# New Year…New ERP?

Growth, Efficiency, Cost Savings,
Visibility, Agility and More

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Making Enterprise Business Systems Pay Dividends

# NEW YEAR… NEW ERP?

## GROWTH, EFFICIENCY, COST SAVINGS, VISIBILITY, AGILITY AND MORE

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*The start of a New Year can be a source of inspiration to make some changes for the better. Self improvement is the key theme as individuals seek to get fit, acquire a new skill, make that career move… But a New Year can also inspire business leaders to make some changes as well. Whether you are seeking greater efficiency, cost savings, improved visibility or agility, or growth of profits or margins, replacing your current business solutions with a new Enterprise Resource Planning (ERP) system may very well be a good place to start.*

*Today's flexible, technology-enabled, cloud-based ERP solutions provide many more features and functions (without invasive customization), are easier to implement and easier to use than legacy systems or a collection of disparate and disconnected "point" solutions. They can provide the agility you need to adapt to today's rapidly changing world and they are accessible any time, from anywhere.*

*With the **right** ERP, you are really embarking on a journey of continuous improvement.*

*But don't think of a new ERP as a New Year's resolution. Resolutions are notoriously short-lived. Think of it instead as a (self-improvement) project to launch. Take advantage of "New Year" inspiration, but break it down into smaller steps with well-defined outcomes. Because reaching a milestone or achieving a goal is motivating in of itself. Success breeds success. Set goals, measure progress. And when you reach those goals, set some new ones. With the **right** ERP, you are really embarking on a journey of continuous improvement.*

*And therefore, making a careful and well-informed decision is essential. Looking for a new ERP is not something you do every day and if you haven't done so in quite a long time, please note: A lot has changed. While older solutions were rigid and inflexible, new cloud-based, technology-enabled solutions should help you respond to change, or even help you make it happen. The right solution should evolve as your business grows and develops.*

*Most likely you've spent the last weeks of the past year coming up with a plan to prosper and grow. Now it's time to execute.*

## WHY NOW?

Over the past five years, Mint Jutras survey-based research found the vast majority (85% to 90%) of participants believed they faced some level of risk in their businesses and/or industries being disrupted by new innovative products, new ways of selling or pricing existing products or services, entirely

new business models, or some combination of all of the above. And then of course there were (and still are) the more traditional disruptive factors like expansion and growth, organizational restructuring and regulatory changes, just to name a few. None of these have gone away, but then, quite unexpectedly, 2020 brought a global pandemic. While different industries and individual companies faced an incredibly diverse range of challenges, every business was affected in some way. Some had to close down altogether, while others had difficulty in keeping up with demand. Office workers became remote workers en masse. But even as we begin to see the light at the end of the tunnel, there is one constant that remains today, and that is an element of uncertainty.

*While different industries and individual companies faced an incredibly diverse range of challenges, every business was affected in some way in 2020 by the global pandemic.*

In light of these challenges, you might be thinking taking on a new ERP project is the last thing you want to embark upon. But you could be wrong. Along with the trouble it brought, 2020 exposed inefficiencies and limitations of many existing systems and processes. Cloud computing and advanced technology that supports connectivity, collaboration, and automation have eased the burden for some, but not all. Many have delayed investing and are now paying the price.

*Along with the trouble it brought, 2020 exposed inefficiencies and limitations of many existing systems and processes.*

While some companies chose to simply hunker down and ride out this storm, others saw an opportunity. We highlight two of those insightful companies throughout this report. [Right Way Medical](#) and [Pruven Industries](#), both chose to replace their current solutions with a modern cloud-based ERP.

### *INEFFICIENCIES EXPOSED*

These two companies experienced one of the most common factors contributing to the need for a new ERP - inefficiencies created by a bunch of disconnected applications and spreadsheets. Also very common - the limitations of outdated technology on which older "legacy" solutions are based.

These limitations are not new, but 2020 exposed them in ways that proved to be very painful. Communication and collaboration became more virtual, by necessity. Those equipped with the right technology are pulling ahead faster while those without fall further and further behind. Digital transactions, immediate access to real time data, collaboration, instant communication, connectivity from anywhere, anytime… these have gone from being competitive advantages to being necessary for survival. Inadequate systems always stood in the way of doing business efficiently. Now they make it impossible and may even threaten long-term success.

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While Right Way Medical and Pruven Industries found themselves in very different situations, both saw a solid, cloud-based ERP solution as necessary for long-term success. For Right Way it proved to be critical in responding to the market volatility created during the last year. For Pruven Industries, the volatility simply made the timing right.

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## RESPONDING TO A VOLATILE MARKET

Right Way Medical is a medical equipment distributor, noted primarily for supplying infusion (IV) pumps to the post-acute care market. Categorized as an essential business, Right Way never shut down during 2020 and while some back-office workers could work from home, distribution of medical equipment can't be done remotely. After addressing some initial social distancing challenges, Right Way was able to quickly implement all the required safety protocols (temperature checks, masks, hand sanitizing stations, testing, etc.) and ramp up to meet increased demand.

Right Way Medical also successfully implemented and went live on NetSuite during 2020. Joshua Prati, president and CEO, attributes implementation success to good project management and a lot of preparatory data clean up. And since NetSuite is offered exclusively as a Software as a Service (SaaS) solution, he also notes, "Everything was remote anyway."

Prior to implementing NetSuite, Right Way used QuickBooks Enterprise Edition, a separate Customer Relationship Management (CRM) solution, its own Right Track solution, and of course, the inevitable collection of Excel spreadsheets. One of the goals was to rationalize multiple, disparate systems in favor of a complete, integrated solution. Right Track, which is also offered as added value to customers, wasn't going away, so Right Way needed a solution that was open and easy to integrate to. It never considered anything but a cloud-based solution.

Among other reasons, Right Way chose NetSuite because of its strength in the health and beauty sector, strong location management and fixed asset schedules, as well as its robust platform. Mr. Prati has been happy with what he considers a long-term decision, noting, "We won't have to make another move as we grow."

In addition to replacing three systems (including Excel), a new ERP also helped Right Way respond to extreme volatility in its market. The pandemic initially created some panic buying and a sharp growth spurt. But then as elective procedures were put on hold and hospitals began shutting down, institutional business to support post-operative care dried up. Not only was there a decrease in demand, customers found they had a surplus and demanded Right Way take the equipment back. Imagine trying to track medical assets (think lot and serial number traceability), support customers, and responsibly manage first a surge, followed by a downturn in business, in disconnected systems and spreadsheets.

## STARTING OUT SMALL, ARCHITECTING TO GO BIG

Pruven Industries Inc. found itself in a very different situation. Pruven and its subsidiary GooMover also implemented NetSuite during 2020. While Pruven provides new product management for other startups or established companies launching new products, GooMover manufactures and distributes a

patented (spot) cleaning product which introduces a safer, faster way to remove spots from the floor, baseboards, and walls. Part of its role as a subsidiary, is to serve as a proving ground for the services Pruven provides. Both are start-ups and yet Pruven was already using a motley collection of point solutions, including QuickBooks for accounting, Big Commerce as its eCommerce platform, Avalara for taxes, Ship Station (shipping software) for eCommerce fulfillment and other applications. NetSuite ultimately replaced about 12 different solutions.

Cris Luce serves as Pruven's Chief Operating Officer (COO) and Chief Technology Officer (CTO), and also sits on its Board of Directors. Mr. Luce saw the global shutdown as an opportunity to replace existing systems that he felt would ultimately limit Pruven's growth. "Nobody was travelling, nobody was buying our product. We knew eventually we were going to need something. This downtime provided us a window of opportunity. It took us just four months to stand up NetSuite."

## OVERCOMING OBJECTIONS

Even when the limitations of inadequate solutions are obvious it is also often very easy to come up with reasons for postponing the purchase of a new ERP. But are these legitimate reasons, or just excuses? Let's examine a few of the most common ones.

### WE'RE TOO SMALL

Small companies often face a dilemma in deciding how to invest for the greatest return. In pure startup mode, businesses must invest in an operational foundation that will directly build the business. "Management by walking around" is common. Reporting is ad hoc, supported by manual processes and spreadsheets. Decision-making is driven more by gut feel than data and hard facts. These methods may be effective in very early phases of the business, but once past that initial conceptual phase, even in the best of times, neglecting to invest in appropriate enterprise business systems can significantly hinder continued growth and profitability. And these are definitely not the "best of times." Even small companies today are forced to operate in this new virtual world, which means tribal knowledge can't be shared simply by walking down the hall and visibility is limited without adequate tools and technology.

Many small businesses believe a full ERP solution is too complex and overkill. And so, they start off with a desktop accounting solution like QuickBooks, but quickly discover its limitations. Still feeling they are too small for ERP, they start to fill in the gaps with other "point" solutions, like CRM, eCommerce platforms, tax and shipping applications. And of course, they also fill in gaps with that tool we all love to hate - spreadsheets. In doing so, they build the complexity they were trying to avoid, and yet still don't have a complete and integrated solution.

This is the situation in which Pruven Industries found itself, but instead of finding excuses, in the words of its COO/CTO, it "took the leap" directly to ERP. While the company brought its chart of accounts over to NetSuite from QuickBooks, otherwise it pretty much started from scratch. Mr. Luce found real value in implementing a full ERP solution in the formative stages of the company. "We didn't have to drag along legacy processes. We started from a clean slate, with a new and clean install."

However, a word of caution to any small businesses "making the leap." First of all, look for a solution that is easy to implement. Look for proven methodologies and experts that can help. Talk to references with firsthand experience. Second, make sure you select a solution that can scale with your business. Look for one that lets you start small, but add more features and functions incrementally, at your own pace. In other words, make sure it is a solution you will not easily outgrow.

### WE CAN'T AFFORD IT

Even where there is a recognized need and a desire to implement a new ERP, many companies feel they can't afford it. In reality though, rather than assuming they can't afford it, many companies, and especially small and growing businesses, should instead be asking, "Can we afford not to invest in ERP?" What are those limitations and inefficiencies you are experiencing costing you? If you are running old legacy solutions, based on outdated technology, can you even quantify the cost of obsolescence? And if you have accumulated a proliferation of disparate and disconnected solutions, what is the cost in terms of lost productivity?

We'll talk more about the potential for cost savings later in the context of defining goals and measuring progress. You may very well find that a new ERP could easily pay for itself within a very reasonable period of time. NetSuite was considered a "big spend" for Pruven Industries, but it saved them from hiring two additional employees, and therefore more than paid for itself immediately, with no up-front capital expense.

In the past, purchasing and implementing a new ERP represented a big up-front expense. When solutions were installed on-premise, this meant an initial purchase of a software license, as well as the hardware to run it on, on top of paying for any services needed to get it installed and implemented. The cloud and Software as a Service (SaaS) changed all that. No hardware is required apart from the network and devices from which you will access the system. Chances are you already have both. Those up-front license fees are replaced with a monthly subscription. Even if a year or more is paid up front, if you choose to go with a SaaS deployment, you will have the option of accounting for it as an operating expense (OpEx) versus a capital expenditure (CapEx).

### OUR BUSINESS IS DOWN

Many companies experienced a downturn in business during 2020. While some were shut down completely, many still managed to keep some, if not all employees on their payroll. Unless you were forced to furlough all of your employees with no pay, at least some of your workforce will have more time freed up to work on internal projects that perhaps you've been putting off because everyone was too busy. Implementing a new ERP may be the perfect project to tackle now.

*If you are suffering from a temporary interruption or seasonal slowdown, it could very well provide a window of opportunity during which you can make some serious inroads to self-improvement. And that could mean a new ERP.*

Of course, global pandemics are not the only cause of business slowing. And if this is a sign of a steady decline due to product obsolescence, economic factors, quality of service or product or other irreversible factors, a new ERP is not going to save your business. But if you are suffering from a temporary interruption or seasonal slowdown, it could very well provide a window of opportunity during which you can make some serious inroads to self-improvement. And that could mean a new ERP.

### OUR BUSINESS IS UP (WE'RE TOO BUSY)

Not all companies experienced a downturn in business during the pandemic. Indeed, many supplying essential products (think PPE, food products and yes, even toilet paper) experienced a spike in demand. As those companies tried to respond and others pivoted from producing and distributing non-essential products to essential products, inadequacies of business applications, became glaringly obvious. As a result, many swore they would fix that problem as soon as they were able to catch their breath. As production and distribution channels recover and ramp up, don't forget that promise you made to yourself. Remember Right Way Medical's success in dealing with a volatile market in times of crisis.

### OUR BUSINESS IS CHANGING

*"Agile ERP" is no longer an oxymoron. Modern cloud-based solutions are far easier to configure and extend without the need for invasive customization that builds barriers to continued change and innovation.*

Welcome to the 21$^{st}$ century! The pace of change in our global, digital economy has been accelerating for years now. That is not going away. Early ERP solutions were rigid and inflexible, causing the pace of innovation to be painfully slow. But "agile ERP" is no longer an oxymoron. Modern cloud-based solutions are far easier to configure and extend without the need for invasive customization that builds barriers to continued change and innovation. Technology-enabled development platforms enable you to add or change features and functions with far less disruption to existing software and often with little or no program code.

If your current business solutions don't let you adapt easily (or at all) to changing business needs, it's definitely time to for a new one. Don't allow yourself to be the victim of change. Put yourself in a position to be the catalyst. You can't do that without the right tools and technology.

## WHAT DO YOU HOPE TO ACCOMPLISH? DEFINE GOALS

Earlier in this report we cautioned against thinking of a new ERP as a New Year's resolution, preferring instead to view it as a (self-improvement) project to launch. Admittedly, there is just a subtle distinction between the two, but in treating it as a (longer term) project and breaking it down into smaller steps with well-defined outcomes, you significantly increase your chances of success. By setting goals and defining expected outcomes, you are able to demonstrate success, not once, but time and time again. And it bears repeating, success breeds success. Reaching a milestone or achieving a goal provides the motivation you need to continue.

And so, defining what you hope to accomplish is really a two-part question. First, ask yourself a more general question: Why are we doing this? Typically answers will follow some general themes:

- We don't have enough or the right features and functions
- We're seeking better efficiency and workforce productivity
- Outdated technology is too limiting
- We're wasting money. This may apply either to the total cost of ownership of solutions, your operating costs, or both
- Our business is growing, and our solution won't scale
- Our business is changing

Second, you need to define the goals and outcomes for your business. There should be a correlation between your reasons for going down this path and what you hope to accomplish. Here are a few prime examples:

- Rationalize multiple systems and eliminate reliance on spreadsheets
- Automate processes – improve efficiency, reduce variability (quality), better utilize human talent and capabilities
- Cost savings or cost avoidance
- Digitally transform your business – supply chains demand it, with heavier reliance on eCommerce
- Become more agile – able to respond to change

While the reasons for embarking on this journey can be quite general, desired goals and outcomes need to be specific and measurable. Think of those listed above as general categories of goals, which are not mutually exclusive of each other. Rationalizing systems and automating processes can be effective ways to reduce the cost of manual efforts. By automating processes, you can also reduce the reliance on spreadsheets and better utilize human talent and capabilities. The sidebar to the left lists many different types of direct cost savings, but automation and added efficiency can also lead to cost avoidance.

Right Way Medical was able to save the equivalent of two to four employees, not through layoffs, but by enabling growth without the addition of new headcount. The company has experienced 30% to 40% growth year over year

### Improvements as a result of implementing ERP:

*The following benefits may be directly or indirectly attributed to ERP implementation. Some are more easily quantified, but all can generate value:*

✓ *reduction in operating cost*
✓ *reduction in administrative cost*
✓ *reduction in inventory and inventory cost*
✓ *reduction in obsolete inventory*
✓ *reduction or redeployment of headcount*
✓ *improvement in percent complete and on-time shipments*
✓ *improvement in inventory accuracy*
✓ *growth enabled without addition of headcount*
✓ *reduction in waste*
✓ *better utilization of resources*
✓ *increased revenue*
✓ *increased profit margins*
✓ *better responsiveness to customers*
✓ *increased production capacity without adding equipment*

for the past six years and most recently was able to support growth without hiring commensurately. How so? Largely through automation of fixed asset depreciation schedules. Remember, Right Way manages about 6,500 IV pumps in the field. These are all fixed assets. Prior to implementing NetSuite, this was a largely manual process. Now it is almost exclusively automated.

Right Way also gained better visibility to inventory by location, and through this added visibility, was able to lower inventory to less than a 30-day supply.

As noted earlier, Pruven Industries' implementation started paying for itself almost immediately. While its subscription represents a very significant cost for a company of its size, Pruven was able to operate with two fewer employees. In the words of COO/CTO Cris Luce, "We're letting the software do the work. Even after adding in the cost of NetSuite, we're still saving about $3,000 a month. The people we do have now wear more hats. And in automating processes, we eliminated the reliance on Excel spreadsheets on individual computers. Automation is the biggest factor, but we're also able to cross train and cross deploy."

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>
> Cris Luce, COO/CTO and Board Member, Pruven Industries

While setting goals and measuring progress are just as integral to the success of your ERP implementation as they are to the success of your business, selecting the right ERP is equally important. Making a careful and well-informed decision is essential.

## SELECTING THE RIGHT ERP FOR YOUR BUSINESS

For decades fit and functionality drove most ERP selections. Requests for proposals (RFPs) consisted of massive feature checklists, followed by days of in-depth demonstrations. Any other criteria like ease of use, underlying technology, and even price, took a back seat. This was critical because for most of that time period, ERP solutions were rigid and inflexible, making innovation tortuously slow. Closing gaps in functionality meant invasive customizations, which built even more barriers to innovation. And yet, an 80% fit was often the goal.

Today's modern solutions are nothing like those early versions of ERP. Features and functions are still important. In fact, today's flexible and technology-enabled solutions should get you much closer to 100% than ever before, without the need for invasive customization. Yet, there is danger in making a decision solely based on what you need today, because it might not be what or all that you need in the future. The accelerating pace of change and disruption can have a cascading impact on business application requirements, making agility - the ability to easily innovate, evolve and change - even more important than current functionality. For that you need the right approach to innovation and the right architecture and platform to support it. Cloud computing and advanced technology that supports connectivity, collaboration, automation and agility step out of the realm of "nice to have" and become

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table stakes. And so, here we highlight some factors you simply can't afford to ignore in your evaluation of ERP solutions today.

### CLOUD AND SAAS

Today the majority of businesses have some sort of cloud strategy and the shift to the cloud and SaaS has begun in earnest. And yet, even now, on-premise solutions still dominate the installed base of ERP implementations. But for anyone who still questioned the value of cloud, SaaS and digital transformation at the beginning of 2020, there should be no doubt this is the direction in which you must head. Why?

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Let's start with the obvious. The capability to access anytime, from anywhere is inherent in software solutions that are accessed via the cloud and delivered as a service. Mint Jutras has been extolling the benefits of cloud computing and software as a service (SaaS) for many years now, but in spite of all the hype associated with cloud and SaaS, we still see evidence that many don't fully understand the difference between the two or the benefits SaaS can bring. Whether you run a solution on your own premises or in a private or public cloud, the ability to access anytime, from anywhere is a significant advantage and web-enablement opens the door for the kind of connectivity you need as workers work from home. The ability to connect is critical, but **how** you connect is equally important. This issue surfaced when suddenly office workers became remote, work-from-home workers.

While workers using SaaS solutions were able to start working from home almost immediately, it likely took several days of frantic work and unplanned technology purchases to support remote workers where solutions were still on premise. Even where these solutions were web-enabled, the number of VPN connections needed to support all (some newly) remote users could double or triple very quickly. Obviously, the global pandemic will eventually go away. But few believe 100% of office workers will ever go back to the office 100% of the time. With a SaaS ERP, you will have (at least) one less thing to worry about.

### LOOK FOR A COMPLETE SOLUTION

While fit and functionality may not be the only selection criteria today, make no mistake, it is even more crucial than ever. In fact, it is time to start expecting a lot more than an 80% fit.

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In the early days of ERP, the 80/20 rule of software prevailed. With many of the early versions of ERP, software vendors tried hard to be all things to all businesses. With few exceptions, most early solution providers cast a wide net. Unwilling to turn any potential business away without a try, they came to market with very broad solutions. By trying to please everyone, they never had a complete solution for anyone. Nobody expected a solution to satisfy all their needs (an 80% fit was often the goal), resulting in invasive (and sometimes expensive) customizations that built barriers to further innovation. It also

resulted in a proliferation of disparate systems that may or (still) may not be integrated today.

But a "one size fits all" solution is not the most effective approach to meeting the needs of a wide range of businesses. No software vendor can be successful in trying to be all things to all businesses. But it is still possible to get "last mile" functionality today with a strong platform that makes ERP more configurable and more "extensible."

## CONCLUSION AND RECOMMENDATIONS

The start of a New Year may very well be a good time to make some serious changes to your business. Whether you are seeking greater efficiency, cost savings, improved visibility, connectivity or added agility, replacing your current business solutions with a new ERP is a good place to start.

Any decision to implement a new ERP is a big decision, which requires careful thought and justification. In light of the challenges brought by 2020 – a tough year by anyone's standards – you might be thinking taking on the selection and implementation of a new ERP is the last thing you should be doing. But unless you are running a modern, cloud-based, technology-enabled ERP, 2020 also exposed all the limitations and inefficiencies of your current systems. Yes, it is a significant investment, but there should be some significant returns on that investment, and it need not necessarily require a lot of capital. If you choose to go with a SaaS deployment, you will have the option of accounting for it as an operating expense (OpEx) versus a capital expenditure (CapEx).

If you do decide to "take the leap" as Pruven Industries and Right Way Medical did, ask yourself what you hope to accomplish. First answer the question, "Why are we doing this?" Then define specific and measurable goals. Then, as you move through the selection process and then the implementation, don't forget how you answered. Keep the "why" first and foremost in your mind, and measure progress against those targets. When you meet those goals, set additional objectives. With the right solution, ERP should enable a journey of continuous improvement.

***About Oracle NetSuite:** Oracle NetSuite is a Global Business Unit of Oracle Corp. It pioneered the Cloud Computing revolution in 1998, establishing the world's first company dedicated to delivering business applications over the internet. Today, it provides a suite of cloud-based financials / ERP, Human Resources (HR) and omnichannel commerce software that runs the business of companies in 212 countries and dependent territories. NetSuite's solutions are used by more than 24,000 companies. For more information, visit [NetSuite](#).*

*__About the author:__  Cindy Jutras is a widely recognized expert in analyzing the impact of enterprise applications on business performance. Utilizing over 45 years of corporate experience and specific expertise in manufacturing, supply chain, customer service and business performance management, Cindy has spent the past 15 years benchmarking the performance of software solutions in the context of the business benefits of technology. In 2011 Cindy founded Mint Jutras (www.mintjutras.com), specializing in analyzing and communicating the business value enterprise applications bring to the enterprise.*