

BUSINESS GUIDE

The Entrepreneur's Guide to ERP



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Technology strategy is high on the list of business priorities for growing businesses in EMEA with 2020 putting the importance of technology on stark display. Despite challenges that remain, over half (54%) of businesses we surveyed are expecting annual revenue growth in 2021. Central to this confidence is the ability to make good decisions, backed by data. With more organisations becoming data driven, businesses are taking steps to ensure that they are gathering and using the right information effectively.

This means that over the next year, many growing businesses in EMEA will take steps to implement business software and that usually means enterprise resource planning (ERP) systems. But how do you know whether it's time for ERP, which modules to adopt first and how to think about the software in the context of enabling business strategy?



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CHAPTER 1

How Do We Know We Need a New ERP System?

It may be helpful to think of the need to adopt more upgraded software to enable business processes according to “three Cs.” Any one of these areas, or especially a combination of them, signals some automation is needed. Depending on your industry, you will need to prioritise implementing software depending on several different requirements.

- **Complexity.** Perhaps you’ve outgrown your small accounting team and basic accounting software. Maybe the business is planning to introduce new subscription-based products or different packages and needs strong revenue recognition processes, or you’re soliciting a new round of funding from investors and need stronger financial reporting.
- **Compliance.** As you operate in more regions, the business needs more help automating financial processes to ease and ensure compliance with different tax laws, as well as ensuring strong controls are in place to satisfy regulatory standards.
- **Customers.** Tracking sales leads, storing customer information and using it to target customers for the right product at the right time can quickly become a fool’s errand with Excel, or even with disparate CRM and marketing automation systems. To more efficiently acquire new customers, grow and take better care of existing accounts, you need help.



What Functionality Should I Look For?

It sounds simple, but your business challenges will define what ERP functionality is needed. Here are a few common scenarios:

1. We need help managing our books. At some point early in its lifecycle, a growing EMEA business or startup will not only need to automate accounts receivable and accounts payable processes, logging and tracking data in the general ledger and performing month-end close, but to do that across multiple currencies and in compliance with tax laws and other regulations across multiple countries. What's more, these businesses need easy access to financial reporting in order to get loans, funding or to show progress to investors. At the bare minimum, the business will need accounting functionality to automate:
 - Posting to accounts in the general ledger.
 - Accounts payable, ensuring optimised vendor payments.
 - Invoicing to ensure steady cash flow.
 - Tax management that includes country-specific and local support.
 - Financial reporting, including profit and loss statements, balance sheets and cash flow statements.
 - Internal controls, to ensure segregation of duties, role-based access and more to demonstrate financial management excellence.
2. We need help managing the customer journey. What are the areas that are causing friction for customers? Is inventory on the website actually in stock and available? Are customers easily finding the information they need on a website or finding value with a service? Where can the customer support process be improved? ERP provides the foundation to automate the processes associated with finding customers, securing their business, getting them what they need and making sure it all runs smoothly so that they keep doing business with you. Depending on your industry, you may look for:
 - **Automated inventory management.** Businesses that sell products often implement this very early on. Inventory management software helps the business manage its inventory levels to reduce overstock and stock-outs, automatically re-order product and provide the foundation for ecommerce and enabling new customer experiences—such as buy online and pick up in store.
 - **Order management software.** This eases customer orders. From receiving, to tracking and fulfilling, order management software is essential for businesses that sell products and, in some cases, for services businesses as well.
 - **Warehouse management software.** This technology helps govern the inbound and outbound processes of getting items to customers—including put away and order picking.

- **Customer relationship management software.** This helps the business more easily store and access customer data to manage sales leads and opportunities, and make decisions about sales forecasts. Marketing automation software pulls on this information to decide how to best target and message customers.
 - **Supply chain management software.** This can include providing better demand planning capabilities to forecast supply, as well as more manufacturing-centric processes such as building and executing against a bill of materials (BOM).
 - **Professional Services Automation.** Services-based companies need to ensure the right people are on the right project at all times while maintaining accurate time and expense management.
3. We need better visibility to make strategic business decisions. Implementing an ERP system requires a business to get its data in order first. The result is an incredibly valuable asset—a data source that is updated and available in real time. Businesses can then analyse this cache of transactional and operational data alone or combined with unstructured data covering market trends and data from industry or governmental sources to help leaders make better business decisions. Once in place, business intelligence tools can provide:
- **Self-service analytics.** People in different business functions no longer need to rely on IT to pull together data and serve it up in spreadsheets or reports. Lots of ERP software offers access to pre-configured or prebuilt reports, as well as the ability to view data, in real time, in a dashboard format.
 - **Ad-hoc analysis.** Business users can ask questions of the data and embed quick analysis into more of their daily decision-making.

This is extremely useful for small businesses and startups in making pricing decisions, determining whether to launch new products or services and enter new markets.

- **Budgeting and planning.** Cash flow management is a big challenge for growing businesses—and many rely on spreadsheets for budgeting and planning. Dedicated planning and budgeting tools automate that process of performing financial projections to ease things like scenario planning. Reducing the reliance on spreadsheets for this type of analysis is increasingly becoming a priority for businesses in EMEA.

The key takeaway—and value proposition—is that an ERP system integrates these processes by making sure they're all using the same data. Every piece of functionality—or module—in an ERP system pulls from the same database, so it's in an integrated system. For instance, a marketing email will be using accurate information from the CRM system that was obtained from a customer order.

ERP systems guard against one of the biggest challenges to growing businesses—the need for a unified version of data that can be accessed by all parts of the business in real time.

The sales team is making an accurate forecast from the same number that the finance team is using, and so on. Product expansions are based on accurate historical financial data—to inform how to package certain products or price a subscription.

How Should I Factor in Usability?

ERP software has long had a reputation for being extremely expensive, difficult to implement and capable of grinding the processes of even the world's largest and most successful businesses to a halt. Then came the cloud, which made ERP software less onerous to implement and use. The cloud also came with the enormous benefit of making ERP systems truly modular—giving businesses the benefit of buying a platform and turning on new modules as its business demanded. The upfront pricing model of on-premises systems encouraged software sales reps, and their customers, to strike deals which bundled licenses for modules they might not need yet, such as CRM, together with the core ERP. Those licenses were often left unused; this became known as shelfware.

In assessing the usability of an ERP system, a potential buyer should evaluate:

- How intuitive is the user interface? Can a process or job be accomplished in few clicks and one screen? Will users need to complete a
- part of their process outside of the system? For instance, take the bank reconciliation process. How is the bank statement integrated with the accounting software—does it need to be manually imported or is it linked to provide a real-time view of the bank account information?
- How much will we have to spend on training to get users competent with the system? What have other customers with similar businesses experienced?
- Is the system mobile-ready? What processes do customers in our industry use mobile devices for? Is there a native mobile application available?
- Is there a licensing structure that makes sense for our users and business size? How is functionality packaged—and how can it meet the needs of our users? How can we turn on additional modules and how is that handled in the contract and licensing structure?
- How often is the software upgraded—and is usability in focus? What areas are on the upcoming product roadmap in this regard?

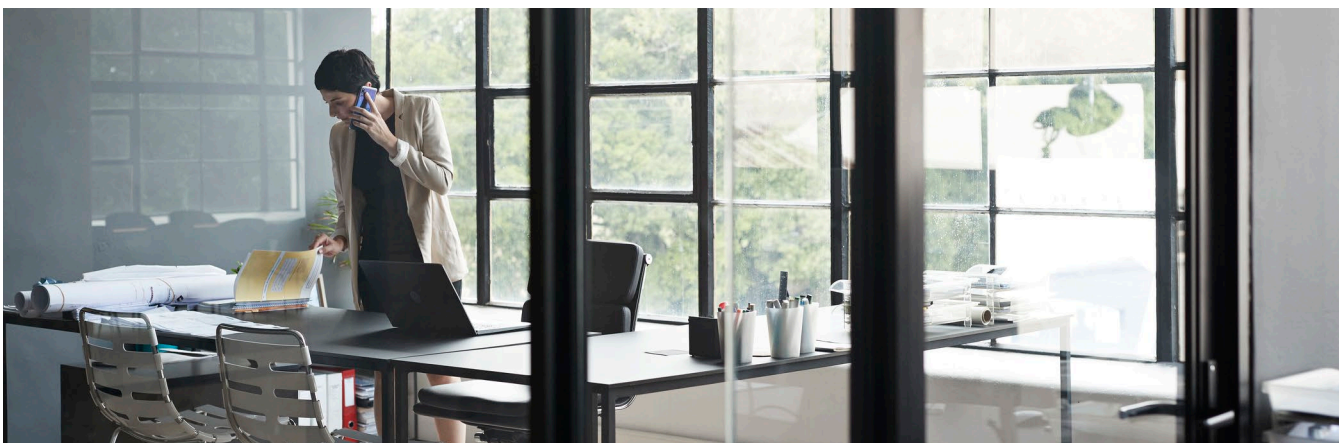


CHAPTER 4

Should We Implement Cloud or On-premises ERP?

Cloud-first is the dominant model in ERP today. In the Enterprise Research Centre report, 59% of small firms and 70% of medium-sized businesses report using cloud computing solutions. And for good reason.

- **Funding the investment.** The cloud frees growing businesses and startups from having to invest in hardware and large IT staff to manage it. Cloud-based ERP, with its annual subscription model, can generally be covered as operating expense and growing businesses typically have a hard time financing capital expenses.
- **Implementation time.** Certain cloud systems can be up and running in as little as six weeks—a far cry from the months or years needed to implement software on-premises. It affords growing businesses the internal controls of much larger companies and ensures that investors, financiers and banks feel much more comfortable lending and investing money to support the business's growth plans.
- **Accessibility.** For anyone with an internet connection and a browser, cloud ERP can be accessed anywhere, at any time. As industries move to a more remote or flexible working model, the ability to access the system from anywhere is fast becoming an essential requirement for most businesses.
- **Maintenance.** With a true cloud system like NetSuite, for example, upgrades are automatic, ensuring that businesses are always up to date, meeting the most recent tax and regulatory compliance mandates and the business doesn't have to undergo painful disruptions when the next release is out.
- **Security.** Some [three quarters](#) of those surveyed by Oracle and KPMG believe the cloud is more secure than their own data centres. Indeed, many continue to move mission critical applications to the cloud. Some of the many security measures taken by cloud providers include physically secure server locations, the highest standards for data encryption and automatically updating software whenever a vulnerability is found.



Eight Steps to Choosing Your ERP Software

Starting your ERP journey doesn't have to be overwhelming. Take these steps to make it manageable.

1. **Define the pain point (or better yet, where you anticipate it will be).** Remember to think about technology needs by first framing the business challenges.
2. **Get the buy-in of senior leadership.** Every ERP project involves change management and won't work without top-down support.
3. **Make sure the needs of users are clearly defined.** Talk to the end-users to find out where the greatest points of friction are in their processes. ERP systems contain loads of functionality and it can be overwhelming to clearly define what you need without a clearly defined set of needs.
4. **Make sure your budget is defined.** While the cloud has greatly democratized access to ERP systems, certain systems will be out of reach for smaller budgets. Make sure to factor in the costs of implementation, training and support. Cloud ERP, which makes phased roll outs easier, can help avoid scope creep.
5. **Pick an ERP selection team.** This should include a sponsor from the executive team, a member of the finance department, at least one member of each business function that is being automated and any area that the process will impact and, of course, representatives from IT. It's a really good idea to have someone in the communications function in the early stages as well. That will help inform internal communication that can ease the change management and training processes.
6. **Research the options.** Start by looking online, asking those in your network about options in their businesses and finding options that are tailored to the industry in which your business functions. Pay special attention to customers and industry-expertise. Watch videos on the website and read customer stories. Check out what the industry and trade press says about certain vendors, as well as expertise offered through software consultancies. Discuss this with the team, and develop a short list of vendors that best suits the business requirements.
7. **Contact the providers on your shortlist.** Be clear about requirements, timeline and budgets. If you can, test-drive the software before meeting with sales representatives, and be sure to schedule calls and virtual meetings with the ERP selection team.
8. **As the list of providers gets shorter, ask to talk with customers, and arrange in-person meetings if possible.** Compare functionality and fit to determine which option checks the most boxes. Look at software and support—make sure there is a strong support infrastructure and that the vendor (and/or implementation partner) will be a strong partner post go-live.

Five Mistakes to Avoid

It's also crucial to consider what not to do. Here are some common mistakes growing businesses and startups make.

1. **Trying to do too much at once.** Any ERP project requires a significant investment in time and resources. Identifying the areas that are the most immediate business needs—and working to put technology in place to ease them — will make for a much easier implementation process and change management.
2. **Trying to get away with doing too little.** Failing to implement software that will scale with the business's growth strategy is one of the biggest mistakes that small businesses and startups make. Remember that cloud-based ERP will scale with the business if the right platform is in place to begin with. Implementing best-of-breed tools for accounting or inventory management, for instance, quickly result in an organisation trying to tie together systems that were never meant to be connected—making it extremely difficult to maintain accurate data. Best of breed tools can't provide all of the advantages that go along with integrated systems, let alone accommodate geographic expansion with subsidiary management capabilities, multi-language and multi-currency support.
3. **Forgetting about master data management.** There's an old ERP adage that has yet to go out of style—garbage in, garbage out. One of the most challenging and costly parts of the ERP implementation can be the data migration. Paying mind to data cleansing and data stewardship is crucial to ensuring that accurate data drives outcomes in the system. It's also

important to pick a vendor that has experience in maintaining compliance with data regulations—such as the General Data Protection Regulation (GDPR) act, which has specific requirements for data migration and storage.

4. **Neglecting post go-live.** Organisations can get so consumed with getting the system to work that they don't put much thought into keeping it working. Ensure staff have the right training to use the software—including hands-on training and opportunities to ask questions—to ensure it doesn't hinder them from doing their jobs. Recognise that there will be a learning curve and define points at which to check in and make sure it's working for them.
5. **Failing to ensure that the software and the support is local.** Making sure that the software can be used in the native language is crucial. Look for vendors whose system not only provides multiple languages, but who also provide native language support through account representatives, support teams and more. Choose a vendor that can provide support through the entire process—especially post go-live—in the languages the team prefers.

Can Your Business See Itself With an ERP? Give NetSuite a Look.

NetSuite has more than a decade of experience empowering customers in EMEA markets—with support for more than 24 languages, 190 currencies and 100 plus tax regimes. Specialised teams know the business challenges unique to areas and regions, and can provide best practices based on industry experience with more than 26,000 customers.

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