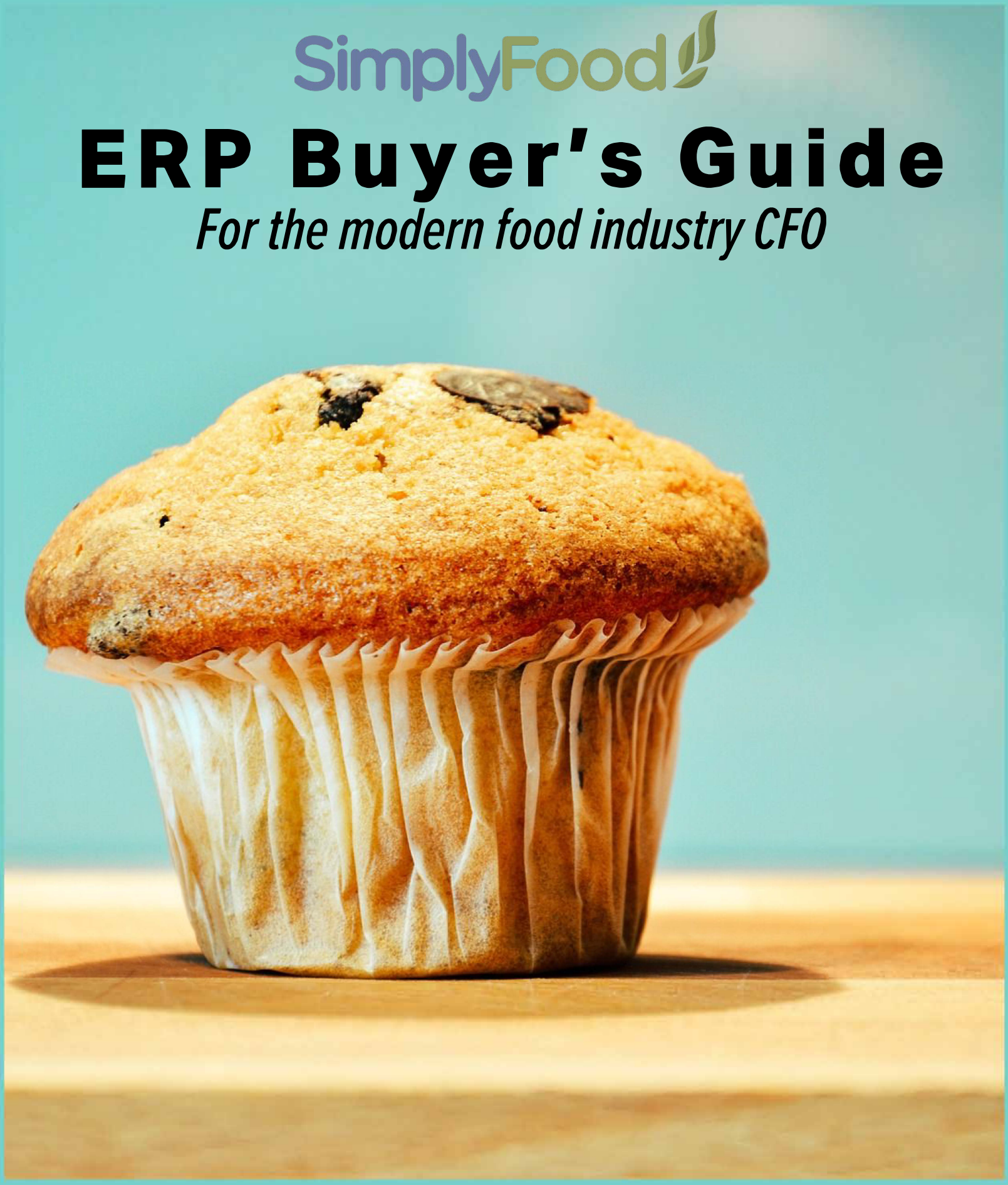
SimplyFood

ERP Buyer's Guide

For the modern food industry CFO



SimplyFood is an Acumatica Gold-Certified Partner

Contents

ERP Buyer's Guide for the Modern CFO....3

First, ask why you need a new ERP system....3

Let's talk about cost....4

ERP Pricing....4-5

What to look for in a new ERP system....5-10

What else to look for in an ERP vendor....11

Summary....12

About **SimplyFood**....12

ERP Buyer's Guide for the Modern Food Industry CFO

As a CFO, you know that your company's Enterprise Resource Planning (ERP) system is at the heart of your business and financial operations. It is the one application where you and your entire team will spend time every day to perform your jobs. You probably have also heard that moving to a new ERP can be a daunting task for any company to take.

So, how do you select the best ERP solution for your company? What do you look for? This guide will help you and your staff find and select the ERP solution and solution partner that is right for your company.

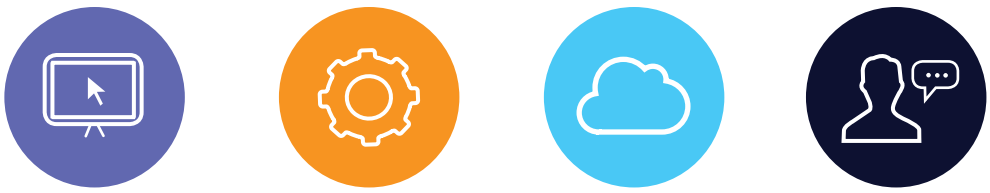
First, ask why you need a new ERP system

"Why are we looking for a new ERP system?": This is the most important question you can ask.

There are many reasons a company would choose to invest in a new ERP system. Maybe you are using an older software system or you have grown out of a basic accounting software, As a food related company, you may be experiencing one or more of these issues:

- You and your team find yourself dealing with manual workarounds for simple tasks which could be easily automated.
- Your data is stored in Excel spreadsheets and/or on multiple systems across the company.
- There are no automated workflows leaving you to rely on manual processes.
- Your existing software is rigid and unable to work with your company's processes.
- You are always facing a laborious month-end close process.
- You don't have adequate traceability functionality required of a modern food processor.
- You lack the ability to adapt to new market trends such as the use of ecommerce to reach new markets.

These issues can affect the productivity of your company as a whole, and warrant investigation of a modern solution.



Let's talk about cost

First, look at a new ERP system as an investment. An ERP system is a 7- to 10-year (or more) commitment of time and resources and will be the single most important tool to effectively operate your business.

Second, look at a total cost of ownership. Focus on the benefits your company will receive from a new ERP system in terms of ROI: Greater accuracy, less person-hours, tighter financial controls, better regulatory compliance, better reporting with timely data and user-friendly dashboards, and more proactive analysis for decision-making.

Third, look at what might be holding you back from getting a new ERP system. Typically, this is about cost. While it might be tempting to remain on your existing system, you should consider:

- Older software systems typically lack basic functionality that are core to a modern ERP platform, such as advanced dashboards, reporting, and usability features that will improve productivity and ultimately result in money saved.
- If you consider the maintenance and renewal costs of your old system, you will often find that these fees (up to 20% in most cases) mean that you are essentially buying a new system every five to six years. Let your software maintenance lapse, and you will not be receiving the benefits of software upgrades. This means you are not only missing out on new features and functionality, but also any security updates that keep you safe from cyber-attacks and ransomware.

The point in all of this is - get the system you need, not just the one you can afford when only looking at the purchase costs.

ERP Pricing

In every ERP purchase there is the cost of the software itself. Additionally, most ERP vendors charge a fee for every user of the system. It is typical for software vendors to charge more for users that must access the system to complete their work. They also require a lesser charge for "light" users, who only access the system for minor tasks, such as price look ups or to see a dashboard. Users licenses are usually assigned in one of two ways: specific users (named users) or based on a total number of users who can access the system at the same time (concurrent users).

SimplyFood ERP partner, Acumatica, offers a consumption-based pricing model that does not charge per user, but instead by the resources consumed to operate the system (hardware, memory, data throughput, etc.). It is our belief that per-user pricing discourages a company from allowing all necessary users access to information. People who would otherwise get exceptional benefit from seeing some of the same numbers the financial department can easily view.

For example, sales staff are often not seen as necessary users in a user-based pricing structure. So rather than having access to data in the ERP database, they typically keep their own records outside of the system or rely on dated information, causing a disconnect between sales and accounting over issues such as sales commissions, projected income and delinquent customers.

If everyone in your company has access to the real-time information they need to perform their jobs—just think of the streamlined efficiencies that can be recognized. All resulting in less people-hours and reduced costs.

With the Acumatica system, users can be added as needed, allowing everyone in the company access to the ERP system data at no additional cost.

What to look for in a new ERP system

So how do you know what you need in an ERP system. To start, create a list of requirements that are essential features for your company. This list is critical to helping potential software vendors understand your companies needs and assist them in preparing a demonstration of the software to meet your specific requirements.

This is your opportunity to take a critical look at your company and determine how a new ERP system can help your company address issues such as cost savings, efficiencies and growth. Interview everyone—from shipping and receiving to sales and marketing. Determine the features and functions that are necessary, those that would be nice to have, and those that will be future requirements.

Since the system will have to serve your needs today as well as tomorrow, look for a system—and a company—that will be around ten years from now. Systems and companies that are flexible and have the ability to serve your needs as you continue to grow. And finally look for a company that understands your industry, and has a product offering that reflects the same.

- **Uses common and widely used technologies.**
  Avoid proprietary languages and systems. With these you are at the mercy of the authoring company for support and the talent pool for these systems is limited.
- **Can be deployed either in the cloud or on premises,**
  Give yourself an opportunity at flexibility.
- **Are easily modified for basic tasks by the average users**
  and customized by any tech-savvy person.

Other things to consider:

- **Find players that have specific knowledge of your industry.**
  Avoid niche players that lack the customer base and financial ability to continue to innovate.
- **Read analyst reports and customer reviews from reputable sites**
  to see what others are saying about the product.
- **Find out if the final system requires multiple databases.**
  While the system might behave as a single entity, it is a nightmare maintaining two separate databases, and synchronization between the two can present a problem. Focus on a system that leverages a single database to ensure that financial, operational, and customer data does not differ for various users accessing the system.

Questions you should ask any software vendor include:

AUDITABILITY

For any ERP product, auditability is a must. While all companies should be able to audit their financial transactions, public companies and companies seeking outside funding require it.

- Does the software provide an audit trail of each transaction?
- Can I drill down into each transaction for more granular detail?
- How easy is it to perform an audit using this software?

SECURITY

An ERP system shows the details of the company's inner workings, there is always a need to safeguard sensitive data from being seen or altered by certain employees. And of course, the system must be secured from malicious outside threats also.

- Can we assign access privileges by user and role?
- Can we automate approval processes?
- Are there safeguards against hackers and does it alert me when there are unauthorized access attempts?

REPORTING

A vital function of the financial staff is to extract important information from the ERP system, and possibly combine it with data from other systems, for your company's internal use and for investors, bankers, auditors, and others.

- Are there dashboards to display key information to the user?
- Can dashboards be created for specific roles, and can these dashboards be modified by the user?
- Can dashboards be created with both ERP and non-ERP information? Are there integrations available?
- What reports come standard with the system?
- How are new reports created and can reports be easily modified?
- How do I access information from the system?
- How easy is it to create my own queries for information? Can these be used in reports and dashboards?
- Is real-time data available to me?

TEST PLATFORM/SANDBOX

A "sandbox" is a test environment that allows you to test upgrades before putting them into production. It also allows for the testing of customizations to make sure they properly work prior to putting them on the live system. This is not typically a concern for an on-premise installation, but can be an issue for a cloud system. Some vendors charge extra for the sandbox, some do not, and some do not offer a test environment at all.

- Is there access to a test environment or sandbox?
- Is there an extra charge for this?

DATA STORAGE AND BACKUP

The ability to create and restore backups from the ERP database is very important in the event of catastrophic failures, natural disasters, or migration to another ERP system. However, not all cloud ERP systems give you the ability to create and restore data backups or to import your data. Of those that do,
some do not allow you to control the timing of the performance of these backups.

- Is my data automatically backed up?
- Am I able to backup my own data? Is my backup a true relational database?
- Is it easy to move my data to another ERP? How does that process work?

EASE OF USE

Even the best ERP system is of little use if your staff doesn't use it because it is too difficult to learn. It is typical for them to revert to "the old ways of doing things", relying on outside tools like spreadsheets and manual entry to skip over having to learn new software.

- Is the system easy to learn?
- Can the user interface can be customized by the user?
- Is there good documentation available online for the users?
- How complete is that documentation?
- What types of user training is available? Is this training included in the purchase?

CUSTOMIZABILITY

Every company is different, and few ERP systems will accomplish everything you need out-of-the-box. There will always be some degree of modifications required for the software to fit your company as well as your industry. Some of these mods are simple, and some can be complex. A modern ERP system should provide simple tools so typical non-technical personnel are enabled to make minor adjustments to the ERP system. Advanced customizations should be provided through application programming interfaces (APIs) utilized by consultants and more technical staff.

- Can we customize the system to best fit the way my company does business?
- Are tools available that allow us to customize the software with little technical ability?
- What types of user training is available? Is this training included in the purchase?
- If we customize the software, how difficult is it to accomplish?
- What software tools or languages do I need to do this?
- What parts of the system are available to be customized with these tools?

ADD-ON PRODUCTS/EXTENDIBILITY

Different industries require different features and functions. A food production company requires different features than an electronics manufacturer for instance. A modular ERP system typically offers a base financial product with additional modules to extend the product's functionality, such as inventory management, warehouse management, or ecommerce connections. Plus, third-parties can provide extended industry specific functionality, such as the SimplyFood Food Production module.

- What modules are included in the base product?
- Are there other modules we will require aside from the base product?
- What is the cost of these additional modules?
- Are third-party modules embedded, or do they reside outside the base system?

While not exhaustive, this should give you an idea of the types of questions you should be asking the ERP vendors who make it to your short list.

What else to look for in an ERP vendor

As you look at the features and functions of prospective ERP products, it is equally important to take a close look at viability of the product as well as the company that produces it:

LONGEVITY AND MATURITY: Look at the history and maturity of the company. How long has it been in business? Are there news stories and user reviews of the company, either good or bad? Has the company management been stable, or has there been a history of changes in leadership? Has the company been the target of a recent takeover? If so, how has that impacted the product?

RECOGNITION AND AWARDS: Look for analyst reviews of the company and the software. Were these reviews favorable? Has the software received any awards by recognized third-party organizations? Most vendor websites will proudly display the awards and recognition they have received.

CUSTOMER REFERENCES (in your industry): Some ERP products are better suited for certain industries and not others. Look for references within your industry and talk to their CFOs to see how well the software has performed for them. Most vendors will provide references of users of their software in your industry.

SUPPORT: Support after the sale is important for any major purchase, and ERP is no exception. Identify the levels of support available to you along with the costs. Talk to other users and read user reviews to verify their satisfaction with the support they receive from their software vendor.

Summary

Selecting your next ERP system is an important decision. The information presented in this guide should help you identify the important ideas to bear in mind as you go through the vendor selection process.

For a help on calculating costs and return on investment visit:
https://www.acumatica.com/calculator/how-much-does-an-erp-system-cost/

About SimplyFood

SimplyFood has assisted companies in the food industry for over 10 years and we partner exclusively with Acumatica.

Acumatica provides the greatest flexibility for personalized, cloud software solutions, and the SimplyFood business model is based on giving our clients in the food industry exactly what they need to run their businesses. Without the distraction of things clients don't need (a primary drawback with non-industry specific manufacturing solutions), our clients are able to run their businesses as efficiently as possible while logging in from any location with online access.

Our clients enjoy an opportunity for a lower-risk software deployment, as well as an exceptionally quick time to value recognition. We offer this food industry solution all within the technology platform of Acumatica, a company with over 6500 customers and the highest customer satisfaction rating among cloud ERP solution providers.

SimplyFood

Acumatica
The Cloud ERP

Gold Certified Partner