



Maximizing ERP Return on Investment with On-Demand Support Services

Flexible support gives companies an advantage in a tight economy.

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The current economic environment presents a serious challenge to manufacturers seeking to capitalize on their enterprise resource planning (ERP) software: How can a company increase ERP functionality while simultaneously reducing operating costs and even head counts? To achieve this difficult balance, many manufacturers have turned to on-demand ERP-support services, which can help solve the dilemma in a variety of ways, including:

- Saving time and money otherwise spent training and retaining in-house resources;
- Allowing internal IT staff to focus on business improvement;
- Providing continuity across internal projects and day-to-day support; and
- Reducing costs by utilizing a support model that ensures only paying for value-add time.

A Nevada-based mid-sized manufacturer of construction materials recently launched an initiative around purchase requisition release strategies-despite the fact that the manufacturer has a limited budget and no internal personnel dedicated to ERP. The manufacturer debriefed its on-demand ERP-support team on the problem: employees converting requisitions into purchase orders without any kind of approval method. The on-demand team quickly created a solution that established approval requirements for purchases based on dollar amount. This enhancement allows the manufacturer to analyze procurement practices, locate the best vendor-pricing opportunities and ultimately reduce operating costs.

Although this particular manufacturer relies exclusively on its external partner for the three tiers of ERP support (support, enhancement and optimization), most companies will have some number of internal support personnel. Companies benefit from hiring permanent staff when the new additions devote themselves to areas where the enterprise needs the most flexibility. For a manufacturer, these areas might include forecasting, production planning, materials management or product costing. However, if a company were to create permanent positions corresponding with each ERP function, the IT staff would quickly grow to unmanageable proportions. When assessing how to capitalize on their ERP investments in a financially prudent manner, manufacturers can gain from a three-phased plan of action: determine which areas of the enterprise require the most focus; hire in-house resources to focus on those areas; and enlist on-demand support to handle all other ongoing ERP support and enhancement.

Unfortunately, the current demand for ERP consultants often results in high turnover rates for internal staff. When internal resources leave, manufacturers lose more than a position; they also lose all the system-specific knowledge that the consultant accumulated during her tenure. One manufacturer in Arizona experienced a 100% turnover rate when headhunters recruited away their entire internal staff. The manufacturer's on-demand support team-which, following the mass exodus, had more knowledge about the enterprise software than anyone left inside the organization-functioned as a safety net and performed all levels of support while the client regrouped. While few manufacturers will face such an extreme situation, many companies have recognized the benefits of on-demand support in terms of

money saved not only on salaries, but also the costs of recruitment, training and non-value-add time associated with full-time internal positions.

Mitigating hiring costs and turnover risks presents immediate and substantial savings, but manufacturers typically realize the full benefits of on-demand support in the long term. On-demand support teams develop a client-specific knowledge pool over the course of their relationships with manufacturers. Having a trusted on-demand support partner provides a redundant knowledge base regarding business and system processes. This ever-expanding knowledge pool not only results in risk mitigation but also provides quicker and more effective resolutions. Over time, the manufacturer finds at its disposal an increasingly nimble and expert virtual employee.

When manufacturers vet potential on-demand support partners, the following are important factors:

- History and stability of the organization
- Quality and tenure of the support resources
- Industry experience
- Ability to cover all aspects of an ERP solution
- Flexibility concerning usage and billing

Given the economic downturn, companies have begun to think in terms of value, rather than cost. This same thinking prompted companies to invest in ERP systems in the first place, in order to streamline business processes, optimize core efficiencies and eliminate all non-value-adding elements throughout the entire enterprise.

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