



What Is ERP Software?

And do I really need it?

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What is ERP Software and do I really need it?

If you're on the look-out for a business management software solution to run your business, then you'll no doubt come across the term 'ERP software'. [What is ERP software?](#) We explain this and more in our comprehensive overview of ERP software. We'll touch on everything from evaluating if you need an ERP system to the deployment options available and finding the right software/vendor for your business.

What is ERP software?

The acronym 'ERP' stands for '**Enterprise Resource Planning**'. ERP software refers to an integrated business process management software system that is used to consolidate all the functions of an organisation into a unified system.

It helps automate and integrate your company's core business elements to increase efficiency and simplify operations. It also allows all collected data to be centralised and shared. This enables you to plan, manage and build a sustainable and scalable business in today's fast paced environment.

A comprehensive ERP system will cover all your basic business processes from financial accounting and supply chain management to inventory management and CRM (Customer Relationship Management). Some will also cover different levels of Material Requirement Planning (MRP), should you require it.

[Today's flexible, future-ready ERP systems](#) enable you to establish one source of truth to gain real-time insights into the health of your business. With all departments connected in real-time, it encourages more collaboration, more informed decision-making and increases efficiency at all levels.

On the question of '[Do you need ERP software for your business?](#)', well, we hope the information below will help you to decide.

What does ERP software offer?

ERP software offers complete visibility of your business. Unlike managing disparate systems that don't talk to each other, ERP software enables you to record, measure and control all your information on a centralised database.

Through RESTful APIs, you can also readily integrate any niche solutions you currently use or may wish to use seamlessly with your ERP solution; consistently retaining that central business hub.

By combining all the information from all departments in one centralised repository, ERP software improves productivity, increases accuracy, lowers cost and streamlines processes.

These are just some of the advantages of implementing this type of software solution for your business. We talk more about the benefits below.

Today's modern ERP software is based on open, flexible architecture that can seriously impact your business in a number of key areas.

- Give staff only what they need
- Let key information come to you
- Offers opportunities for continuous improvement
- Enables seamless integration with best of breed applications
- Accommodates your unique business processes
- Makes [digital transformation](#) possible

The benefits of implementing ERP or introducing modern ERP in your business

Every business is different. But they all face a similar problem.

To maintain a competitive edge, you need an efficient and reliable way to store, access and control your data. An ERP system is the solution to this and comes in many guises - from industry-specific ERP software to [B2B wholesale software](#), cloud-based or on-premise ERP systems (more on this later).

Understanding your company's data is akin to finding a goldmine. Being able to act on this information helps you optimise your business operations for the highest cost-savings and efficiencies. Plus, identifying trends and patterns in your data can open up competitive opportunities for your team - and help you increase revenue.

ERP systems also help you realise the value of your data. In particular, [ERP for medium/large business](#) is designed to provide efficiency, analytics, intelligence and visibility across your business.

Other benefits include:

Streamlines business processes

- Data is available across all functions of your business from one central location giving real-time visibility and control
- Productivity is increased by automating tedious back-office tasks which in turn frees up time
- Maximise efficiency with personalised workspaces
- Decision-makers and budget-holders can monitor operations in real-time
- Decision-making at all levels of your business is greatly enhanced
- Maintain optimum stock levels
- Implement in-depth margin, pricing negotiation & cost controls

Optimise your supply chain

- Gain real-time visibility of your entire supply chain.

Improve customer satisfaction

- Provide exactly what your customer wants when they want it
- Enhance the accuracy of your delivery times

Reduce costs

- Save money with automated administration and operational processes.
- Reducing operational costs reduces capital outlay.
- Run your business at a lower cost.

Optimise inventory

- Increase smart management of stock levels.

Consolidate financials

- Eliminate different systems to manage cash flow.
- Keep track of payments in and out much quicker.

Future-proof your business

- Modern ERP systems will grow as your business grows, keeping up with the latest technologies.
- Facilitates diversification & acquisitions

Increase your competitive edge

- Adapt to market requirements with ease.
- Maintain the highest levels of compliance.

Anytime, anywhere access

- Functionality of modern ERP extends to mobile and tablet devices.

Types of ERP software

Given the number of ERP software options out there, choosing the right system for your business is no easy task. It doesn't help that the industry uses a tiered system to categorise the different software packages available. This can further complicate the situation and make the decision of what to go with (and where to start) harder.

While it is not important to dwell too much on this tiered classification, it's good to be able to distinguish where various packages sit in the marketplace.

Tier 1 ERP Software

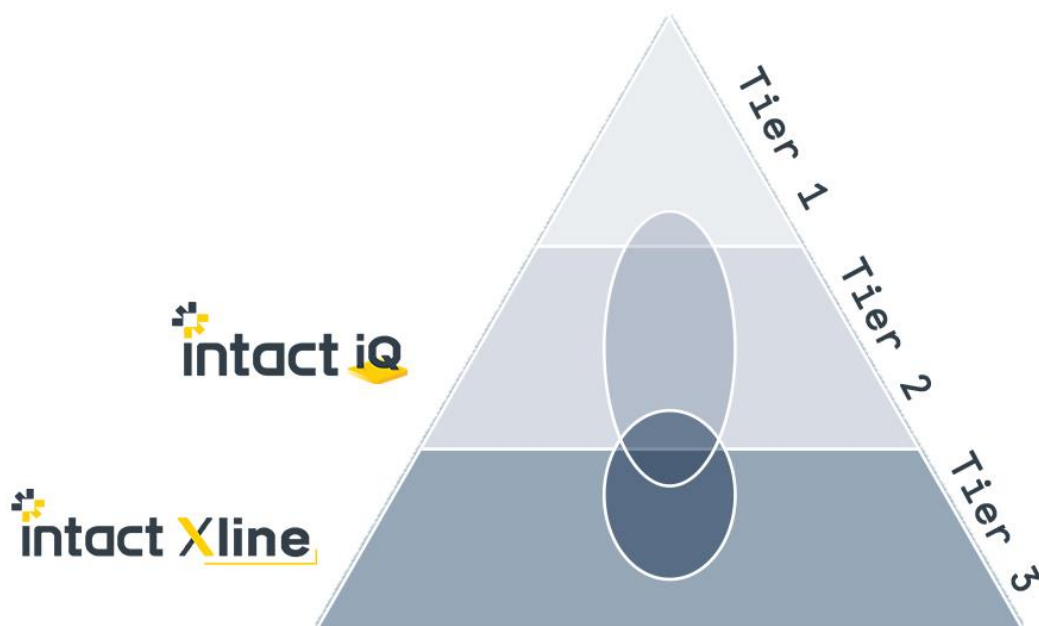
'Tier 1' level packages like SAP Enterprise, Oracle and Infor are global multi-billion dollar operations designed to service the needs of the 'big guys' - large complex businesses that have many departments, a global presence and often complicated operational structures.

Tier 2 ERP Software

The 'Tier 2' market is the largest of all the tiers in terms of the number of potential customers. Software in this class is often less complex to implement and costly than Tier 1 applications and can go from full, one-size-fits all ERP software packages to very industry specific solutions. Targeted at mid-size companies anywhere from 10 – 1000 users approx., the level of complexity can vary greatly here which is why you'll find so many vertical market players in this space.

Tier 3 ERP Software

'Tier 3' level packages such as Intact Xline, TAS Books, Quickbooks, Sage 50 are chosen by SMEs across a wide and varied spectrum of industries. Functionality tends to be reasonably standard and processes are adapted to meet the functionality of the software. They are designed for single site customers, tend to have less than 20 users and in general have less demanding needs.



A note on industry-specific ERP solutions

The choice between generic solutions and industry-specific options is a major part of your decision-making process.

Traditionally, ERP solutions were created with basic functionalities and features common to a wide range of industries. During the implementation process, IT consultants would conduct a detailed system study to determine the customized solution based on a client's precise requirements.

These 'off-the-shelf' applications were often found to be lacking in valuable information, functionality and flexibility; often leading to budget and cost over-runs.

As technology evolved, ERP solutions were created specifically to match exact industries, saving both valuable time and money. ERP software that has been developed specifically for your industry can handle all of your business processes with minimal to no customization required.

And with systems such as Intact iQ, which is built on modern technology, your consultants rather than the developers customise your system. This includes customising your system to any additional requirements that are unique to you that may even be outside the industry norm. Intact iQ also gives you more autonomy and control to change every view, screen, workflow, alert etc., without being technically advanced.

Perhaps the greatest advantage of industry-specific ERP is that the vendor consultancy and support team will have a deep understanding of your organizations' needs and can offer expert industry advice to satisfy your individual nuances.

If you still feel confused and overwhelmed by the myriad of ERP software available, our ['Global Vs Local ERP software'](#) article outlines the pros and cons of both which you may find useful.

ERP software deployment models: How you consume your ERP

The technology ERP systems run on has changed dramatically, and that pace is moving faster than ever. When selecting a new Enterprise Resource Planning (ERP), one of the most critical factors in your decision will be whether you choose to deploy it on-premise or in the Cloud.

Traditionally, ERPs systems were deployed on-premises, that means the software is installed locally, on a company's own computers and servers. Today, whilst on-premise is still a popular option nearly every ERP vendor offers some form of cloud deployment option.

It's so easy to get caught up in buzz-words surrounding the topic of ERP deployment, and there is a lot of jargon and misinformation out there. In this next section, we want to explain the pros and cons of the various options so you can decide what solution best suits how you and your team need to use, scale and access your ERP solution.

On-Premise is the most common, traditional method of deploying ERP solutions. On-premises ERP is the traditional licensing model where the user acquires the license per user or per company installed in the user's office site or premises. It is a CAPEX (Capital Expenditure) payment structure with the full cost of the software and implementation fees paid in year 1.

Post-implementation, an ongoing annual payment is required to cover the software support agreement. It provides for ongoing upgrades and support for questions or issues that will arise when the user is live on the system.

Remote users may request complicated and costly remote-access software to use the solution. Data security is in the hand of the organization, and some organizations might not be as adept at practising proper data security protocols.

This type of deployment is generally more expensive than on-demand or cloud solutions because of the hardware requirements, capital investment in software licenses, in-house IT support staff (or equivalent from an ICT service provider) and longer integration periods.

Although considered more secure, as the entire instance of the software remains on the organization's premises, achieving the so-called "four-nines" availability (99.99% up-time) can be very challenging and expensive. Finally, scalability is limited to the available installed resources and can create inefficiencies when it comes to supporting fast-changing business requests.

WHY PEOPLE CHOOSE ON-PREMISE ERP

- Want complete control – keeping data close and secure
- Servers are located on-site and are yet to be depreciated
- Prefer CAPEX
- Poor Broadband infrastructure
- Require full application access

Hosted ERP or Cloud Hosted ERP is similar to the traditional on-premise ERP deployment in many ways. With a hosted solution (can be cloud-hosted, hosted in a private data centre or a co-location facility), there is very little differences from an architecture point of view. The infrastructure can be CAPEX or OPEX (Operational Expenditure), but the most important element of a hosted solution is that it is a bespoke deployment for a single customer.

In a hosted environment, organisations must buy software licenses, but instead of installing the software in their own infrastructure, the provider will host the software for them.

The cost is still higher compared to cloud-based ERP because the software is hosted on a cloud server and organizations must pay for the full server licenses. Because all users will access the system remotely, the cost of this solution is affected by the remote-access infrastructure.

Security-wise, this type of deployment may require one or more site-to-site VPNs which are sometimes complex to manage. Furthermore, the company and the hosting provider must enter a shared responsibility agreement.

A cloud-hosted solution introduces some advantages compared with the on-premises scenario in terms of availability and scalability but remember it's still a bespoke environment dedicated to a single customer without all of flexibility available from a modern, true Cloud ERP solution.

Cloud ERP is a subscription-based or SAAS (subscription as a service) model where the user pays for the service annually, quarterly or even monthly per user in perpetuity.

In this model, the ERP software and the underlying infrastructure is owned and managed by the ERP provider and users pay for it on an on-demand basis. In other words, this results in predictable costs over time and cheaper upfront investment.

Security is often the top concern for prospective ERP buyers but nowadays, Cloud ERP vendors have strict standards in place to keep data secure with advanced disaster recovery protocols in place. As a result, many are becoming less sceptical.

Cloud ERPs offer greater stability and continuous automatic updates. It also typically takes less time to implement a Cloud ERP solution compared with the other two options. Cloud ERP solutions support remote users natively and don't require any complicated and costly remote-access software.

WHY PEOPLE CHOOSE CLOUD ERP

- Lower initial outlay
- No need to build or maintain an internal infrastructure
- Can scale up or down with ease
- Good broadband infrastructure
- Maintenance and support responsibility lies with the vendor
- Seamless remote access
- Advanced security and data recovery protocols may be offered

GET INFORMED

It's important to interrogate the range of solutions your ERP provider is offering and the SLAs (Service Level Agreements) that support them. Many host their solution in the Cloud and market this as Cloud ERP when it's not. Don't get dragged down a path as a result of a provider pushing their own agenda.

For you, the customer, knowledge is power. You need to ignore the hype and look at the various deployment options available through the lens of '*what are the related benefit/s for my business?*' Stop and ask yourself why are we, as a business, considering an On-Premise, Hosted or Cloud ERP solution? How will it help our business? Now, and in the future.

Ultimately, think purpose first and technology second and make sure you are working with an ERP provider who shares this philosophy and can offer you the options you need.

"If your approach is the Cloud is a place and I need to take my software and move it there you are not doing your business justice. Why? Because you are not optimising the way you are consuming the Cloud. Think of the Cloud as a way to facilitate modern IT. Cloud embraces a different way of doing things; sharing resources, applying automation, access to multiple datacentres, improved scalability & flexibility etc. Cloud is a set of capabilities you need to leverage to enable you and your team to achieve your business goals."

- Antonio Pogliani, Head of Managed Services, Intact

ERP Software Examples

Because of the complex nature of ERP systems, it's not easy to provide examples. But for the purpose of showing you what an ERP software system might look like, we've outlined everything that is included in Intact iQ, our ERP software solution. And when we say 'included' we mean, fully integrated providing you with seamless 360-degree visibility enterprise-wide; all developed and supported by us. This is an important factor when comparing ERP systems as many solution providers have integrated with platforms to create a 'complete' ERP solution. Under the hood, they have been developed by someone else and integrated into their system.



Of course, Intact iQ's RESTful API also enables you to seamlessly integrate any best of breed software you use or may wish to use in the future. This means your business can utilise and seamlessly integrate the latest technologies in your industry. This is an important consideration that may influence your decision to go with a particular product/vendor. So find out from the outset how easy is it to integrate third party solutions.

A note on the tech stack and why it matters

A technology stack, also called a solutions stack or a data ecosystem, is a list of all the technology services used to build and run one single application.

Your ERP solution will consist of dozens of connected applications, databases, modules, APIs, etc. Together they form the engine used to power your ERP solution, performing numerous functions.

While it is not essential to know or understand the tech makeup of your chosen ERP system, it is vital it can be easily adapted to your industry/business needs and provide a robust and future-led ecosystem to form the backbone of your business; today & long-term.

Most legacy systems weren't built to deal with some basic elements of modern businesses such as a scaling growth, mobile workforce, selling online or integrating with best of breed applications. And some systems are even running on software that is no longer supported by the vendor.

So it's important you partner with an ERP vendor that can provide you with software that is reliable, easy to use and constantly evolving to meet changing requirements of your industry.

For the purpose of showing you what an ERP tech stack might encompass, here's what Intact iQ is built upon.



ERP Software Pricing Guide

ERP pricing models can be daunting whether it's your first system purchase, an active operational upgrade or a holistic migration from one platform to another.

Depending on your preferred deployment option, buying an ERP system is like buying a vehicle. You can get a moped for €/£3k. Or you can spend €/£200k on a top of the range Porsche. And then you have options at every price point in between. As mentioned previously, there are 3 different levels of solution available in the ERP/Business management software market. To give you a guide to ERP software pricing, we again turn to the industry based tiered system.

Tier 1 ERP Software

Companies in this tier would expect to invest 7 figure sums into their business solutions. Government agencies, banks, airlines and multi-national companies feature in this tier.

Tier 2 ERP Software

Packages in this tier would typical range from 30k to <€1m for a CAPEX solution and include solutions such Intact iQ, Sage X3, MS Dynamics Nav, Sap Business One etc. For SaaS (Software as a Service) offerings, expect to pay anything from €/£120 per user per month.

Tier 3 ERP Software

Companies who opt for this solution will work in conjunction with a local supplier. They would expect to invest a few hundred euro to €30k for a CAPEX solution and anything from €/£55 per user per month for a complete business management software SaaS solution.

How to evaluate your need for ERP software

You know your business better than anyone. But there are some useful indicators of whether your business is ready for a new or better ERP system:

- Are users spending a large part of their day on tasks that could easily be automated?
- Are users working outside your system or using multiple excel sheets to manage your business?
- Can you easily record, measure and control your business data, company-wide?
- Can you update, extract and push the data you need, the minute you need it, to make informed business decisions?
- Are the processes and software tools used to run your business interconnected?
- Do you have full visibility on your inventory on a day to day basis?
- Can your teams collaborate easily?
- If a member of staff left your business, would your operation be compromised?
- Do you regularly spend a lot of time searching for the information you need?
- Can you access critical business data on your mobile device when not in the office?
- Does your system enable you to keep up to date on regulatory compliance matters?
- Do you find out about problems or issues too late to take proactive action?
- Do you rely on reports alone for data insights?

Alternatively, why not take our [‘Needs Analysis’ survey](#). It’s a useful indicator used to highlight any gaps that may be emerging or escalating in your software system.

Building a case for new ERP software

Without [a solid business case](#) for moving to new ERP software it is unlikely that the funding required to select, implement and support a better system will be approved. One of the key drivers for the selection and implementation of any new ERP solution will be the realisation of quantified benefits.

Understanding and evaluating the costs versus projected benefits of each system being considered will enable you to determine which alternative is likely to provide the greatest return for your proposed investment.

We appreciate that the cost of the software, support etc. is easier to measure than the intangible benefits you get from business process automation, ease of use, improved customer satisfaction levels etc. but ultimately they all directly impact your bottom-line. And our customers are testament to this;

“It's made life very easy for all of our staff, from the back office staff to the front office staff, they can all access the system through terminals and PCs and they can send quotations, invoices etc seamlessly”.

Tim Dunning, Director, PC Buildings Supplies

“Intact's trade counter software has really helped our operation. It's given great confidence to ourselves in people because they have all the information they need right there in front of them”.

Pat White, IT Manager

“Intact has given the staff a lot of head room and comfort in dealing with a large increase in business without putting them under the stresses because a lot of the repetitive things are now taken out by the way Intact can process orders for customers and for suppliers. It's been a fantastic benefit”.

And according to a recent Intact survey, post implementation, customers record an average saving of 5.6 days per month.

So before embarking on a new system implementation, be sure to write up a [cost/benefit analysis](#) for each software application being considered in order to help you decide which ERP to opt for. It might be a time-consuming task that nobody wants to do but believe us when we say, it will be well worth the effort!

Which ERP software product is right for me?

In an ideal world, you should be able to compare like with like but in the world of ERP software, this can seem an impossible task. To make your comparison process less complicated and overwhelming, we suggest you do the following;

Firstly, think about what you are trying to achieve. What limitations are you coming up against in your current system? Consider the improvements you want to make right across your organisation.

And make your objectives definite, specific statements about what you intend to accomplish. Vague statements have no place on your goals list. Make them as quantifiable as possible.

Once your core objectives are established you should supplement them with the augmented benefits you are seeking to achieve.

Some businesses find it useful to document their current pain points and solutions required to overcome them (examples shown below). We strongly advise you to start with a list of your 'must-haves' before moving to the 'nice-to-haves'.

Pain	Solution Required	Benefits
Our current system can't scale with our growth plans as the technology at its core is out of date	ERP system based on .NET technology that enables 'out-of-the-box' configuration that can be quickly and cost-effectively customised.	Our business is future proofed as our new system will now facilitate change and growth.
Our system is too rigid to adapt to changing business processes	Highly customisable system that allows advanced users to customise fields, views etc. as required	Our new system will be flexible enough to adapt to changing business circumstances and our continued need to increase efficiencies.
Our web shop doesn't fully integrate with our ERP system so we're duplicating tasks and human error is commonplace	Need a system that offers a high-level of integration between our web store and our ERP system to enable us to operate more efficiently	An integrated web store will increase our revenue potential and reduce our operating costs.

Do I need an ERP RFP document?

Most businesses will set about writing up an ERP RFP (Request for proposal) document in advance of looking for their perfect fit ERP solution/vendor.

An ERP RFP is an internal exercise that lets your company identify a detailed list of system requirements, expectations and specific queries relating to your business pain-points. It's also a good time to get buy-in from all relevant departments in your company.

The best responses to your RFP will be those that demonstrate an excellent understanding of your needs with demonstrable experience in your 'must-have' requirements.

An RFP is also a great way to get more information on potential vendors and narrow down your list of vendors into two or three you'd like to demo.

Using an RFP in your selection process will help you make the right application and vendor decision for your company. And while they may take time and patience, a well thought out RFP is crucial to a solid decision for your business.

Considerations in choosing an ERP solution/vendor

Choosing which ERP or business management software to purchase is a challenge in itself but [selecting which ERP software vendor](#) to go with is a critical decision that needs careful consideration. Your choice of provider could prove a major factor in your future success. They hold the key to ensuring you obtain an immediate return on your investment and continued success long into the future.

We now accept that there are many solution providers that claim to be 'the right fit' for your business. We also understand that every company implements and utilises their software to different degrees. If you want to get the best from the software you have selected then it is essential you choose the right partner to get you where you want to be.

Some things you should consider include:

- How are they resourced and structured to support your business over your 10-15 year relationship? Will you have a dedicated project manager guiding you through your implementation? Are they open, honest and willing to engage in a two-way communication to ensure the success of your ERP solution?
- Will they facilitate adequate training to ensure your staff are up and running when you go live?
- Have they expertise on the ground to support you at all stages, from implementation to go-live and long into the future?
- What level of support do they offer? Is it locally based?

- How knowledgeable are they in your sector/industry? Are they willing to share best practice techniques and advice?
- How innovative are they? Do they have a product roadmap? What is the protocol for requiring program changes or ongoing developments to your solution? Have you any input into future product/feature updates.
- Size of company, location, values, culture etc. are also all important factors to take into consideration

Achieving a successful ERP implementation

Implementing or changing an ERP system is a big undertaking and as most business processes are generally not the same, ERP implementations will vary depending on your own unique requirements.

Deployment of any new system will inevitably bring changes to both data and processes across your entire business. Your choice of ERP software and vendor will be critical to the success or failure of your new system.

Given that 60% of ERP projects are categorized as a failure, it's important to get the stages of finding the best fit ERP/vendor right from the start. For those that do, the benefits are immense. Our most recent customer survey suggests 97% of our customers agree Intact iQ is supporting their original ambition to have a robust platform for growth.

It's also important to add that if you are to truly extract the full range of benefits expected from your new ERP software, planning is essential. From writing up your list of requirements to selecting your internal project team; all need to be carefully considered to ensure a successful implementation.

We set out in our ebook, '[ERP Implementation: A preparatory guide](#)', the best practice preparatory work you can, and should, carry out in order to ensure your implementation is as smooth as possible. It's a very useful resource if you're embarking on an ERP implementation.

You can download the [ebook here](#)

Maximizing your new system

Many companies naively believe that once their ERP system is implemented it will continue to operate at maximum efficiency and effectiveness.

Unfortunately, nothing stands still. Staff leave, new employees start and lack adequate training, bad habits develop and new opportunities may arise to diversify, acquire new branches, augment operations etc.

It's very easy to keep doing what you're doing. It's not easy to take stock of what's happening in your business or to discover the cold hard facts of reality; that your ERP system may not be achieving what you had hoped it would. This doesn't necessarily mean you purchased the wrong software, it just means you need to work harder to get it to where you want it to be.

It is reasonably safe to say therefore, that ERP projects are never-ending. Once you have successfully implemented your system, a continuous cycle of analysis and improvement should be taken in order to maximise its potential.

Given how critical ERP software is to an organization, it is essential to [formalise an annual review of your systems](#). Depending on the nature of your business you may require more than one review a year but only if it is given the due care and attention it deserves. An evaluation should cover a review of your software, hardware, processes and people.

Here are the key areas you should look into to maximise your ERP system:

1. Review your objectives and strategies
2. Measure your reporting effectiveness
3. Assess staff training requirements
4. Evaluate current & future functionality and IT requirements
5. Budget and set aside time to review your system annually
6. Evaluate areas/processes for improvement

In summary...

As you can see there is a lot to consider if you're [thinking of a move to new ERP software](#). We hope in this article we have in some way demystified the topic of ERP software – what it is and everything that goes along with it.

We hope it also answers the question, 'Do I really need ERP software?'. Because you may find that certain [business management software systems](#) - ones that aren't full ERP systems but offer a good cross-section of features and functionality - may amply support your business needs.

Whether you decide to move to new ERP/business management now or in a few years' time, be careful not to hold on to old technology. You might find, [to your cost](#) that your business can't begin to keep up with competitors using today's modern and flexible systems.

Traditional ERP/business management systems have served us well. But their **built-in limitations, aging capabilities and difficulties linking to 3rd party applications have often seen them unable to evolve with changing business requirements.**

And as software systems continue to develop and modernise, today's businesses have become unrecognisable from those of ten or twenty years ago. And yours could too with an industry specific, modern and flexible ERP system that's the perfect fit for your business.

