

A Magento Business' Guide to an ERP Decision



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WELCOME TO ENLIGHTENMENT

Thank you for downloading our eBook for Magento merchants. It's built from insights we hope serve you well on your journey to finding the right ERP for your business.



We've compiled years of insights from our seasoned experts to showcase the biggest selling points and advantages ERP can provide. The majority of the eBook is focused on the best ways to go about searching for and choosing the best ERP for your specific parameters. It also addresses common mistakes made by merchants searching for a new solution.

The eBook is structured into four sections, each depicting a high-level stage in the ERP-buying process and diving deep. Here are the sections and what you can expect to read in each:

- Section 1: Justifying the “Why”** – Discover the advantages of an ERP system and how it boosts eCommerce efficiency.
- Section 2: Preparation** – Learn how to set goals, determine budgets, assemble teams, and prepare for gathering information.
- Section 3: Discovery** – Find out what questions you should be asking ERP vendors and how to gather the right information.
- Section 4: Decision** – See different strategies for determining which solution and vendor are right for your business.

Click on any section above to get started or scroll down to start with Section 1.

JUSTIFYING THE “WHY”

You may be looking into an ERP system for a variety of reasons, whether it's to improve inventory management, increase productivity, or maintain oversight of internal processes. From the breadth of solutions available in today's marketplace, there's no doubt you can find what your Magento business needs to succeed in a changing environment. You just need to be able to identify the right system.



Magento

Magento merchants experience the rewards held by Magento ecosystem by taking advantage of the latest technology in the space. They face the everyday challenges in operations and need solutions -- such as ERP systems -- tailored to their assets. Here are some of the most common daily operational problems Magento businesses can fix through the implementation of the right ERP:

- Determining pricing based on inventory levels
- Complying with payroll and accounting regulations
- Controlling workflows
- Managing orders and shipping
- Communicating effectively with customers
- Dealing with several disconnected systems
- Maintaining multiple sales channels
- Handling product returns and exchanges
- Accessing warehouse and product information

Because of advancements in technology and development, ERPs can be built on an open framework that allows for full customization and development. Businesses can leverage this flexibility to enjoy all the benefits of a traditional ERP with software tweaks to add functionality or accommodate their individual needs.

So what does this mean in an ERP search?



If you find an ERP built on an open framework, the out-of-the-box version doesn't have to align perfectly with all your needs. You can mold these solutions into precisely the platform you're looking for – both for now and as your business grows in the future.

During the implementation process, eCommerce businesses pull everything together. Flexible open-framework builds allow users to incorporate legacy systems and Magento eCommerce tools directly into their ERP, creating a single business management platform on which products, inventory, sales, CRM, order statuses, and more can be accessed.

Complete system integration afforded from these modern ERPs save stakeholders' time and costs on human capital by automating remedial tasks within the system. The following are department modules that can be centralized in the best ERPs.

- Accounting
- Finance
- CRM
- Inventory
- Orders
- Data
- Marketing
- Sales
- Returns/Exchanges
- HR

Automation and customization options in ERPs allow your Magento business to achieve operational efficiency by improving fulfillment processes. Optimized systems allow merchants to extend order cutoff times, process more orders, and provide a more consistent representation of their business. With the cost of acquiring a new customer seven times the cost of retaining an existing one, these value-adding measures are a smart direction for eCommerce retailers.

When companies are looking to increase retention and improve customer lifetime value, order fulfillment is often one of the first places to look. Companies use ERP systems to manage every step of order fulfillment, ensuring smooth processing internally and automated messages to customers.



Here's how an ERP facilitates every step of the fulfillment journey:



Stock and store items

Inventory is tracked and replenishment is automated to facilitate the proper levels of just-in-time inventory. Availability messages can be relayed to the visitor on Magento product pages.



Order placement and processing

The customer selects product and proceeds to checkout. At this time their payment and shipping information enter the ERP system (if it is not there already).



Order reception notification

This automated message is sent to customers from the Magento retailer to communicate order reception. It might also contain the shipping information and give an estimated delivery date.



Synchronization

The order is officially pushed from Magento into the ERP, where data is stored, sorted, and later used for reporting and analysis.





Customer data integration

Customer data is automatically entered into the eCommerce CRM. New information is grouped with previous purchase information.



Pick and pack

An automated notification is sent from the ERP to warehouses to inform employees of the purchase. The products are picked and packed.



Ship and track

Upon warehouse departure of the items, the ERP automatically sends customers a link for tracking their packages.



Delivery

The order arrives at the customer's door. This is recorded into the ERP.



Returns and exchanges

The status of items can be changed post-delivery if the customer

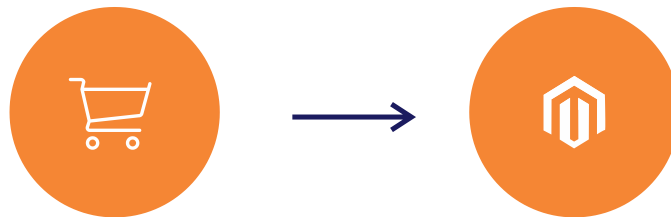


decides to send them back. These items can be brought back in and marked as dysfunctional or ineffective.



When fully utilized, an ERP allows businesses to sell in-stock items at an ideal price point while preventing overstock situations. The automated inventory management process allows Magento retailers to fulfill customer orders without tying up excessive capital in surplus inventory. Suppliers can also be included in many modern ERP systems, so they are automatically notified when inventory levels drop and a new shipment is needed.

Inventory and product management are just two areas of data that eCommerce businesses should be interested in. ERPs allow Magento retailers to generate reports and read analytics on virtually any data-driven aspect of the business, directly on the solution's interface. Robust reporting tools provide an avenue to generate reports in the areas such as accounting, CRM, and sales. Stakeholders can use this information to make informed decisions on their processes and business strategies.



Statistics give businesses a starting point for decisions, just as an ERP provides a platform for their Magento operations. Through the customization and implementation of an ERP, retailers can better understand their customers and make the necessary adjustments to improve the customer experience – from order fulfillment to stress-free communications. By leveraging the power of an ERP, Magento users worry less about the mundane, technical aspects of the business and focus more on adding the value needed for a competitive advantage.

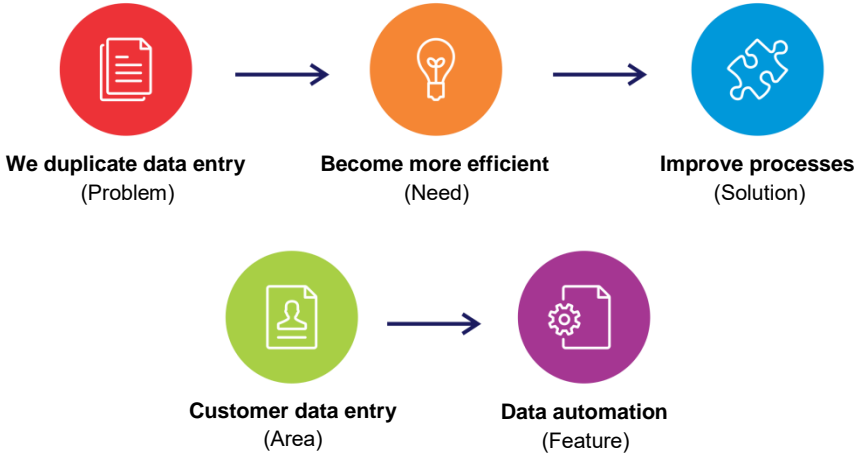


PREPARATION

A basic audit of your current systems is the logical first step to discovering what is needed from a new ERP. Some areas to look at include current inventory systems, warehouse communication, product management, and order tracking capabilities. It's important to determine where existing systems are meeting needs and where eCommerce capabilities can be boosted through the new ERP.

Business owners can often list a number of areas in which their operations can improve, so it's typically best to start at a high level and establish details for requirements of the new ERP. An exercise for transforming a current problem into a system feature is given below.

Translating a Problem Into an ERP Feature



If Magento business owners decide they want to save time by delegating the task of researching for an ERP, they can generate the high-level list of problem they want to solve and send it to the project lead. From there, the lead can figure out which ERP features would fix the issue and report back after gathering more information on potential solutions.

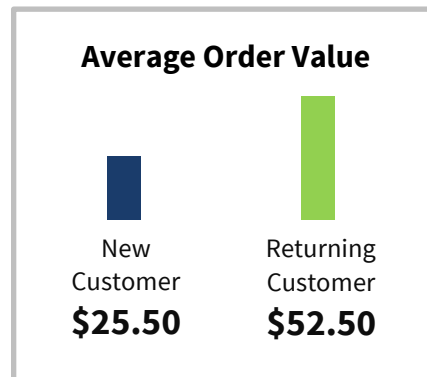
While features and functionality are a key component to any ERP selection, the business also needs to figure out how many employees will need access to the system, how they want to handle current systems, and where they want the new ERP deployed. Options vary



depending on the ERP, but typically modern ERP systems are available for deployment as on-premise solutions or in the cloud. With both options, users have the ability access information from anywhere they have an internet connection.

Especially in eCommerce, businesses searching for an ERP need to familiarize themselves with what today's online shopper is looking for. When it comes to fulfillment, companies find that users want quick shipping, but they also want reasonable time estimates and promises to be fulfilled. The programmable automation of modern ERP systems typically solves common problems associated with the internal processes, but just meeting customer expectations isn't always enough – plenty of eCommerce businesses can do that.

Magento retailers have to deliver what is necessary to bring back customers to take advantage of the fact that repeat customers spend more than twice as much as first-time customers.



Companies should look internally to define what their added value is to customers, and they must look to amplify that advantage with their new system decision. If businesses aren't careful in evaluating customer needs, they can completely lose their competitive advantage by choosing the wrong system and turning off their customers. For example, if the business' successful marketing strategy relies on sending rare, highly personalized messages with personal coupon codes, a system with frequent automated messages may not please the same kind of customer.

A competitive advantage is necessary to stand out in the eCommerce industry, but stretching resources thin in an attempt to create one through a new ERP will not result in success. Instead, resources need

to be allocated to bolster the natural or existing competency. The customizable nature of today's ERPs ensures businesses that the chosen solution can be fit to their strategies, allowing them to solidify their strengths.

While there may be some ERPs that fit the exact requirements for a particular Magento business, they may not fit the budget. Establishing the budget early allows the first wave of potential solutions can be filtered out if they're too expensive.

It must be noted that very few solutions' sticker prices should be viewed as the final cost, as many eCommerce businesses like to optimize their open-framework systems with customizations and supplementary development projects. However, some ERP solutions provide cost-saving measures by providing pricing models such as multiple users per license or a single license for an unlimited number of users on the system. While some businesses simply see a user license as an unavoidable cost, several can add up over time.

A price ceiling is understandable for any business development decision, but it is encouraged to set different pricing tiers, each with a different level of functionality or features. This can also be especially useful if a basic ERP system doesn't currently meet the needs of a Magento store, but it could with some customizations and add-ons. Often, businesses can build different types of systems or add different modules based on the amount they're willing to spend for increased functionality.

Before setting these recommended price points, it is important to address issues with people knowledgeable of eCommerce and ERP systems. This can be done by actually hiring third-party consultants or leveraging the knowledge of those who have their own ERP systems. Magento businesses can even reach out to vendors at this stage if they'd like to and keep the conversation informational and exploratory.

Once the requirements are set by management, it is suggested businesses dedicate an individual or team of individuals to the ERP search. This individual could be involved in pricing and goal-setting as well, but this is where they can become the ERP resource for their



particular company. Carrying out this step and appointing someone product champion shows the following advantages:

- Dedicated in-house project head
- Consistent thought progression in vendor meetings
- Single point of contact for vendors and management
- Eliminate communication gaps associated with handoffs
- ERP system expert following implementation

The appointed individual can devote time to learn about the current state of ERP and options. Some areas they can find information are in whitepapers, videos, webinars, interviews, and review articles. Once they have the information they need, they can begin to talk with vendors to gather more actionable information on particular solutions.

DISCOVERY

Once parameters are set and the budget is established, eCommerce companies can start diving into specific ERP systems and finding out who sells them. They must evaluate every option to see if it meets the specifications they established for the new system. Another component they must be cognizant of is the brand and name of the software (if reliability has been deemed important to the business) to see if it is reputable and has worked well for previous customers.

After doing some research on the web and downloading marketing materials to find details on the systems and plans, they can speak with a company contact if interested. While they should come informed on the system and prepared with a predetermined list of questions for the vendor to answer, the eCommerce company can tailor extra questions based on what preliminary research has told them. Below is a suggested list of questions to ask vendors about themselves and the system to get the information necessary to determine if the system is a fit.



Questions about the system	Questions about the vendor
How can I integrate this application seamlessly with Magento?	How many implementations have you successfully completed?
What data will be synchronized and how will the connection work?	What are your requirements when it comes to customizations?
How do customizations work?	What support do you offer?
Where can I deploy it and what is the process of setting it up?	How long are your solutions typically used by customers?
How does the system scale?	What hosting options do you offer?
How do taxes work in the system?	Do you have a development team?
How do shipping and payments work with the system?	Where do all the costs come into play throughout the process?
What products are supported?	How many clients do you have?

Be prepared to ask follow-up questions, as those presented may not produce the answers necessary to determine if the system or vendor is a fit.

During this part of discovery, you'll be speaking with some of the most informed individuals in the ERP industry. They will be more knowledgeable of ERP and how it relates to business processes than many of the resources studied to reach this particular point. Ask them questions about the resources you've already seen. Use their expertise to collect the information unique to your Magento store and how the system will work.

Magento businesses looking for a long-term ERP solution want to be smart with their time searching, but it is important to view all possible options. This is why it is a beneficial strategy to allocate too much time to the process, rather than risk not scheduling enough. With this extra time, evaluation periods can be longer, allowing you to spend more time with vendors and view more product demonstrations or tours.

It really comes down to not being able to know what you didn't take the time to learn. If you discount an ERP because you only have limited time for discovery, you may have missed your perfect fit.



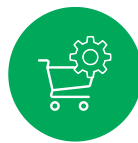
Additionally, seeing the range of products will give you more of indication which ones are primed to support your Magento eCommerce business. Some simply don't have the tools to be complete solutions for your business, and that will become apparent in this stage of search.

ERP demos will enable you to envision your company operating on the platform: Your data, your products, and your customers. Seeing the solution in action can also provide a new perspective and an idea of how it performs. It will show in the demo if the ERP is inefficient in submitting requests or transitioning from one module to another.

This is the stage where the "clear" losers can be filtered out. If you're unsure of the solution's fit with your Magento business after viewing accessible marketing materials, you will get a better idea after speaking with a representative. This process is about finding a solution that fits, and the vendors you speak with want you to find it. They will not be offended in a demo if you feel like they're wasting your time. It's their time too after all. Let them know if you don't see it going anywhere.

While you don't want to miss a diamond in the rough, there are deal-breakers that can help you sift through potential solutions at this point. Here are some general reasons for ruling out ERPs (or the partner) before the in-depth decision stage.

Reasons for Eliminating Contenders



Lacks functionality

You need your solution to meet established requirements. Without the necessary functionality, the system will be wasted money, and you might as well have not purchased the solution. The evolving eCommerce landscape demands a high-performing ERP solution to help businesses provide a higher level of customer service.





Unreliable partner

A partner should be there to lean on when experiencing difficulties with your system. Partners without a reputation can fall short on timelines, assistance, and the final output of your solution. It's generally best to trust an established vendor with years of experience and several client projects under their belt.



Unestablished ERP

Unproven applications are risky, especially when you're looking for a long-term solution. While a new solution may seem modern, it could lack the back-end stability to support the ins and outs of Magento eCommerce systems. It is recommended to find a solution that has supported eCommerce for years with advancements along the way.



Complicated interface

A daily tool should be easy-to-use and provide minimal training to the rest of the organization. A complicated interface can lead to confusion and is typically not as clean to look at everyday as a simpler solution. Find a tool in which you can customize your dashboards for the best user experience.



Lacks scalability

A future-oriented solution will grow with you, not hold you down or cause you to buy a new one. Find an ERP that has room for expansion as your Magento business grows. With customizations and integrations, this ERP can eventually become a comprehensive business management tool for your business.





No customization

Built-in flexibility allows businesses to add functionality and adapt the solution as needed moving forward. These customizations can be as simple as out-of-the-box settings or as complex as a development project carried out on an ERP's open framework.

DECISION

You've done the leg work to discover the ins and outs of all possible ERP systems for your Magento business. The next step is the grand finale: choosing your ERP. It's a big step, but it doesn't have to be overly complicated. Much of the time, it is best to develop a weighted scorecard on which you can evaluate all competitors equally. You can base weights off of company needs and scores off of notes and interpretations of ERP fit.

A sample scorecard is given below. While it is based off important ERP characteristics, the categories will vary depending on your specific business goals (and will likely be much larger). The highest scoring system will be your winner.

1 - Poor 2 - Fair 3 - Good 4 - Excellent 5 - Perfect

Category	Weight	Option X	Option Y	Option Z
Out-of-the-box version	0.05	5	3	3
Customization abilities	0.15	2	4	5
Deployment options	0.05	5	1	3
Scalability	0.1	2	3	4
Analytics and reporting	0.1	3	3	3
Learning curve	0.05	4	2	2
Automation	0.15	3	5	4



abilities				
Up-front cost	0.05	4	4	3
Cost to improve	0.05	4	3	2
Estimated ROI	0.25	2	4	5
Unweighted score	---	34	32	34
Weighted score	1.00	2.85	3.60	3.95

In this scenario, we can see that Option Z is the clear winner of these ERP solution finalists. However, note the importance of the weights to this example. While Option X tied for the most total utility with 34 points, it scored significantly lower when the weighted averages took effect. This is why it is important for evaluators to determine the correct categories and assign weights to correctly match their needs. In more in-depth cases, scorecards can contain hundreds of criteria across several categories.

For instance, “Out-of-the-box version” could warrant its own section, with criteria such as “User dashboard complexity” and “User dashboard visual appeal.” It may be beneficial to create a dedicated financial scorecard as well. For eCommerce, you might be more concerned about operations, such as “Order process automation” or “Data synchronization with Magento.”

The main two broad concepts you’re looking for while making your ERP decision are the solution’s functionality (does it fit your needs?) and its price point (is it within your budget?). While the out-of-the-box version of the solution may not meet the first criterion, businesses must look to customization. If it is built on an open framework, almost any alteration can be made to the ERP system – it just comes down to a matter of cost and development time. Because of the flexibility ERP customization affords, some systems can be molded into almost any imaginable eCommerce management platform.

Even if the ERP is determined to be a solid fit as is, there are bound to be some customizations you’ll want to tailor the system to accomplish specific goals. The most common areas for these customizations include changes to personalize the instance to each individual, alterations to the user interface/dashboard, and adding more modules to achieve connectedness in the system. These additions should all be discussed with your vendor or developer before purchasing the solution – don’t assume you can just do them later.



The goal of implementing these solution extensions is to set your eCommerce business on a path for future growth. Given the expense and effort that goes into implementing a new back-office solution, the ERP decision needs to be made correctly the first time, and it needs to work for several years of operations.

Key questions to ask about solutions before selecting:

- Is it modern now?
- Can we continue to customize it?
- How long does it need to work for us?
- Does it fit my long-term vision?
- Can we build our business on this ERP?
- Is there built-in scalability?

With any solution and implementation, there are extraneous costs. It is important to determine these before carrying out your cost-to-benefit evaluation. The following are typical areas in which costs can accumulate when purchasing, tailoring, and implementing a new ERP solution for eCommerce.



Data migration



Training



Customization



Integrations



Implementation



Licensing

Discovering the “real cost” is important to making an accurate ERP purchasing decision. If you misinterpret the cost of a prospective solution, you may not be able to complete the customizations you need and could be stuck with a dysfunctional system. Calculating the “real cost” of implementation gives you realistic expectations of systems and the utility you should be looking to receive at your desired price point.



After determining the final price, determine a time frame over which your eCommerce company is determining perceived value. What do you want to achieve from the system and how do you classify ROI? Is it simply total sales, or do you have other means of determining how the ERP is helping you? Find current performance benchmarks to which you can compare new data in the future.

Returns from ERP Investment

Advantage	What it does
A single management platform	Centralize reporting, analytics, and all your business processes that otherwise took place in separate applications.
Integration of legacy systems	Incorporate existing systems into the new ERP to reduce knowledge gaps and increase productivity.
A fully customized solution	Create the ideal system to control and monitor all aspects of your Magento business.
Scalability for future growth	Build your system in the cloud to support expansion as you grow.
More efficient use of work time	Optimize employee workflows and eliminate duplicate tasks through task automation.
Operational efficiency	Improve productivity of internal operations and transfer additional value to your customers.
Improved customer communication	Automate messaging to your customers and provide accurate and effective shipping.
More orders	Take on more customer orders with the same amount of resources.
Extended order cutoff times	Allow customers to order later in the day (and reduce shipping costs) by processing more orders in any given timeframe.
Increased revenues	Process more orders from more customers and retain more of them.

While productivity and newfound efficiency can be great ways to determine the return an ERP brings, there are also other aspects to the



fresh system's arrival. Among these are employee happiness, improved communication, and reduced frustration with clunky systems. For monetary and intangible factors, you want to try to estimate a return from each ERP – perhaps even a break-even point.

Finding these statistics can be intimidating, and those assigned to the project should be in contact with analysts, managers, and ERP points of contact to receive answers to any questions regarding the return the system will bring.

Project heads should be reporting to management periodically, but especially in this stage of the process. Report the winners and losers that were discovered, and explain why you designated these winners and losers the way you did. Share the pros and cons, as well as where each one stands out or falls behind. Stakeholders may want to veto the weighted scaling system and place emphasis on a particular feature.

In some cases, businesses can't complement their systems the way they'd originally hoped to for the investment they're willing to put forth. One of the options is to abandon the process, but you obviously need a solution if you've gotten here. The other option is to reevaluate. Maybe cheaper solutions need to come into play, and your business can't currently afford the highest tier ERP systems. It's possible you can get a cheaper solution by cutting back on functionality or linking multiple solutions into a single platform with an open-framework concept.

If you go back to the drawing board, you'll reevaluate and repeat the process factoring in your new budget and requirements. Then you'll get back to this decision point.

All the research and evaluation has been done. Now you just need to put it all together and meet with stakeholders to make best decision for your business. If you did a good job with research, you should trust what it says. While one ERP may emerge the clear-cut winner for today, you have to keep in mind which one you'll want to be operating on years from now. A sophisticated ERP truly is a scalable platform on which you can continue to grow and evolve. With the right customizations, your new system can go beyond ERP and enter the realm of a centralized business management platform.



CONCLUSION

Whatever your final decision is on your eCommerce ERP platform, we hope this guide serves as a resource you can continue to reference throughout the process. Now that we've laid out the ideal ERP selection process, let us tell you a little bit about who we are.

We develop, integrate, and implement Acumatica cloud ERP software for eCommerce businesses. Acumatica allows Magento retailers to streamline their operations by automating back-office processing and integrating their applications onto a single platform. The ERP's open framework allows customization through alterations to user experience, workflows, modules, and any other part of the platform. Users can access Acumatica's library of third-party extensions or build their own to create the system that matches their unique needs.

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).

