



**leverage**  
technologies

ERP IMPLEMENTATION

# BUDGET GUIDE

10 PRO TIPS TO REDUCE YOUR ERP  
IMPLEMENTATION INVESTMENT  
AND GET THE RESULTS YOU WANT

*"I have seen SME ERP solutions implemented in anything from one month to one year.*

*Investments range from \$20,000 to \$1 million for implementations that I have personally been involved in.*

*Here are my top ten recommendations for reducing your ERP implementation investment and get the results you want."*

**BRETT MUNDELL**

Managing Director

Leverage Technologies



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# The typical cost of implementing an ERP solution.

*When implementing ERP solutions there are multiple costs to be considered:*

-  Software and/or Cloud fees
-  Implementation
-  Annual support / maintenance

The software, cloud and support fees are usually relatively easy to calculate. In most instances the cloud, software and support fees are simply a factor of the number of users that you require.

The implementation of an ERP solution is usually the major variable. I have seen SME ERP solutions (designed for small to medium business) implemented in anything from one month to one year. Investments range from \$20,000 to \$1 million for implementations that I have personally been involved in.

**This raises two questions...**



# Key factors influencing the cost of ERP implementations.

1. Why the great variance in implementation costs?
2. How do we reduce our implementation investment without compromising the outcomes?

Let's take a quick look at the bigger picture. We want projects delivered:

- On time
- Within budget
- To scope

So firstly, why the great variance in implementation pricing from one implementation to the next?

**There are multiple factors that influence implementation pricing:**



Number of **companies** to be implemented



Number of **users**



Complexity of **requirements**



Internal **resource** availability



Number of geographies / **locations**



**Reporting** requirements



Development / **integration** expectations



**Data** conversion complexity

These factors will have a dramatic effect on the number of days and required investment to implement an ERP solution. The good news is that there are multiple options that you can deploy to reduce your investment in implementation resourcing (cost) without compromising the outcomes.

**Let's consider these factors.**

# 10 key areas to reducing the cost of your ERP Implementation investment

## 1. Internal Project Management

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Ensure that you have access to an internal project manager.

This project manager might be part-time on the ERP implementation whilst doing other day to day business functions. The role of the internal project manager is:

1. Co-ordinate communication between the implementation team and the users
2. Manage the project meetings (with the implementation team project manager)
3. Co-ordinate any scope changes and out of scope commercial discussions
4. Chase the internal team to meet deadlines
5. Manage and co-ordinate internal resource

When it comes to choosing a project manager for small to medium sized ERP implementations I prefer a hands-on approach.

A project manager that not only understands the business, the requirements and the people within the business but also can get involved and assist with data conversion, data uploads and report writing.



## 2. Data Cleansing

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Ask any ERP implementation partner and they will tell you that data imports, data cleaning and reconciliation can be a major time (and budget) drain.

This is one area of many ERP implementations that runs over time and exceeds budget.

You can manage the budget and outcomes associated with data conversion by:

1. Getting a better understanding of your data conversion requirements. What data is being converted? Why are you converting that data? What are your current data sources?
2. Who will be responsible for the data conversion, data checking and data preparation?
3. Spending time with the internal team to prepare your data.

Data preparation and time spent cleaning data before you do a data import is of critical importance. Most importantly – take ownership of your data.

## 3. Realistic “phased” expectations

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Keeping your expectations realistic helps with the journey. The budget and the outcomes.

There is no problem with dreaming big and wanting to implement an ERP solution to change your world. There is a problem with trying to do it all in one go, with a limited budget. Phase in the ERP solution, set realistic goals and budgets and plan accordingly.





# ERP IMPLEMENTATION SUCCESS STORY

*"We can more accurately measure the output of fabrication teams against budgets. The advantage of this is twofold;*

*Firstly, we're getting more out of the guys because we can give them feedback on their performance. Secondly, we are becoming more accurate with our costings and time frames."*

**Glenn Hosking**  
Managing Director

Company Name: Oxworks

Industry: Manufacturing

Location: Australia

**OXWORKS**



## 4. Reporting

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Manage the reporting scope carefully.

You will almost certainly require changes to reports or specific reports to be written. Get a thorough understanding of your reporting requirements and what standard reports are available before you define the scope of works for reporting.

Not many Small to Medium sized companies have the internal skill set to write their own reports. Three options are viable

1. Choose an ERP solution that has built in report writing capability with pre-defined data models for easier report writing. In this instance, a semi-technical user can be trained to write reports.
2. Outsource the report writing to your implementation partner using a clearly defined scope of works.
3. Cross skill an internal, technical resource, to do the report writing.

**Whichever option you take, plan your reporting requirements and solution as a mini project within the broader ERP implementation.**



## 5. Scope

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Keep the scope of works realistic. Don't bite off more than you can chew.

Automation is a great enabler to doing better business. However, make sure that you are taking on any technology project in realistic phases that can be delivered by your implementation partner.

Also ensure that your internal team can manage the process changes and internal change management. Ensure that the scope of works is detailed enough to cover all your requirements, in each phase of your implementation.

A detailed scope helps avoid scope creep and unnecessary discussions about what is in and out of scope. The scope of works should be more than a list of your requirements.

### **A good scope of works should include at least the following:**

- An overview of the business requirements
- A detailed project plan
- Resource planning (customer and implementation partner)
- A gap analysis
- The suggested implementation methodology
- Functional details of the implementation
- A list of the out of scope functions
- Vendor, implementation partner and customer responsibilities
- Detailed configuration settings

The scope should be followed up with a detailed design / blueprint document and a technical / development scope and design document.

**As you can see, there is a lot of documentation to get through during the scope phase.**



## 6. Internal resource management

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Effective management of your internal resources can have a massive impact on the implementation of an ERP solution.

When implementing an ERP solution there is a lot of work to be done.

- System configuration
- User acceptance testing
- Data take-on
- Forms
- Training and a whole lot more!



Ensuring that your internal resources are well trained, aligned and have time allocated to being involved in the ERP implementation can help save time and money. The more time your internal team can allocate to useful internal tasks during the ERP implementation, the less time your ERP implementation partner will have to allocate to the implementation.

### **Less time allocated by an implementation partner equals budget savings.**

Ask your implementation partner how you can allocate internal resource to best assist with the implementation. I would suggest that your internal resource allocation will be about 1.5 x the time allocated by an implementation partner.

If your ERP partner is going to spend 100 days on your implementation then you will need to allocate approximately 150 days of internal time to the associated internal work. Of course this 150 days of internal time can be spread across multiple team members – which makes the time allocation manageable.

On that note, very few SME customers allocate full time resource to an ERP implementation.

Spread out the implementation timeframes and make use of internal resource effectively remembering that team members must still complete their day jobs.





## 7. Internal system evaluation

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Make sure you evaluate your internal processes and systems prior to implementing your ERP solution.

It is much easier to automate solutions when you have good internal systems and processes in place.

## 8. Experienced partners

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Choose an experienced ERP partner to implement your solution.

The experienced implementers should have worked in your industry vertical before and therefore should offer:

- Industry specific IP
- Industry knowledge
- Pre-designed templates for implementation
- Experienced team members that know and understand which elements of your implementation will be easy and which won't. They will instinctively know where to focus their attention.

The experienced partners might not have the lowest implementation rates or "quote" but in the long run their experience will save you money.



## 9. Choosing the right ERP products

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Consider multiple elements before choosing your ERP solution:

- Budget
- Users
- Functional requirements
- Geography
- Legal and fiscal requirements
- Cloud vs on-premise

Choosing the right ERP product for your company, budget and industry will reduce implementation budgets because there will be a closer fit for purpose than a poorly selected product.

## 10. Experienced consultants

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We spoke about choosing the right implementation partner. Also ensure that you choose the right consultants.

Every ERP partner will have a range of different internal consultants – development, functional, senior, junior, reporting and more.

Interview the consultants that will be working on your implementation to ensure that they have the required skill set and are a good cultural fit for your business.

**Good team members deliver on time and on budget.**

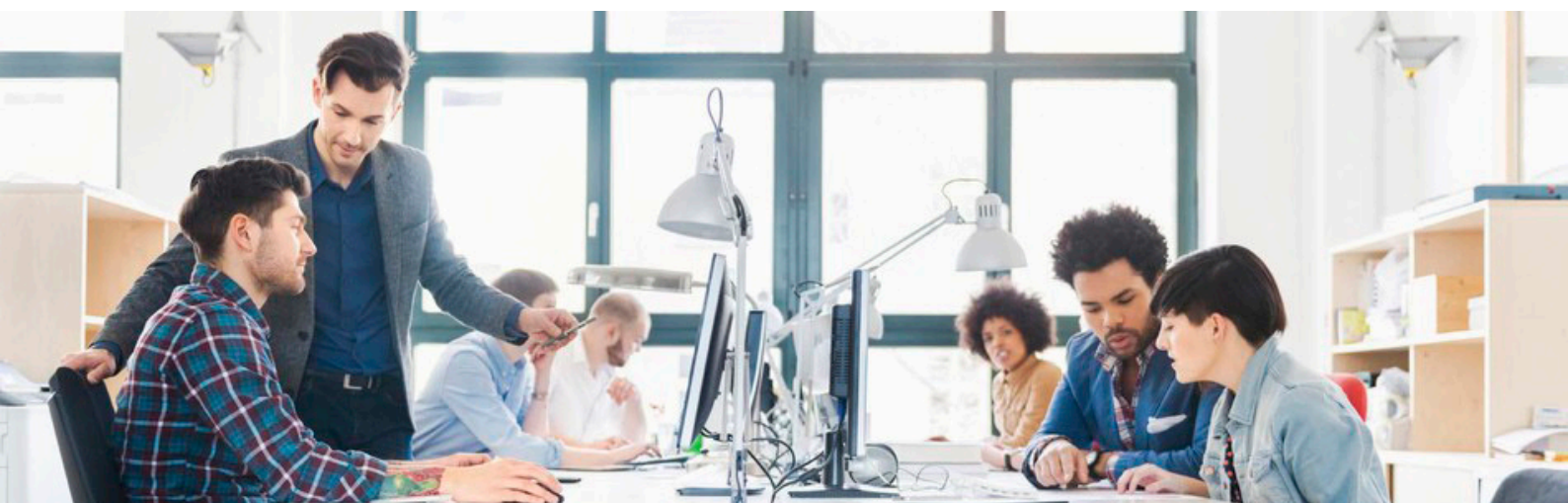


# Conclusion

There are multiple choices to be made when implementing an ERP solution. Plan for success and reduce your investment required to implement ERP by putting in place the correct structures.

**Take into account the 10 key steps outlined in this whitepaper to optimise the cost of your ERP investment.**

1. Ensure that you have access to an internal Project Management.
2. Take ownership of your data and allocate time to preparing your data before a data import.
3. Always keep your expectations realistic.
4. Plan your reporting requirements and solution as a mini project within the broader ERP implementation.
5. Create a comprehensive Scope of Works with detailed requirements.
6. Allocate the right amount of time from your internal resource to your ERP implementation project.
7. Evaluate your internal processes and systems prior to the implementation.
8. Choose an experienced ERP implementation partner.
9. Choose the right ERP product.
10. Choose the right ERP consultant for your project.





# Leverage Technologies

Australia's leading ERP advise, implementation and support partner.

Born in 2005, Leverage Technologies is an SAP Gold Partner (one of only a handful in Australia), Sage Platinum Partner and MYOB Advanced Platinum Partner. We have won several awards, including 'SAP Partner of the Year ANZ 2008', 'Sales Excellence 2009' and 'Highest Growth Partner Asia Pac 2010', Sage Partner of The Year 2017 and MYOB Advanced Excellence Award 2017.

## Accreditations

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## Industries

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Wholesale Distribution	Manufacturing	Not for Profit	Food Processing	Engineer to Order	Configure to Order
Medical / Pharmaceutical	Agriculture	Hospitality	eCommerce	IT / Technology	Professional Services
Transport / Logistic	Food and Beverage	Clothing / Footwear	Government	Retail	Building Supplies

## Locations

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### New South Wales

6/52-58 William St,  
East Sydney,  
NSW 2011

### Queensland

Corporate House,  
155 Varsity Parade,  
Varsity Lakes, Robina,  
QLD 4226

### Victoria

Level 8, 20-22 Albert Road,  
South Melbourne,  
VIC 3205

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