

REAL TIME DATA PUSHES MANUFACTURERS INTO THE FUTURE



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INTRODUCTION

In today's business climate, manufacturers need access to seamless technologies with multi-dimensional features in order to stay competitive in their industries. Enterprise resource planning software (ERP) can bring significant returns with the right preparation, so finding the right ERP system for your manufacturing organization may be one of the most important decisions you make for the business. Once your manufacturing organization acknowledges the need for manufacturing ERP software, start your software evaluation process here by finding out how to choose from all the options.



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OVERVIEW

Growing manufacturing companies face new challenges to keep their competitive edge and as a result, periodical assessments of work processes and software solutions are needed to look for inefficiencies. As productivity and growth issues surface and evolve, the analysis of these solutions helps manufacturers determine if they're equipped to address the challenges they'll face going into the future.

Besides determining which system to select and implement, you need to understand what you need your new system to do and who you have available in your corner as your software partner. Business technology evolves so rapidly that you need to find the right manufacturing ERP and software vendor who can grow with your company today.

ERP TRANSFORMS MANUFACTURERS

In our fast-paced economy, the technology you choose can make or break your manufacturing company. ERP can help protect your manufacturing company against common concerns and market instabilities by integrating, managing, and streamlining the core processes and systems needed to run your operation.

Manufacturers who rely on legacy applications with excessive manual workarounds soon realize where their productivity gaps have created major setbacks and in the end, opportunities for the competition. By assessing the relevance of your legacy systems, you're able to determine what you need from your manufacturing ERP to reclaim those competitive advantages.

Some of the reasons companies seek manufacturing ERP:

- Increase revenue
- Harness industry-specific solutions
- Improve customer service
- Improve inventory management
- Streamline operations
- Increase efficiency
- Maintain compliance
- Standardize business processes
- Gain better insights and analytics
- Simplify risk management
- Technology integrations
- Gain mobile/cloud accessibility
- Foster growth
- Maximize profitability
- Adapting and scaling the business
- Integration/collaboration across departments
- Replace legacy system
- Leverage global markets

With so many benefits delivered by ERP systems, it is imperative to perform the proper due diligence needed to determine your specific software requirements. Where do you begin?

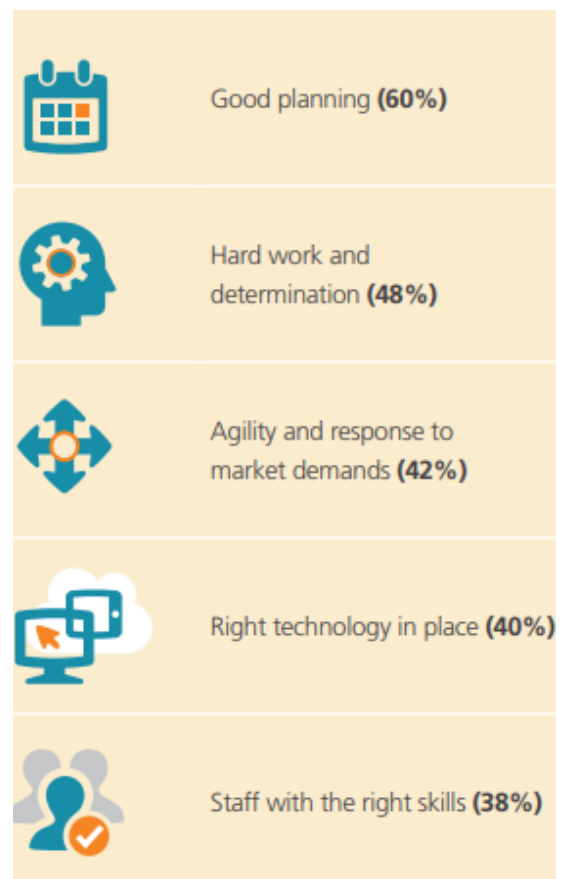
The evaluation of your manufacturing software starts with an analysis of your existing systems and their inherent weaknesses. Consider where you may be wasting labor hours on manual workarounds or processes which could otherwise be automated.

Asking the right questions will help analyze whether the existing system meets your unique business requirements.

DETERMINING SOFTWARE REQUIREMENTS

Very early on in your software assessment, you'll begin to look at your immediate business needs as well as any foreseeable future requirements. Consider your chief concerns and prioritize your functional requirements into three categories: mandatory requirements; requirements which add value; and optional, nice-to-have features.

What problems will the application be expected to solve? These are among the most obvious questions when performing your software evaluation, which makes them easy to gloss over. They're also the most important, so be certain you answer these thoroughly.



MANUFACTURERS FUNCTIONAL REQUIREMENTS

From human resources and accounting to sales and inventory, manufacturing ERP systems consolidate data into a single source of information for real-time, accurate and actionable insights not offered by disparate systems.

First, you'll want to have a good sense of what your business actually needs. As mentioned, consider the list of features you'd like to have versus the list of features you must have.

Be honest and critical of your own needs. Figure out how the new ERP software will integrate with any software you currently use and make sure that your system is compatible with any new software solutions you add to it.

Many available software systems offer more bells and whistles than manufacturers would ever use, so it is important to be sure you aren't overpaying and muddying the waters with features that don't serve your purposes.

Here are some ERP must-haves for manufacturers.

SUPPLY CHAIN MANAGEMENT

A product or service is always aimed towards a target market. This initially identifies and narrows down your audience in equal measure. The trick to identifying who your target market is lies in the nature of your product or service, and most importantly, the demographics it will appeal to. Surveys are one tool brands use to determine who their target market is. Another way is through direct engagement and sampling. For instance, gathering individuals by gender or age group, to test a product or service will elicit various responses, giving you a better idea of who will appreciate it more.

Manufacturing ERP has built-in supply chain management capabilities which help manufacturers get the most out of their supply chain, including:

- Electronic Data Interchange (EDI)
- Automate workflow and transactions
- Improve supply chain efficiency
- Reduce overhead and operational costs
- Decrease errors and bottlenecks
- Flexibility to meet changing market demands
- Improve customer service and customer retention

AP AUTOMATION

Automating AP allows manufacturers to pursue strategic initiatives by enabling more precise cash management, improved supplier relations, and better business intelligence, significantly contributing to the bottom line.

Manufacturer ERP solutions can streamline the day-to-day mission-critical tasks by automating AP operations and giving organizations better access to data as well as the ability to review invoices and process workflows automatically. Manufacturing ERP systems help:

- Increase payment speeds
- Free skilled employees from menial tasks
- AP transparency



ASSET MANAGEMENT

Having asset management in your ERP solution helps you to track your physical assets and usually focuses on the hardware side of a manufacturing company, such as equipment and machinery.

With ERP's asset management module, manufacturers are able to maximize their investments as well as:

- Reduce costs and risks
- Maximize return on investment / assets
- Get accurate monitoring and reporting
- Get faster tracking and improved predictability

INVENTORY MANAGEMENT

Shipping and receiving raw materials and/or inventory stands at the core of every manufacturing business, so having a precise inventory management strategy is crucial. For manufacturing companies, excess inventory can cost money in storage, carrying costs and labor. With these holding costs, manufacturing companies need to trim the amount of inventory sitting on the shelves or in the warehouse.

Manufacturing ERP systems make it easier to track product by gathering all your inventory and shipment data into a single solution. Materials are easy to pinpoint to get them where they need to be and demand-forecasting helps you plan your warehouse needs accordingly.

Manufacturers benefit from inventory controls in many ways which include:

- Maintaining appropriate stock levels
- Identifying inventory requirements
- Monitoring item usages
- Reconciling the inventory balances
- Reporting inventory status

Look ahead and consider scalability goals. Make sure that the vendor you choose can keep up with your business operations as they scale. Your ERP software and vendor need to be able to keep pace with you as you expand into new markets and grow your product offerings.

WILL YOU NEED CUSTOMIZATIONS?

From a functionality standpoint, you'll want an ERP system which can adapt to your business requirements without needing extensive customizations. Besides adding difficulty to the implementation process, ERP customizations create complexities during future upgrades when your system will require special consideration.

From a cost perspective, customizations add to the budget in the short term by adding to your itemized list of deliverables during implementation. Consider, also, the long term cost liabilities which occur when your organization is requires an update or bug fix which hasn't been tested against your customized software. While customizations are sometimes needed, always be prepared to assess the true necessity of a particular feature against the short and long term costs associated with having it.



WHAT ARE YOUR DEPLOYMENT OPTIONS:

Your next consideration should involve how your system will be deployed. Your options typically include on-premise, hosted, cloud, and hybrid solutions. Each of these deployment options offers clear benefits depending on your needs, so be sure to research which deployment option or hybrid scenario would work best for your organization.

CLOUD-BASED VS. ON-PREMISE

The comparative benefits of each deployment method are broken out as follows:

Cloud-based

- No local hosting necessary for software
- Easy access to ERP onsite or offsite
- Enterprise-grade cloud security
- Flexible guided configuration and implementation
- Lower software investment costs

Cloud ERP allows shorter deployment times and can cost 25-45% less than on-prem deployment, saving you time and money

On-Premise

- Hosted locally
- Managed by in-house IT personnel
- Autonomy in ERP configuration and implementation

Hybrid

- You decide which portions of your business operate in the cloud and what data stays local

The biggest factors in your deployment options often include whether your company wants to assume the cost and responsibility of the IT infrastructure associated with on-prem systems versus the accessibility and flexibility of cloud-based systems.

These deployment options might make ERP sound like a function entirely related to your IT department. One thing to remember, ERP systems are a function of your entire business and not solely the IT department's responsibility.

It is critical to involve employees from finance, operations, manufacturing and other departments across your organization. By including perspectives from your whole organization in your decision-making process, you ensure each department has a stake in the game.

CHOOSING THE RIGHT SOFTWARE VENDOR FOR YOUR MANUFACTURING BUSINESS

Your software vendor is your partner in getting what you need from this technology upgrade, so make your decision only after thoroughly vetting your potential vendor's credentials and do the necessary research into past client experiences. Ideally, you'll find and select a vendor with expertise in your industry and a track record of servicing companies similar to yours.

Evaluation of ERP vendors is a multi-step process.

- The first step in evaluating ERP vendors is determining the standard criteria by which all potential vendors will be evaluated (eg. cost, deployment features, etc.).
- Solicit and schedule consultations and demonstrations with reps and experts with the products on your radar. Using the information they give you, narrow down to a small handful of the solutions that seem best to you.
- Schedule time to follow up with your shortlist of vendors. Make sure to prepare a list of outstanding questions or concerns in advance.
- Seek out other companies that have implemented software from your potential vendors and learn about their experiences. How has their experience of the software been? Has the vendor been responsive and supportive regarding any issues that occurred?

Throughout the process, your software vendor will make suggestions based on your organization's goals, the various options available and how other businesses like yours are using the technology to improve their operation. Having an open discussion with your software partner goes a long way in aligning their vision with yours, make sure they're willing to listen to your specific obstacles. If you intend to increase profitability while leaning out inventory, make sure their suggested solutions are in line with the company's overall business strategy.

Among other things, you'll need to be able to see through marketing claims to determine whether your vendor has the track record to be able to provide you with continuous support. With that in mind, here are a few things to consider when choosing the right software vendor for your manufacturing business.

Don't forget to check into the software provider's pedigree, how long they've been around, and whether they have a good track record of servicing their accounts. How do their current customers rate them? Or are they a fly-by-night outfit that doesn't have a proven track record yet?

Focus on your vendor's credentials, partner certifications, and the health of the organization, as best you can assess it. Be sure to look into other businesses that use the vendor for similar software solutions and get a sense of their feedback.

Test drive the software while having an open conversation with your prospective vendor. You know the software and vendor look good for your business on paper, confirm it by taking advantage of a free trial period. Try before you buy, but make sure you understand the costs. Some software vendors charge for services that other vendors might offer for free, so be sure to look beyond the sticker price at areas like extended support contracts, service fees, costs for additional training, etc.

Double check to ensure that you maintain full ownership of your data in the event that you part ways with the vendor down the line. Collaborate with your vendor and get your KPIs in order before you agree to a contract. You should have agreed upon criteria by which you evaluate how well the new software is working for you. Work with your vendor to determine the best key performance indicators so you can collaboratively root out any issues before they become problems. Continue to reassess along the lines of the agreed upon KPIs.



ERP TRANSFORMS MANUFACTURERS

ERP software is designed to fit the precise needs of manufacturing companies. With a reputation for flexibility and understanding the unique needs of today's manufacturers in an increasingly competitive marketplace, ERP can dramatically improve performance and profitability while easing complexity so manufacturers can focus on growth.

Inefficient systems drastically reduce the productivity and profitability of your manufacturing company. ERP offers full-service modules from customer relationship management to inventory and production management.

ERP systems are the backbone of the manufacturing industry and among the most advanced, versatile and scalable solutions for your manufacturing company. By integrating and managing the core processes needed to run a manufacturing operation, ERP is designed to be easier to use, more collaborative, and more responsive. With an ERP solution, you gain a technology platform to conduct business today and in the future—on any device, anytime, anywhere in the world.

Cloud software strategy is unique in that it offers complete choice and flexibility in deployment in the cloud or on your premises so organizations can deploy in the cloud today and on-premise down the road—or vice versa.

For a successful ERP experience, your manufacturing company needs an established vendor who will review your business requirements, help migrate your data and train your employees, and much more.



ABOUT E2B TEKNOLOGIES

e2b technologies develops custom cloud-based business applications and is a passionate and experienced team of industry leaders and business advisers providing Epicor ERP. Epicor boosts the productivity of your manufacturing operation while keeping costs down resulting in a more competitive, agile, and responsive operation. Contact our Epicor ERP experts when you're ready to begin your ERP software evaluation process.

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