

To Maintain Your ERP System ... or Not

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Assessing the overall effectiveness and future potential of an existing enterprise resource planning (ERP) system is a task easier said than done.

It's no secret that advancements in ERP technology and ever-evolving market trends are leading some manufacturers to review the overall effectiveness of the systems they employ today. The age of the system, flexibility of the technology, and the system's ability to integrate with other critical business systems are all key considerations.

That being said, every manufacturer is different. They have unique strengths, weaknesses, opportunities and areas of concern. This means no two ERP assessments are alike, and no two manufacturers can judge their systems based on the same exact criteria. So according to Andy Vabulas, Chief Executive Officer, I.B.I.S., Inc., any proper evaluation of ERP begins with a review of the company's IT strategy. Failing to consider the IT strategy or not having one in place at all, he says, can submarine the entire process.

A quality IT strategy helps organizational leaders decide if maintaining a current ERP system will allow the company to achieve IT-related goals. It acts as a tie that binds the IT department with organizational leaders and decision-makers to ensure their goals and objectives are the same and that decisions are made in concert with those goals.

"That's the starting point, because all your questions follow that," he adds.

Help or Hindrance?

Reviewing the IT strategy also helps manufacturers determine if the ERP system in place is allowing them to conduct business at a level required for them to meet the needs and wants of customers and compete effectively. Modern systems have certain capabilities that assist manufacturers in their dealings with suppliers, customers, and vendors, as well as support various business processes. What's more, entire business models can be programmed into the ERP system to ensure each department within a manufacturing enterprise operates under the same rules and guidelines.

Manufacturers need to recognize what new ERP technology can offer them and weigh the cost of investing in that new technology against the performance of current systems in place.

Business Intelligence

Then there is the matter of business intelligence. Access to BI is no longer limited to high-ranking business officials like the CEO and CFO. Now employees across the entire enterprise can have access to real-time performance data, allowing them to respond quickly and make adjustments on the fly. That can have a significantly positive effect on a company's overall level of efficiency and productivity.

"What kind of return am I going to get on an ERP system that doesn't support the modern world today?" asks Vabulas, noting that ERP, in addition to extending business intelligence throughout an enterprise, also supports workflow, leverages mobile technology, and controls production equipment.

The Cloud

One relatively new technology that has altered the way many manufacturers approach ERP decisions is cloud technology.

For a company that has multiple locations, cloud technology has allowed them to lower their cost of ownership. Even single-location manufacturers have seen a reduction in IT costs because there is no longer a need to manage complex data. Cloud solutions have matured, and now manufacturers are looking for every single way to reduce cost while getting better service. It offers the manufacturer quite a bit of flexibility, and it has made integrating systems a simpler task. Furthermore, many of the concerns regarding the security of cloud computing has been more or less addressed.

"Solutions in the cloud have matured at the same rate in solving the business issues," says Vabulas. "And people now, in this economic environment we're in, are looking for every single way they can reduce their cost but get better service and better quality that drives out to their clients and constituents."

Stack It

One of the ways some companies accomplish this task is through "technology

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stacks.” Whether it’s a Microsoft stack, an Oracle stack, or even an open-source stack, they can be integrated with such document management, EDI, barcoding, workflow and mobile technology, among others.

“You have to have a system that can use any of these tools, and they have to seamlessly work together,” says Vabulas. “So it’s important for people to realize the advantages of those stacks that are pre-built, because that takes away the issue of having to integrate everything.”

ERP vendors are now providing these pre-built stacks to eliminate integration issues.

The aforementioned technological advancements are becoming more and more prevalent in business environments, and it’s making it easier for manufacturers to compete in a tough, globalized marketplace because it can be consumed and leveraged at a lower cost than ever before.

“Technology is your edge, and it’s the reason you can be competitive with someone in a lower-cost labor market,” he continues. “It is a strategic advantage to you.”

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