**Elaborate About ERP ?**

- ERP is an industry acronym for Enterprise Resource Planning. Broadly speaking, ERP refers to automation and integration of a company's core business to help them focus on effectiveness & simplified success.

- ERP is usually referred to as a category of business-management software—typically a suite of integrated applications—that an organization can use to collect, store, manage and interpret data from these many business activities.

ERP Structure:
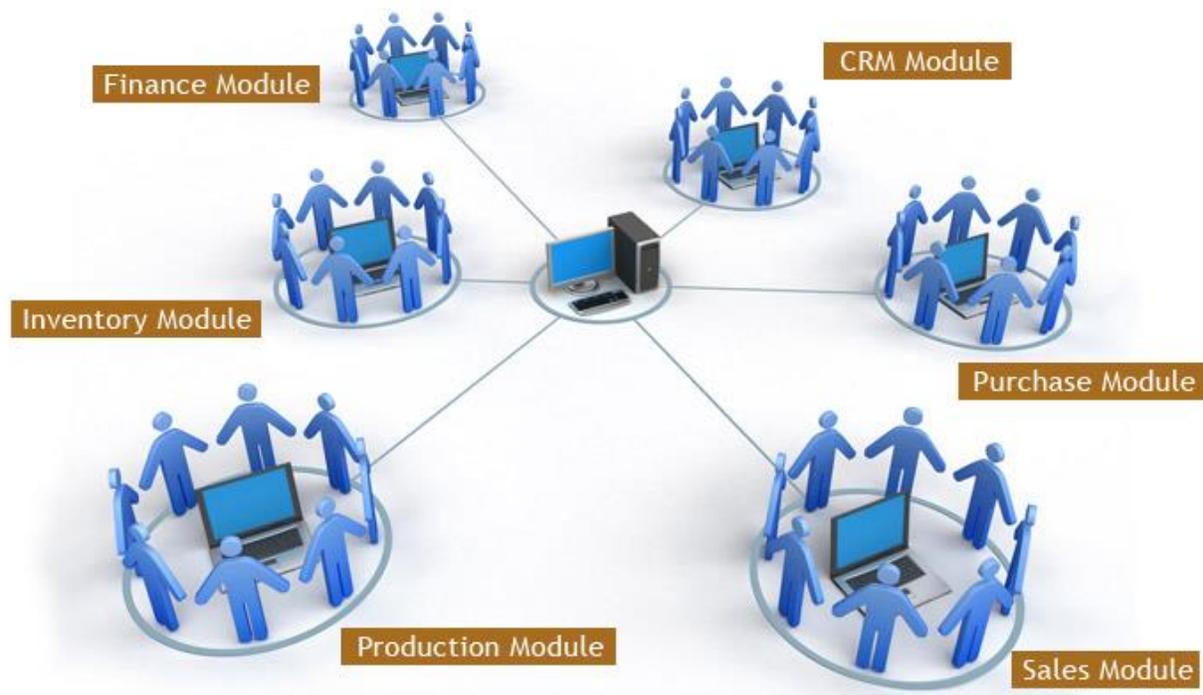
Advantages of ERP for your Business:

1. **Integration Core Business Processes:** To realize the full benefits of an ERP system it should be fully integrated into all aspects of your business processes such as taking customer orders, planning and scheduling operations, and keeping inventory records and financial data.

2. **Automation Enhances Productivity:** By automating aspects of business processes, ERP makes them more efficient, less prone to error, and faster. It also frees up people from mundane tasks such as balancing data.

3. **Increase Overall Performance:** By integrating disparate business processes, ERP ensures coherence and avoids duplication, discontinuity, and people working at cross purposes, in different parts of the organization. The cumulative positive effect when business processes integrate well is overall superior performance by the organization.

4. **Quality Reports and Performance Analysis:** Analysis on ERP will enable you to produce financial and boardroom quality reports, as well as to conduct analysis on the performance of your organization, simply optimize your Wisdom level to make a right and timely decision.

5. **Integrates Across the Entire Supply Chain**: A best of breed ERP system should extend beyond your organization and integrate with both your supplier and customer systems to ensure full visibility and efficiency across your supply chain.

6. **Roles and Security Access:** Protecting your critical business data through well-defined roles and security access at atomic level

7. **Globalization** = Internationalization + Localization

8. **Localization** = Functional Localization + Translation

9. **Controlling Business Processes:** Control your business processes through single screen

Top Reasons to Implement ERP:

1. To improve business performance and processes in real time

2. To better integrate systems throughout multiple locations with common database

3. To better serve customers

4. To ensure real time reporting and regulatory compliance

5. To reduce unnecessary work processes

DATA FLOW COMPARISON
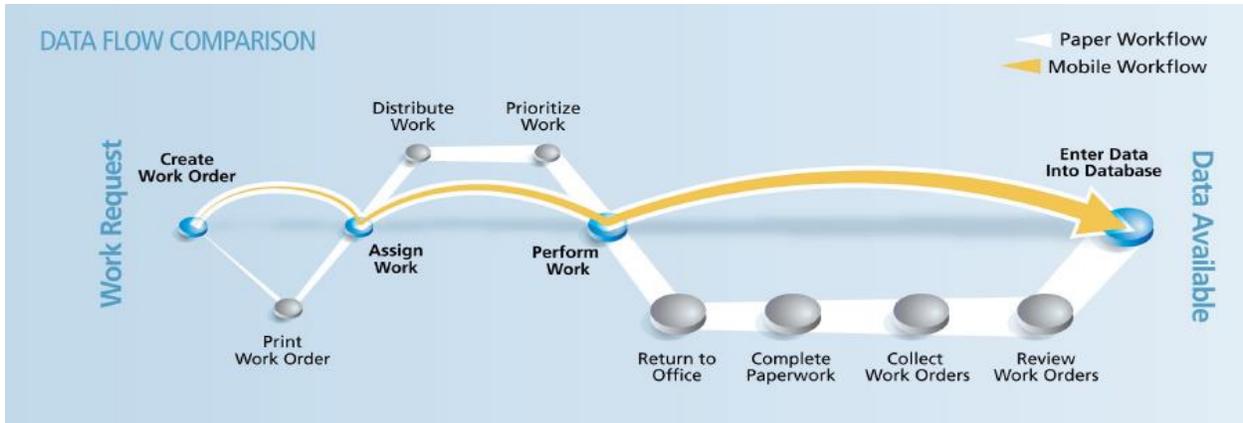
ERP Business Process Preparation:

Implementing ERP typically requires changes in existing business processes. Poor understanding of needed process changes prior to starting implementation is a main reason for project failure. The difficulties could be related to the system, business process, infrastructure, training, or lack of motivation.

It is therefore crucial that organizations thoroughly analyze business processes before they implement ERP software. Analysis can identify opportunities for process modernization. It also enables an assessment of the alignment of current processes with those provided by the ERP system.

ERP Implementation Phases:

ERP Best practices:

Most ERP systems incorporate best practices. This means the software reflects the vendor's interpretation of the most effective way to perform each business process. Systems vary in how conveniently the customer can modify these practices.

Companies that implemented industry best practices reduced time–consuming project tasks such as configuration, documentation, testing, and training. In addition, best practices reduced risk by 71% compared to other software implementations.

Use of best practices eases compliance with requirements such as IFRS, Sarbanes-Oxley, or Basel II. They can also help comply with de facto industry standards, such as electronic funds transfer. This is because the procedure can be readily codified within the ERP software, and replicated with confidence across multiple businesses who share that business requirement.

ERP Cost Consideration: (License + Implementation)

ERP cost or pricing considerations can be complex as every customer has unique requirements when it comes to the number of users, software deployment and services required. There is no one price fits all, the key factor to evaluate cost considerations you should be aware of when implementing an ERP system, Analysis or Information Gathering Phase to be done of your current business processes by any third party, which has 360 degree experience of ERP Implementation. This is the only way to optimize ERP License scoping, Hardware scoping and implementation cost.

Success Factors for ERP Implementation:

Selecting an adept ERP vendor alone does not assure an efficient and successful ERP implementation? For many organizations, the ERP implementation stage is more tedious and daunting than the selection process.

Researches have been made to analyze the core causes of these failures and certain success factors are formed to ensure success in every ERP implementation. The fact is that, the organization where the ERP solution is getting implemented is equally important as that of the ERP vendor that is implementing ERP Application System. Below are few of the tested Success Factors for your ERP implementation to be successful.

Clear Definition of the Scope of Project and Top Management Support:

Make the top management people of your organization aware of the implementation process and engage them in activities throughout the implementation phases.

Explain precisely about the scope, budget and outcome of the project, so that they actively involve themselves in approving necessary resources, motivating the project management people and in making decisions during tough situation especially when the employees do not cooperate in the implementation.

The scope of the project should be well defined before the implementation begins. Modifications or changes in the scope of work during implementation will lead to confusions for both the ERP vendor and the employees in your organization. This will result in changes in the budget, cost overruns and thus influencing the success of the project.

More brainstorming at the initial phase between ERP Vendors & Business Processes Owners - Information gathering or Analysis phase the scope will be more cleared and tune the frequency between them, understanding the license scoping, ERP selection (SAP, Oracle, MS Dynamics or open source ERP, etc) as per the scope of work and requirement.

Perfect Management of Organizational Changes:

Implementation of ERP solution is liable to make changes in the organization. Researches have shown that the success of an ERP implementation is directly proportional to the organization's persistence to undergo changes. Numerous changes ensue during the implementation process and most of the ERP implementation failures are the results of ignorance of these changes happening in the organizational environment.

A report can be maintained to track the changes happening in the organizational habits and processes, so that it will be easier for future references. The issues associated with these changes should be properly addressed time to time to avoid confusions or interruptions in the process flow.

Reorganization of Processes and Operations:

No ERP solution will be perfect and universally applicable for all the organizational needs. Almost in every ERP implementation project, there will be a case where you have to decide whether to modify the organizational processes according to the logistics of ERP or to modify the ERP to be compatible with the Organizational processes. It is better to modify the organizational processes according to the logistics of ERP so that the whole benefits of the ERP implementation can be obtained.

Co-operation of Employees:

Since an ERP implementation is sure to bring about numerous changes in the business processes and methods followed, it is must have the cooperation of all employees involved in every business segment of the organization in each phases of the implementation. Cooperation of employees and communication between them are the significant success factors for an ERP implementation.

Timely Training to the Employees and Knowledge Transfer:

Absence of training employees with the new system being implemented will result in a massive failure of the ERP solution. The employees who are accountable to work and whose work are associated with the new system should be trained and explained about the changes in the pattern of their work.

The knowledge transfer happening between the ERP vendor and the employees play a key role in not only making the implementation of ERP successful, but also in extracting benefits of the ERP solution.

User Procedure Documentation:

The employees will be in need of some information and procedures on how to deal with the new system when they start working with it. Respected managers are liable to coordinate with technical consultants and prepare user procedure documents, so that it serves the need of the employees who are learning the system. Without proper resources to gain knowledge about the system, the implemented ERP will be a failure.

System Testing:

The system testing procedure should not only deal with finding if the software works fine, but the actual testing should have a keen eye for analyzing if the software meets the needs and requirements of the business. Many organizations will tend to cut down cost in the testing phase of the implementation cycle due to cost overrun during the initial stages of implementation. But this is not the right practice.

The Business Process Owners should be verified of each business processes as per the defined scope, which has identified at the time of Analysis Phase, this is User Acceptance Test (UAT), it shows that the key users are going to take ownership of the new system's process with tested and satisfied.
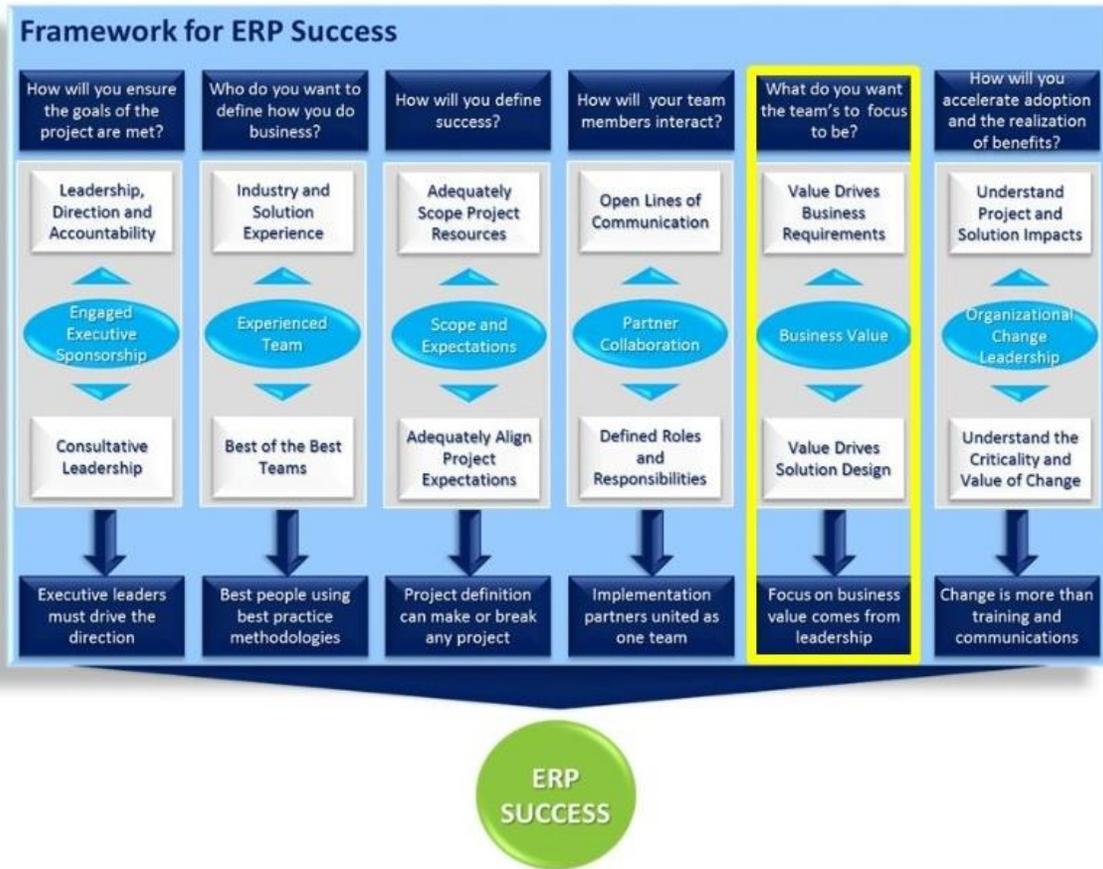
Master Data Preparation:

Master Data stored in Common Database in ERP system and it's the basis for all business transactions, by experience, it is most critical process to clean the Master Data upload into database, more clean the master data, less error in transactional data, the end result in the form of financial report will be accurate.

Our practical experiences that most of the companies after the GOLIVE in the new system, they got poor reporting due to lack of master data errors, it becomes very hectic exercise to remove the errors, once the transaction has triggered without clean the master data of legacy system.

The Key Factors of Success ERP Implementation

- **Before GOLIVE:** UAT (User Acceptance Test) should be run by the Business Process Owners (BPO) & End users of the each business processes, which has identified and agreed during Analysis Phase.

- **After the GOLIVE:** Month End Financial closing from ERP Application System with satisfaction by the CFO.

- **Communication:** It is an ultimate success factor, the communication should be precisely and clear in each phases of Project Cycle. The Project Manager has responsible to define the communication strategy and apply in a proper way with The Top Management, BPOs, Functional & Technical consultants.

Frame Work for ERP Success:

Framework for ERP Success

How will you ensure the goals of the project are met?	Who do you want to define how you do business?	How will you define success?	How will your team members interact?	What do you want the team's to focus to be?	How will you accelerate adoption and the realization of benefits?
Leadership, Direction and Accountability	Industry and Solution Experience	Adequately Scope Project Resources	Open Lines of Communication	Value Drives Business Requirements	Understand Project and Solution Impacts
Engaged Executive Sponsorship	Experienced Team	Scope and Expectations	Partner Collaboration	Business Value	Organizational Change Leadership
Consultative Leadership	Best of the Best Teams	Adequately Align Project Expectations	Defined Roles and Responsibilities	Value Drives Solution Design	Understand the Criticality and Value of Change
Executive leaders must drive the direction	Best people using best practice methodologies	Project definition can make or break any project	Implementation partners united as one team	Focus on business value comes from leadership	Change is more than training and communications

ERP SUCCESS

Why ERP Projects Run Over Budget:

The most common reason projects exceeded their initial budget has remained the same over the last three or four years – the initial scope was expanded. Other reasons for project overages include initially underestimating project or less focus on Phase -1: Analysis from both sides, Business Process Owners of the company & ERP Vendors' Project Manager or Functional Consultants.

An internal committee doesn't generally prepare for these kind of unforeseen inconsistencies. This is primarily due to a lack of internal business process modeling expertise, time and dedicated resources that can mitigate many other potentially scope-damaging risks.

This is why the project requires an experienced skill set and defined processes to yield successful outcomes.

ERP Land Scoping:

Landscape is like a server system or like a layout of the servers or some may even call it the architecture of the servers viz. ERP is divided into three different landscape DEV, QAS and PROD.

- **DEVELOPMENT (DEV):** Where functional consultants define or configure the business rules or policies, ownership of this server dedicated for functional & technical team.

- **QUALITY (QAS):** In this server, application is going to be tested from both sides (BPOs & The Users), here UAT activity performed by the authorized users.

- **PRODUCTION (PROD):** This is dedicated for live business transaction, it is dedicated for the end users (Company's employees)