

Enterprise Apps Buying Guide

Get started on the right foot before opting for enterprise application software by sorting the needs of your business and knowing which type of implementation approach suits you best

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For an enterprise to be competitive in its business, it has become imperative to have business application software that can monitor the organization's workflow, connect people with each other between disparate departments and can present relevant information quickly during critical business decision making. Thus applications like ERP, CRM, BI, etc. have become the heart of functioning for today's enterprises. ERP, for enterprise wide information streamlining, and CRM for streamlining the customer management business processes are a few business applications that have helped enterprises to achieve success in the competitive global marketplace. There are major product vendors like SAP, Microsoft and Oracle to name a few in this enterprise application arena.

Since business applications like CRM or ERP touch almost every aspects of a business, it's advisable to investigate all options to arrive at the best match that's worthy to the investment you are doing for your enterprise. Also, now there are other deployment modes available besides deploying applications within the enterprise's premises, which include SaaS and Cloud based delivery modes. Today's business environment is dynamic and forever changing, therefore enterprise apps such as ERP and CRM must be flexible to adapt to the changing business climate and capitalize on new opportunities. It is one that will have long-lasting effects on enterprises' overall performance. Thus, while choosing any enterprise class application for your business, consider the following aspects while evaluating a business application for your enterprise.

Alternate Models: SaaS and Cloud

There are solution providers who provide business applications like CRM and ERP over the Internet. This type of SaaS (Software as a Service) or on-demand model offer savings for an organization as most of

the hardware and solution expenses will be borne by solution provider itself. Most businesses prefer on-premise deployment of the business application software largely due to data security concerns, and for customization needs and system control over the applications. The SaaS based applications are more suitable for those whose requirements can be met by standardized software. The benefits of opting for SaaS based model are that you get fast-paced implementation and regular upgrades and startup costs are low.

Downside is that, SaaS based solutions are not flexible enough for customization. Microsoft and Salesforce are popular SaaS based CRM solution

Aspects to consider when choosing business applications for your enterprise:

- *Relevance to your business or vertical market*
- *Industry or peer references*
- *Total Cost of Ownership*
- *Flexibility to customize or integrate*
- *Vendors stability to provide long term support and maintenance*
- *Industry recognitions*
- *Technology platform*
- *Technical resources availability*
- *Alternate deployment models (On Premise or SaaS/Cloud)*

providers, while SAP and Ramco Systems have initiated offering ERP solutions over SaaS model.

Though Cloud based solutions are just an extension of SaaS based solutions. The Cloud computing is based on more virtualized environment and there is no resource constraint for an application.

Therefore an application hosted on Cloud platform will be able to harness the computing powers of the resource with no constraints, i.e. if the requirement of application increases, the resource allocated will also scale up dynamically, whereas in SaaS platform, the resources allocated for an application are reserved and not dynamic. If you are opting for a Cloud service you will have all the benefits as those of SaaS services, while you can also have liberty to have scalability option for your applications depending on the use of the resources or demand.

With increased rate of adoption of SaaS based or Cloud based services, there are few considerations to be kept in mind while opting for a service. First you have to decide what all information you can trust to be kept outside your premise, and depending on that you can opt for applications that you can have hosted on SaaS or Cloud environments.

Secondly, since these services are to be delivered over the Internet you have to ensure necessary bandwidth allocation for it. Also, while signing the SLA, do ensure that the provider for SaaS or Cloud service is ensuring more than 99.9% uptime. Because even a meager 0.1% downtime can be expensive for your organization's productivity.

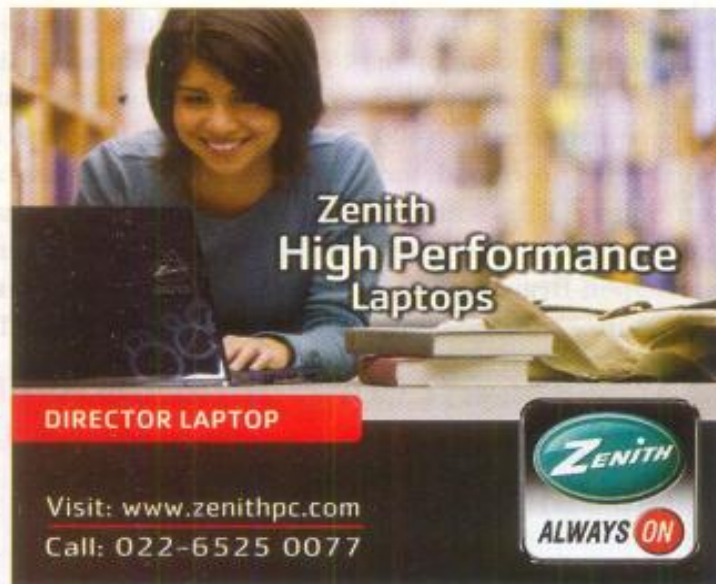
Integrated suites

An enterprise comprises of several departments and for each department, there are several business applications available. For instance, CRM is an application for customer management and for HR and payroll, there are Human Resource Management apps available. All these standalone applications referred as 'silos', don't talk to each other. The implementation of an ERP system to overhaul and automate business processes is a strategic investment for any organization. While the idea behind an ERP application is that, it is a suite that works together to achieve seamless business processes, therefore while evaluating any

business application for your business needs, it becomes essential that the application supports SOA architecture.

There are standalone solutions for each business activity, but for seamless business environment you cannot achieve much through them. It's good to have an integrated ERP solution that can integrate all business processes of an organization. It gives advantages like standardization, lowered maintenance costs, and organized data integration. Coming to budgetary implications of standalone apps vis-a-vis integrated ERP solution, with stand-alone apps an organization has to purchase licenses for each of the application, train the staff for every installed application and also maintain

different teams for each applications support and maintenance. While with an integrated ERP suite, an organization gets a single suite that caters to all needs of the organization. There is the single vendor who provides support as well as necessary maintenance. While the employees have a single application interface they don't have to learn different applications to access information of different departments.



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Relevance to your Industry

The ERP market is dominated by the likes of SAP, Oracle, and Microsoft among others who provide a complete suite for most industry verticals. Manufacturing, finance and operations and logistics were a few of the industry verticals that were primarily using ERP solutions. But with the advent of ERP being implemented in almost every industry sector, these major ERP vendors have also incorporated packages to support the new industry verticals, which include real estate, agriculture, apparels and footwear industry as well.

Since solutions developed for generic businesses can't satisfy the specialized requirements of industry specific enterprises, it becomes imperative to choose a solution that is designed or customized to meet re-

quirements of a specific industry. This becomes the second step while considering a business application for your enterprise, because the industry specific business applications are designed to comply with industry's best practices, compliances and government regulations. For instance, even though an apparel company will fall under manufacturing industry, its requirements from an ERP solution are very different. SAP offers a specific solution called AFS (Apparel and Footwear Solution), that is targeted to meet the requirements of the apparel industry. So, when you are choosing a solution like ERP, then go to vendors who have products catering towards your industry vertical.

Open Source solutions

Enterprise solutions market once dominated by proprietary solutions from Microsoft, SAP, Oracle, IBM or Ramco Systems, sees a tremendous flux in open source domain towards business applications like ERP or CRM. On sourceforge.com, there are more than 400 ERP Open Source solution available for download, but if you wish to opt for an Open Source ERP solution from them then it's a tough call as there are very few success stories. Compiere and Open-Bravo are the most popular Open Source ERP solutions. In the Open

Source CRM side, there are solution like SugarCRM, Vtiger CRM, etc. available. For an enterprise which is planning to implement ERP solution, but can't find any solution that meets its requirements, they can have their developers team work on Open Source solutions to customize the solution as per their requirements.

The major hindrance that an organization can face in opting for an Open Source solution package is that they will not be having any implementation partners for the solution. Also support and maintenance are the major factors that an enterprise considers before opting for a solution. With Open Source the support isn't guaranteed. Another factor could be that of customization, the enterprise will have to do that on their own.

Costs involved

While implementing business applications like ERP or CRM, enterprises dish out huge amount of money to expect greater RoI. The major part of such an investment is not the software cost, but the cost involved in planning and implementation of the application. Consultancy consumes the major part of ERP implementation cost. Besides, the implementation will involve additional costs as well. Training of employees across



Cost consideration while buying business applications

*Mr. Shiv Kumar, Executive Vice-President,
Business Development, Zylog Systems*

"In the ERP/CRM world, the software cost of a solution is usually less than 20% of the total costs. The Total Cost of Ownership, therefore, represents a very important way to compare one ERP/CRM solution to another, because it captures the costs beyond the software cost. So the cost optimization should be applied on the customization, servers, and storage, training and support components. In contrast,

Return on Investment (ROI) largely is focused on measuring benefits to see if they exceed the costs of implementing the ERP/CRM system. The major ERP vendors offer 'Pay as you grow' pricing model for their hosted version which would minimize the cost of licenses, infrastructure, maintenance and support though the customization flexibility is limited.

The enterprises planning any ERP/CRM investment would be wise to complete an ROI analysis first. The ROI analysis will determine the financial significance of the project, and the speed of payback. Then, once you have a good business case, conduct a TCO analysis on at least two solution providers. A thorough TCO analysis will pinpoint where the differences are in total solution costs, over a multi-year time frame. This two-phase approach ensures that you will not only get a good return, but that you ultimately will work with the most cost-effective solution provider."

the organization, converting the existence data and integrating that into the ERP system are few examples where costs would be incurred. IT infrastructure cost and annual maintenance costs also add to the expenditure bill. An enterprise should consider all these cost consideration and devise strategy accordingly for their budget so as to maximize returns from their investments.

Business Intelligence

Business Intelligence (BI) in recent times has become a tool that has become part of the ERP solution package. The BI tools helps an enterprise to take better informed decisions by organizing, analyzing and reporting the information generated as reports and summaries. But in an enterprise the information is not confined to just an ERP or CRM application, rather there is mountains of information in other datastores as well. Therefore, now organizations are adopting third-party BI tools that could fetch data from all of enterprises data repositories including those of ERP and CRM, and provide reporting and analytics facility on them. To accomplish BI success, organizations should identify their business pains and align their solutions to these issues.

Vendor selection

Choosing the right vendor or implementation partner is as important as selecting the appropriate solution for your enterprise. Before finalizing a vendor for the implementation, consider following aspects:

References: You can learn about vendor or even the implementation partner's credibility to successful implementations through their past customers, through press releases and also from the peers in your business network. This way, by interacting with other customers you can come to know about the challenges faced during the implementation and also the reasons for failure. The peers from your business network group can recommend you what software or vendor to choose from their own experiences.

Implementation support: The success of the implementation lies in the kind of support and services that the vendor provides for the software solution. The implementation phase requires implementation partner to have domain expertise of the industry vertical where the solution is to be deployed. M&B Footwear faced challenge of not being able to find any vendor who had

Some Cloud Service Providers

- ✦ *Amazon EC2: Web Application hosting platform*
- ✦ *Google AppEngine: Still in beta phase for application hosting*
- ✦ *SugarCRM: Offers their commercial version of open source CRM hosted on a Cloud*
- ✦ *Microsoft: Offering their online suite of business applications*
- ✦ *RackSpace: Provides Cloud storage as well as Cloud based application hosting facility*

experience of having deployed SAP's AFS module for a footwear industry. If the implementation partner don't know the industry, kind of available solutions, then implementation is bound to fail. The only way to ensure success is to involve partners having knowledge of both, domain and solution.