff find and select the one that is right for your company.

First, ask why you need a new ERP system

Before you do anything, ask the question: "Why are we looking for a new ERP system?"

There are many reasons companies invest in a new ERP system. If you are using an older software system or you have outgrown your basic accounting software, you may be experiencing one or more of these difficulties :

- You and your team are always dealing with manual workarounds for simple tasks which can be easily automated.
- Much of your data is stored in Excel spreadsheets on multiple systems across the company.
- There are no automated workflows (such as approvals for purchase orders or AP processing).
- You are unable to easily modify the software to work with your company's processes.
- You are always facing a laborious month-end close process.
- Accruals, allocations, and deferred revenues are an issue.
- You lack the ability to manage multiple companies within one system and provide consolidated reporting.

These types of issues affect the productivity of your team and the company as a whole, and warrant investigating a modern solution.



Let's talk about cost

It is essential to look at a new ERP system as an investment. An ERP system is a 7- to 10-year (or more) commitment of time and resources and will be responsible for handling some of the most important aspects of the organization. In addition to looking at the cost of licensing and implementation, look also at the tangible benefits your company will receive from a new ERP system in terms of ROI: More accuracy, less person-hours, less fraud and waste, better regulatory compliance, better reporting with real-time data and at-a-glance dashboards, and more proactive analysis for strategic decision-making.

It's also important to look at what might be holding you back from getting a new ERP system. Most often, it's about cost. While it might be tempting to stay on your existing system, consider this:

- Older software systems often lack the functionality that are a part of modern ERP platforms, such as advanced dashboards, reporting, and usability features that will improve productivity and save money.
- Consider the maintenance and renewal costs of your system, and you will often find that these fees (usually about 16%-20% of the purchase price) mean that you are essentially buying a new system every five to six years. And if you have let your software maintenance lapse, you are not receiving the benefit of software upgrades, which not only add new features and functionality, but also include security updates that keep you safe from cyber-attacks.

In the end, get the system you need, not just the one you think you can afford.

ERP Pricing

In addition to the cost of the software itself, most ERP vendors will charge a fee for every user of the system. Software vendors usually charge more for users that require access to the system as part of their work compared to "light" users, who only require occasional access for minor tasks, such as price look ups or to enter time and expenses.

Users licenses are either assigned to specific users (named users) or the license is based on the total number of users who can access the system at the same time (concurrent users).

Acumatica offers consumption-based pricing that does not charge per user, but by the resources consumed to operate the system (hardware, memory, data throughput, etc.). We believe per-user pricing discourages a company from allowing multiple users access to ERP information, people who would otherwise gain tremendous benefit from seeing the same numbers the financial department sees.



As one example, rather than having access to the data already available in the ERP database, per-user pricing often forces sales staff to keep their own separate set of numbers without visibility into the real account information, causing a disconnect between sales and accounting over projected income, sales commissions, and delinquent customers.

Think of the productivity if everyone inside your organization had access to the real-time information they needed to perform their jobs—the same information you use to perform yours.

Acumatica lets companies add unlimited users as needed, allowing everyone in the organization access to the system at no additional cost.

What to look for in a new ERP system

The next step is to get more specific regarding the “what.” This means creating a list of requirements containing those essential features that must be in the new system. You will use this list to help potential software vendors understand your needs and help them prepare a demonstration of their software’s ability to meet your requirements.

This means that you must take the time up front to be very clear on what you need. Get key stakeholders together to provide a thorough answer to this question. Don’t take anything for granted; this is the time to look at your company with a critical eye and determine how a new ERP system can help you address your challenges and help you attain your goals.

Interview not just the financial team, but everyone who will be using the system—from shipping and receiving to sales and marketing. Determine the features and functions that are necessary, those that would be nice to have, and those that will be required in near future.



Since the system will have to serve your needs today as well as tomorrow, look for a system—and a company—that will be around ten years from now. A system that is flexible, easy to use, and works with the way your company does business. In other words, look for a system that:

- **Uses common and widely used technologies.**
Avoid proprietary languages and systems, because you are at the whim of the authoring company for support and the talent pool for these systems is limited.
- **Can be deployed either in the cloud or on premises,**
according to your business need.
- **Are easily modified for basic tasks by the average users**
and customized by any technically-savvy person.



Other things to consider:

- **Avoid niche players that specialize in specific industries.**
These players cannot modernize and grow as quickly as more general products.
- **Read analyst reports and customer reviews from reputable sites**
to see what others are saying about the product.
- **Find out if the final system requires multiple databases.**
Some ERP vendors will bundle various products into their delivered system, for example, Financials and Customer Resource Management (CRM). While the system might behave as a single entity, it requires maintaining two separate databases, and synchronization between the two can present a problem. As much as possible, look for a system that leverages a single database to ensure all financial, operational, and customer data is the same for every person accessing the system.

Some of the questions you should be prepared to ask any software vendor include:



AUDITABILITY

For any ERP product, auditability is a must. While all companies should be able to audit their financial transactions, public companies and companies seeking outside funding require it.

- Does the software provide an audit trail of each transaction?
- Can I drill down into each transaction for more granular detail?
- How easy is it to perform an audit using this software?



SECURITY

Security takes many forms. Because an ERP system shows the details of the company's inner workings, there is a need to safeguard sensitive data from being seen or altered by certain employees. Moreover, the system must be secured from malicious attacks from outside the company as well.

- Does the software allow me to assign access privileges by user and role?
- Does the software allow me to automate approval processes?
- Does the software have safeguards against hackers and does it alert me when there are unauthorized access attempts?



REPORTING

One of the most important functions of the financial staff is to extract important information from the ERP system, along with combining data from other systems, for your company's internal use and for investors, bankers, auditors, and others.

- Does the system come with dashboards to display key information to the user?
- Can dashboards be created for specific roles in the organization? Can these dashboards be modified by the user?
- Can dashboards be created with both ERP and non-ERP information? Are integrations with the ERP available?
- What reports come standard with the system?
- Can reports be easily modified? How do I create a new report?
- How do I access information from the system?
- How easy is it to create my own queries for information? Can data queries be used in dashboards and reports?
- Can reports and queries be exported to Excel files? Pivot tables?
- Can I get real-time data from the system?



TEST PLATFORM/SANDBOX

It is often desirable to have access to a test system or "sandbox" that mirrors your live system. This can be used to test upgrades before putting them into production or for developing new customizations to verify they work before putting them on the live system. This is standard operating procedure for systems installed on premises but can be an issue when using a cloud system. Some Cloud vendors charge extra for a test system, some do not, and some do not offer a test system at all.

- Do I have access to a test system or sandbox?
- Do you charge extra for this?



DATA STORAGE AND BACKUP

The ability to create and restore backups from the ERP database is essential in the event of catastrophic failures, natural disasters, migration to another ERP system, or simply to upgrade on-premises hardware components. Ironically, not all cloud ERP systems give you the ability to create and restore data backups or to import your live data to a test system. Of the ones that do, some do not allow you to control when these backups are performed.

- Does the ERP vendor automatically back up my data?
- Can I backup my own data? Is my backup in the form of a true relational database?
- How easy would it be if I want to move my data to another ERP? How does that process work?



EASE OF USE

Even the best ERP system is useless if your staff won't use it because it is too hard to learn. Many will revert to "the old way of doing things", relying on spreadsheets and manual entry to bypass having to learn the new software.

- How easy is the system to learn?
- How much of the user interface can be customized by the user?
- Is your documentation available online?
- How complete is your documentation?
- Is user training available? Is training included with the software purchase?



CUSTOMIZABILITY

Since every company is different, few ERP systems will do everything you need out-of-the-box. There will almost always be some degree of modification needed for the software to work for your company and your industry. Some of these modifications are simple, some can be quite complex. Most modern ERP systems provide simple graphical tools so non-technical personnel can make minor adjustments to the system. More advanced customizations are provided through application programming interfaces (APIs) for more technical staff and consultants.

- Can the system be customized to fit the way my company does business?
- Are there graphical tools available that allow me to customize the software without knowing how to write a program? What parts of the system can be customized using these tools?
- How difficult is it to customize the software? What software tools do I need, or what software languages will I need to use?
- Is user training available? Is training included with the software purchase?



ADD-ON PRODUCTS/EXTENDIBILITY

Various industries require different features and functions. Service companies require different features than a manufacturer or a retailer. Most ERP products are modular, offering a base financial product with additional modules to extend the product's functionality, such as inventory management, field service, or customer relationship management. Plus, third-parties provide specific functions that integrate with the ERP product to extend its usefulness, such as payroll, credit card acceptance, and warehouse management.

- What is included in the base product?
- What other modules are available aside from the base product? How much do these modules cost?
- Are there other third-party software tools that I require that are not part of the base system?

While not exhaustive, this should give you an idea of the types of questions you should be asking the ERP vendors who make it to your short list.

On premises or in the cloud?

The cloud is where software is going, but you still have a choice—and some companies, for various reasons, prefer to stay on premises. Most ERP vendors only provide a single option: You can either run the software on your own hardware on premises or run the software in the cloud. Ideally, though, you want a solution that runs equally well in either setting. This lets you decide the deployment option that works best for you and lets you change that option if your situation changes. As you look at ERP vendors, you will find both options, so it's important to understand the advantages and disadvantages to on-premises and cloud deployments:

	On-premises systems	Cloud-based systems
Licensing options	Usually can be subscription-based or purchased outright.	Usually are only available with a subscription-based pricing model.
Hardware purchase/maintenance	Require that you purchase and maintain your own hardware and software licenses.	Are managed by a hosting facility, relieving your IT department of these tasks.
Scheduling upgrades	Are completely under your control – meaning you control when you update the software.	Are updated by the software vendor, so system outages due to software updates are often at the discretion of the software vendor (although a few ERP vendors allow you to select the outage window that works best for you—but check to see if there is an additional fee for this convenience).
Internet connectivity	Do not rely on your internet connection for you and your staff to get work done.	Require that your company has a reliable internet connection.
Accessibility	Must be accessed in-house unless your company provides an external connection so users can work remotely.	Are ideal for mobility; they can be accessed from anywhere, anytime, using any device with a web browser.
Security	Require you to be responsible for your own network and data security.	Offer what most companies cannot afford on their own: Data security. Most of the major hosting providers (Amazon Web Services, Microsoft Azure, etc.) are much better prepared and qualified for this job. In fact, your data is likely to be safer in the cloud than it is on premises.

What else to look for in an ERP vendor

As you look at the features and functions of prospective ERP products, it is equally important to take a close look at viability of the product as well as the company that produces it:

LONGEVITY AND MATURITY: Look at the history and maturity of the company. How long has it been in business? Are there news stories and user reviews of the company, either good or bad? Has the company management been stable, or has there been a history of changes in leadership? Has the company been the target of a recent takeover? If so, how has that impacted the product?

RECOGNITION AND AWARDS: Look for analyst reviews of the company and the software. Were these reviews favorable? Has the software received any awards by recognized third-party organizations? Most vendor websites will proudly display the awards and recognition they have received.

CUSTOMER REFERENCES (in your industry): Some ERP products are better suited for certain industries and not others. Look for references within your industry and talk to their CFOs to see how well the software has performed for them. Most vendors will provide references of users of their software in your industry.

SUPPORT: Support after the sale is important for any major purchase, and ERP is no exception. Identify the levels of support available to you along with the costs. Talk to other users and read user reviews to verify their satisfaction with the support they receive from their software vendor.



Partner or Direct Sales

Rarely will a company attempt to install an ERP system on its own. ERP software is complex and requires experts to work with your company to install it, configure it, and tune it so it works correctly for your company.

Different vendors approach software sales differently.

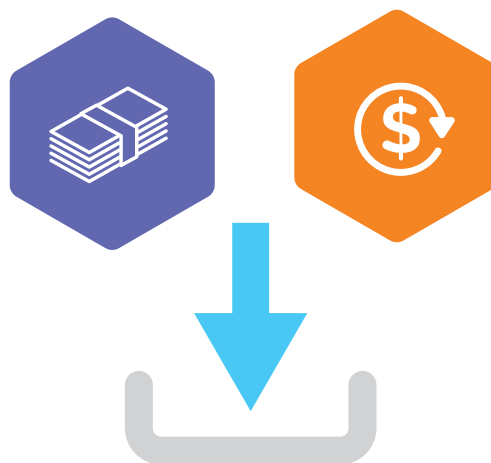
Most fall into three categories: Direct sales, sales through partners, or a mix of both.

DIRECT SALES: Some software companies sell directly to the end user. Here, the customer deals directly with the software vendor for all sales, implementation, support, and training. One advantage is that the software is installed by the creator of the software itself, so their knowledge of the system is quite extensive. A downside is that the company may not have hands-on experience working with companies in your industry.

PARTNER SALES: Some software companies prefer to sell their products through partners who are trained and certified in the application. Partners often specialize in specific industries and have a wealth of experience implementing the software for companies like yours and in your industry. Also, clients can select a partner that is located close by for consultation and support.

DIRECT AND PARTNER SALES: Software companies may choose to sell through partners for smaller, local clients and reserve a direct sales force for larger, geographically diverse clients.

Acumatica sells 100% through partners. We believe this lets us match you with the partner that is best suited for your location, size, and industry.



The ERP buying process



So, how do you go about researching, selecting, and buying your next ERP?

The following process outlines the steps that will help you through the buying cycle:

Identify the need

Document your need to move to a new system. Include the costs to maintain the outdated system as well as the budget to implement and maintain the new system. Next estimate the cost savings expected through streamlined processes and worker productivity. There are ROI and TCO tools available to help in determining the costs and savings.

Get buy-in at all levels

You don't just need executive management to agree to spend the money; you also need buy-in from the individuals who will be using the system.

Gather requirements

List the features and functions necessary for your company to move forward. Ask all potential users for their input. This will not only help you capture all requirements, but it will also help with user buy-in and adoption because they are part of the process. In addition, separate the required features from "nice-to-have" features, and keep an eye on the future: What other functionality do you anticipate needing in the next three to five years and beyond? The last thing you want to do is invest in a software product that becomes obsolete before it delivers ROI.

Start a list of potential vendors

Identify the ERP vendors that provide a product that meets your requirements. Most ERP products provide the same base functionality, but you will find some are more suited to your company or your industry than others. Begin to narrow your list to those vendors that fit your needs the best. You will also want to identify whether you want a cloud-only product or an on-premises product.

Make your proposal

Contact the vendors who have made it to your short list and request an on-site meeting and demonstration of their software. Be sure to share your requirements with them and request that each requirement be shown in the software demonstration.

Manage the demo

There is always a tendency for the demo team to show the features and functions that depict their software in the best light. Don't let that distract you from why you asked for the demonstration: Make sure each of your requirements are demonstrated to you and your team to your satisfaction. For example, if you asked for ease in customizing reports, have that demonstrated. Have your staff perform some of the actions themselves so they feel comfortable using that feature.

Have your own implementation team

The software vendor will provide a team of specialists to help you migrate your data, implement and tune the system, and train your staff. However, you need to have your own dedicated team from your company to assist with the process, provide access to secure areas and systems, and help work through any problems that might occur.

Be open to business process analysis/improvement

Some implementation teams will require an assessment of your business processes before proposing a system for you. Be open to this idea, even if it adds to the overall cost of the system. The team will analyze your existing processes and recommend changes that will help streamline some of your company's wasteful processes and make your staff be more productive.

Summary

Choosing your next ERP system is an important decision. The information in this guide should help you identify the important ideas to bear in mind as you go through the vendor selection process.

About Acumatica

The Acumatica Enterprise Resource Planning system delivers adaptable cloud and mobile technology with a unique, all-inclusive user licensing model. Acumatica provides a complete real-time view of your business anytime, anywhere, on any device. Through their worldwide network of partners, Acumatica ERP provides a full suite of integrated business management applications, including Financials, Distribution, Project Accounting, and CRM, as well as separate Field Service, Commerce, Manufacturing, and Construction Editions.

Acumatica's recommended pricing structure does not charge per user, but by the resources (hardware, memory, data throughput, etc.) required to operate the system. This lets companies add unlimited users as needed, allowing everyone in the organization access to the system at no additional cost.

Acumatica can be deployed on premises or in the cloud, depending on your business need. Plus, all Acumatica ERP and CRM modules use the same database—that means everyone in your organization has real-time access to a single version of the truth. And you can back up your data at any time.

Acumatica also sells 100% through partners like **SWK Technologies**. Please contact **SWK Technologies** for further information or help with Acumatica.



Learn how Acumatica can work for your business by visiting us online at swktech.com or by calling [877.979.5462](tel:877.979.5462).

