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An Epicor White Paper

10 Critical Questions Manufacturers Should Ask Before Choosing a Cloud-based ERP Solution

4. Does the solution provide functionality for the broader organization?

The solution should support the “extended enterprise.” Some solutions only provide functionality for specific areas of a business (e.g., customer relationship management, financials, production). Look for a solution that provides functionality for your organization as a whole. A comprehensive, integrated solution minimizes or eliminates the need for separate applications, spreadsheets, and “work arounds.” More importantly, if the solution is built on a common database, entered data flows through the system from step to step, streamlining processes and providing improved customer, operational, and financial visibility across the organization.

5. What performance management and reporting tools are delivered as part of the solution?

A principal concept of ERP solutions is that they should simplify the process of taking raw data and turning it into useful information. A good solution should provide embedded and ancillary tools that are easy to use and can pull together data from across your organization. From operational reporting, to tracking key performance information, to supporting advanced performance analysis, the included tools should support real-time decision making, optimally managing operations and strategic planning.

Next, as the vendor is going to be providing the Cloud-based ERP solution in the SaaS model, there are a few operational and contractual aspects you’re going to want to discuss and get assurances on. So your next set of questions should be:

6. What assurances does the vendor provide in the area of pricing protection?

SaaS solutions are traditionally sold on a subscription basis over a term, (e.g., on a per user, per month basis for 36 months). The license model simplifies licensing software, as there are no large up-front license fees, and typically most everything is included in the fee (i.e., software, hardware, support, training resources, and on-going system maintenance). However, one item that often goes overlooked is pricing protection. Be sure to address what the subscription fees could be at the time of renewal. A good vendor will cap any potential increase for a subsequent term. This ensures that there won’t be a dramatic price increase at the time of renewal.

7. What assurances does the vendor provide in the area of business continuity?

As the vendor is going to be “hosting and managing” the Cloud-based ERP solution you are going to want assurances that the system is up and running when you need it. The first step is understanding from where the system is being hosted. Is it from a credible data center or out of a closet at the vendor’s office? A quick way to verify this is to ask questions about their data center, including the security and privacy policies, their 3rd party compliance, and the availability commitment (sometimes known as their “Service Level Commitment.”). Next, ask about their data backup policies, system redundancies, and support level metrics. You are going to want your data backed up and stored online in multiple locations (preferably different geographic locations). The system should have redundancies built in, so if one part of the system fails, the services will continue on seamlessly.

8. Does the vendor provide you freedom of choice?

A Cloud-based ERP solution provides numerous benefits and is very much a long term option for manufacturers to run their businesses. But circumstances change, organizations evolve, and you may find yourself years down the road looking to bring the system on premises (bringing it in house to be managed by your IT group).

As important as the ability to choose between on premises and cloud is the decision you'll need to make between Multi-Tenancy and Single-Tenancy. This is a critical decision in your product selection process, and some vendors fail here. Multi-Tenancy is a less expensive (to you and the vendor) deployment model, and simplifies the ownership process by putting the vendor in the 'driver's seat' when it comes to many system related decisions. By comparison, Single-Tenancy gives you much more control over administrative and operational policies, such as when you'll upgrade, your security settings, and other key administrative decisions. True freedom of choice only exists when you can choose between different cloud deployment models, as well as providing the peace of mind that you can move to an on premises deployment if you later decide that's right for you.

Most cloud-based ERP vendors don't offer this as an option, but it is still worth investigating. ERP systems that are built on an advanced architecture can accommodate this. Often it comes down to the vendor's capabilities (i.e., being able to operationally support and deliver product to customers). Also, it is important to inquire about the costs to incorporate the system on premise. A good vendor will protect the investment you have made in their SaaS solution (i.e., a discount or credit towards moving to an on premises deployment.).

9. What happens at the end of the relationship? How do you get your data back?

Breaking up is hard to do. If you eventually decide to cut ties with your SaaS vendor, you're going to want to do so as smoothly as possible. Some vendors charge termination fees, some use a file format that's impossible to get your data out of, and others simply make life difficult. Be sure to look into the vendor's contract terms regarding termination, and know up front what to expect if you decide not to renew for another term. In addition, you're going to want your data back without any hassles and surprise fees. Be sure to look into the policy of data ownership and the process of getting your data back, as well as any associated costs.

10. What is the vendor's track record? Do they have a long standing, transparent history?

Finally, trust and transparency are important in any relationship, maybe more so with Cloud-based ERP as the vendor is hosting and managing the customer's software. Therefore, perform some due diligence. How long has the vendor been around? How many customers do they have? Do they have a history of serving your industry? Are they stable and profitable? Of course, this is easier if the company reports its financial information publicly and the information is readily available.

About Epicor

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Contact us for more information on Epicor Products and Services

 +1.800.999.6995  info@epicor.com  www.epicor.com

Corporate Office
804 Las Cimas Parkway
Austin, TX 78746
USA
Toll Free: +1.888.448.2636
Direct: +1.512.328.2300
Fax: +1.512.278.5590

Latin America and Caribbean
Blvd. Antonio L. Rodriguez #1882 Int. 104
Plaza Central, Col. Santa Maria
Monterrey, Nuevo Leon, CP 64650
Mexico
Phone: +52.81.1551.7100
Fax: +52.81.1551.7117

Europe, Middle East and Africa
No. 1 The Arena
Downshire Way
Bracknell, Berkshire RG12 1PU
United Kingdom
Phone: +44.1344.468468
Fax: +44.1344.468010

Asia
238A Thomson Road #23-06
Novena Square Tower A
Singapore 307684
Singapore
Phone: +65.6333.8121
Fax: +65.6333.8131

Australia and New Zealand
Suite 2 Level 8,
100 Pacific Highway
North Sydney, NSW 2060
Australia
Phone: +61.2.9927.6200
Fax: +61.2.9927.6298

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