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Metal Industry Guide to ERP Software Evaluation

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Time to re-imagine the **possibilities.**

Many metal companies outgrow their legacy ERP software because the software does not handle day-to-day transactions easily and quickly, and has become cumbersome to use. Either your IT group or your software vendor has not kept up with current technology standards and user experience expected today.

Choosing a new enterprise system (ERP) for your metal business is a critical undertaking where you need to measure twice (or more), and cut once. Below are the most important actions, plans and considerations you need to make the right decision for your company.



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1. Evaluation Team

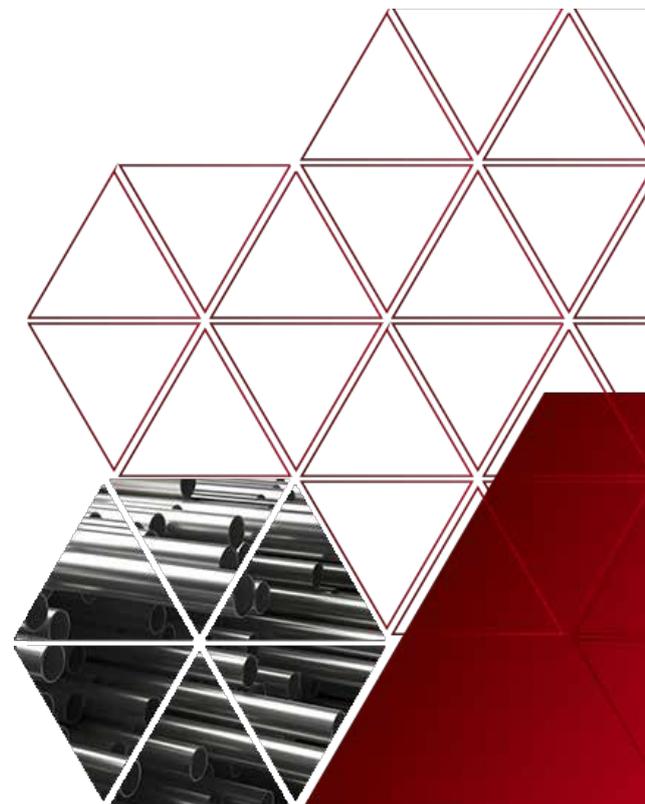
You will need to assemble an evaluation team that includes subject matter experts for each area of your business (sales, purchasing, operations...). As much as possible, this team should be involved in every step of the evaluation process.

Don't make the evaluation process an IT project only. The business should have experienced representatives involved, since the software will be used to run the entire business.

2. Business Requirements

To ensure a comprehensive software presentation, your evaluation team should compile and document a list of the most common business scenarios performed by your company and include critical software features you have today and what additional features are truly needed.

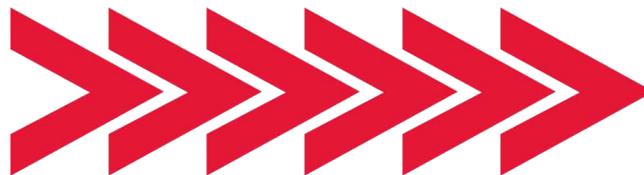
These scenarios should form the foundation of the software demonstrations and ensure that all vendors follow the same "script", and that you control the content of the presentation. -



Examples of scenarios should include a variety of cases such as pick and ship, single process, multiple process, multiple location processes, outside processing, toll processing, blanket and contract orders, production of JIT stock, customer consignment.

Typically, a company may have 6 to 12 different scenarios to accurately represent the different business and operational requirements.

Scenarios are an effective mechanism of evaluating software as they help you understand how the software works, how each module integrates with other functions, and how users benefit from the system. Focusing on individual and disconnected features tend to provide an incomplete view of how the system will operate for your company and is difficult to see the flow from one department to the next.



3. Software Demonstrations

The software presentation should include a review of the major business cases identified by the evaluation team as well as other features determined to be beneficial to your company. A more complex business or a large number of business scenarios may require more time for a further deep dive demonstration.

- Budget a half-day demo for the initial demo to short list the vendors
- Depending on the number and complexity of the scenarios, budget one to two days for a deep dive demo
- All scenarios should be presented
- In some cases, ask to see full end to end cycles as to understand the full cycle
- For larger service center groups, with 400+ users, should anticipate spending at least 3 to 5 full days in demonstrations

Can vs. Does There is a big difference between these two words, the system “can” do something, does not necessarily mean it “does” do something. Often “can” means that it requires programming/customization to accommodate. That is, with some degree of work it “can” do this or that.

Don't take yes for an answer (Show me the software!) It is important to actually see the software perform the various functions, insist that the vendor **demonstrate** how the software addresses a specific condition that is important to your company.

4. Technology

Software tends to be a long-term investment. Make sure the software is built on current and modern technology standards that will carry you long into the future. You don't want to find out a year later that the systems you invested in are becoming obsolete or reaching end of life.

A separate technology review session of the software and vendor services should also be conducted (operating system, database, hardware...) The review should include the following:

- What operating system, database, hardware does it run on and the licensing model of each
- Is the technology future proof?
- When is the end-of-life support?
- Is the application web/browser based?
- Is it cloud based or are servers required?
- Can the application perform across multiple operating systems and devices (e.g. Chrome, Windows, Mac, and Linux)?
- Does it have mobile applications?
- Can the mobile functions operate on Android and IOS devices?

CLOUD HOSTING



- Does the hosting service include real-time replication across data centers?
- Does it include 24 x 7 emergency Support?
- Do you control when updates are installed?
- Can you have your “training” environment updated separately from your “production” environment?



Can the system store and rapidly retrieve large files such as images, certification documents, and video clips?

PERFORMANCE

Ask the tough questions.



With ransomware and hacking threats on the rise, you need to ensure your data is safeguarded and protected to prevent potential cyber threats, ensuring your business can operate securely.

These include:

- Multi factor authentication for user access
- Secure data transmission and encryption
- Role based data access privileges
- Database monitoring and alert programs

SECURITY

EDI

If you are expecting to implement inbound and/or outbound solutions, make sure to schedule a separate session to review your EDI requirements and discuss how these can be met by the vendor.

This includes:

- Number of different EDI transaction types
- Number of different vendors or customers that must be configured and/or tested
- Cost for EDI

INTERCONNECTION WITH APIS

What are your requirements for interconnection with 3rd party applications such as interfacing with a 3pl logistics application or integrating with processing equipment? How is the software able to accommodate these requirements?

5. When evaluating generic software solutions...

If you plan to also review generic software solutions (i.e. non-metal-centric ERP systems), or a generic solution with a metal industry plugin/add-on, the following additional points need to be taken into consideration:

- More demonstration time will be needed to understand the product (this could double or triple the demo time)
- Expect more responses such as 'it can be configured to do that' and understand the implication of having to "build" solutions
- Critical to require the vendor to show you how a "configuration" function is performed
- Don't let topics such as reporting, customization options, finance dominate the demonstrations
- Focus more on essential, day-to-day business requirements
- Is the software being demonstrated with the same version the service center would receive?

GAP ANALYSIS

There are typically more gaps with these generic types of systems, therefore additional diligence needs to be applied to understanding how the gaps are to be resolved. Failing to do this can lead to excessive cost, long time delays and eventually less functionality.

- Spend more time listing the gaps in detail, working out issues after the purchase can lead to unforeseen consequences
- Obtain a reasonably accurate cost estimate and time estimate for the modifications to be completed
- Don't accept a rough or quickly written summary

6. Evaluation Team Review

Once the demonstration phase has completed, the evaluation team should review:

- Functionality, fit, and benefits of the solutions
- Technology score
- The vendor should provide updated pricing for software, hardware or hosting, services, and implementation.
- Determine any major gaps from any of the solutions with accurate definition, cost and time estimates

SUMMARY

Choosing a new software system for your metal company is one of the most important decisions you will make. It requires a dedicated and detailed review process that should not be rushed. Choosing the right system is not a matter of chance and is not a race, it requires a committed and organized process.

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