Have You Added Performance Boosters To Your ERP System?

"The companies that survive the longest are the ones that work out what they uniquely can give to the world—not just growth or money but their excellence."

— Charles Handy, an Irish author and philosopher specialising in organisational behaviour and management.

Nobody can deny the fact that successful businesses evolve from practices that lead to process- and resource-level optimisation and excellence. This is also why businesses invest in an ERP system—a tool that serves the important function of integrating separate business functions—like materials management, product planning, sales, distribution, finance, etc.—into a single application and thereby helps in setting and monitoring KPIs (key performance indicators) for each business resource and process. But is an ERP solution all that is required by businesses? Probably not.

Beyond the functionalities and benefits that an ERP system lends to the organisation, business heads also feel the need to generate customised reports, compare process- and resource-level trends, track resources and in-transit consignments, have

Did you know that using a few tools along with your ERP system can help you double your company's performance!

Vandana Sharma
BenefiT Bureau
access to intelligent analytics from the organisation's information flow, send and receive necessary task-related alerts, and so on. An ERP system alone cannot always manage to address such specific requirements.

But an interesting aspect of ERP solutions is that they are great enablers. If used in conjunction with other tools, they can not only automate operations and streamline information flow across the organisation, but also empower businesses to use this information in many interesting ways and achieve efficiencies of scale.

To know more about these ERP plug-ins or top-up tools and the feasibility of adding them to the existing ERP system, we turned to experts who have helped many organisations take their business to another level of performance by adding suitable performance boosters to their ERP system. We also turned to organisations that are currently using such tools and recording significant gains.

[Please refer to the 'Organisation-Speak' boxes for more on the top-up tools that worked for the companies we interacted with]

But before moving to these ERP-enhancement solutions, let's understand why it is important for businesses to look beyond their ERP system.

**Nothing is perfect; not even an ERP system**

Many businesses think that once they have deployed an ERP system, all their business automation, trends and report generation needs will be taken care of. To an extent, this is true as most solutions deliver a major portion of business needs, out-of-the-box. But there are many business requirements that are specific to a business, which an ERP system may not be able to address, observes Alexis Leon, managing director, L & L Consultancy. He explains: "ERP systems have three significant limitations that make it essential for businesses to look for additional plug-ins to serve their specific requirements:

1) Managers cannot generate custom reports or queries without taking help from a programmer. This dependency often inhibits managers from obtaining information, quickly enough to act on it for competitive advantage.

2) ERP systems provide data on the current status only, such as open orders. But managers often need to look past the current status to find trends and patterns that aid better decision-making.

3) The data in the ERP application does not include external intelligence."

Thus, while every business would like an ERP system to be a complete out-of-box solution, this is not practically possible considering business-specific needs. "Any ERP product will meet only 80 to 85 per cent of customer requirements, even if it is designed or configured for a specific industry," observes Sunderaraj SS, senior VP and head—India Operations, Ramco Systems.

Sunil Gupta, AVP, Tally Solutions, agrees and suggests: "It is important for organisations to look for ERP
OrganisationSpeak: Om Logistics

Type of ERP solution: Om Logistics has an in-house developed ERP solution. “The application has been developed keeping in view the company’s work-flow pattern, customer and vendor demands,” says S K Goel, vice president, IT, Om Logistics.

Plug-in(s) added: The company has integrated an SMS gateway, Web services, GPS (global positioning system) technologies and BI tools with its ERP system.

Benefits reported: Goel says that these tools are definitely helping the business by enabling a transparent flow of communication between the company and its customers. He enumerates a few benefits:

- “Instead of calling or contacting the company, customers can use the Web services that are integrated with the ERP system, to get information on their own.
- “The integration of the ERP system with the GPS-enabled fleet is helping our customers to plan activities (that are dependent on the consignment-in-transit) at their end, after taking note of the consignment status available through our tracking systems. This module helps customers in precise production planning also.
- “This integration helps the company too. Now, branches are aware about the vehicles and consignments, on a real-time basis. This helps us in planning delivery, pick-up and despatch schedules, accordingly. On the basis of these timely alerts, the concerned departments are also able to arrange vehicles in advance, for any requirement.

Suggestions for other companies: “If feasible, it is always good to have an in-house IT team with the necessary skillsets to do the research and identify different plug-ins that would suit the requirements of that particular business. This can speed up the process of implementation,” says Goel.

“ERP systems have certain significant limitations that make it essential for businesses to look for additional plug-ins.”

“We have integrated the ERP system with many applications including the Web to create an e-portal.”

a mix of any from this bouquet of options, depending on their specific business needs. The list includes solutions for data warehousing and data marts, data mining, online analytical processing (OLAP), supply chain management (SCM), customer relationship management (CRM), business intelligence (BI), geographical information systems (GIS), intranets and extranets, electronic data interchange (EDI), electronic funds transfer (EFT), mobile gateway, connectors to social networking sites like Facebook and Twitter, connectors to stock exchanges, etc.

A welcome development is that now many ERP vendors are offering these tools as part of their complete system in order to beat the competition and make their products better, quips Leon.

But which solutions should a small business opt for, in the first place? Leon suggests that, “Small businesses that are scaling but have limited budgets, can start by adding solutions like BI, data warehousing, data mining and OLAP.” If an organisation is scaling and needs to work with trading partners, integration of some project management or collaboration tools like Sharepoint, may also help, adds Gupta. Basically, an incremental approach is what works best, feels Gupta. It serves the organisation better if its needs are identified and the tools picked with care. Subsequently going in for a phased roll-out, instead of a big-bang approach (which more often than not, fails), would be preferable, he adds.

The returns

Talking about the benefits that such tools may render, Leon cites a few examples: “I have observed instances where data mining has helped organisations invent new product lines and new market segments. SCM tools have also helped vendors who can make it easy for them to add on or integrate the ERP system with more applications or third party tools to address their niche requirements. For businesses, this also means freedom from getting locked in with one vendor; and being able to use the best-of-breed add-ons.”

Tools that can be explored

Technologies that can be added on top of a regular ERP system are many and an organisation may choose...
organisations improve the efficiency of their supply chain, thereby, reducing inventory costs, leading to better pricing, faster delivery and so on. CRM and business analytics also can help in improving customer satisfaction and help anticipate changing trends. This prepares an organisation to address the new market needs.” However these additions can only be made to the existing ERP system if its architecture is open, flexible and scalable.

Looking at the implementation aspect

Supplementing or integrating other tools to the ERP system can be overwhelming and, if not done properly, can cause more damage than good, cautions Leon. Sunderaraj also has advice to share: “When companies decide to go ahead with the decision to extend their ERP system with supporting tools, they should ensure that they do this without affecting the core product.”

Extensions can be made to support unique core processes or any of the other functional areas—by developing additional screens, business logic, etc. This usually works with the main ERP system, seamlessly. These extensions can be developed and implemented by an organisation's implementation partners or by their internal IT team, says Gupta.

The idea should be to start with a couple of tools, implement them and make sure that they work properly before going ahead with the implementation of new tools, when the need arises. For example, a small company with a few suppliers does not need an SCM tool to start with. Such tools can be implemented later on, says Leon.

Therefore, even if an ERP vendor does not come up with recommendations, it is for businesses to identify requirements and make these choices. “However implementation partners and ERP vendors who also supply these tools may ‘push’ these as ‘essential’, even if the user is not yet ready for them, by creating an artificial need or demonstrating ROI. But an organisation’s maturity and internal processes are far more important than the tools themselves,” says Gupta.

OrganisationSpeak: Bhoruka Aluminium

Type of ERP solution: SAP On-premise ERP system (version ECC 6.0)

Plug-in(s) added: “We have integrated the ERP system with the Web to create an e-portal. This is being used for online self updating catalogue, online order tracking or placement system, automatic SMS/e-mail delivery. Other plug-ins include the employee self service (ESS) module, and the management self service (MSS) solution. The ERP system has been also integrated with barcode devices, biometric devices, production machine interfaces for automatic data entry, and so on,” says Rajkumar A P S, project manager (SAP-ERP Implementation), Bhoruka Aluminium.

Benefits reported: “Yes, these integrations do add value to the ERP system, not only in terms of enhancing its performance but also by expanding the data processing capabilities much beyond the areas of an ERP system’s reach,” quips Rajkumar.

“Leave and travel management can also be done easily. Information such as employee details, leave balances, loan balances, etc, can be accessed over the Web, using ESS and MSS Web portals. Automated and accurate data entry can be made using machinery interfaces,” he adds.

Suggestions for others: Rajkumar advises: “It is good to have the ERP system topped-up with tools like the CRM solution. Integration of the system with the Web also is a great information enabler from anywhere. BI can also be added to the ERP system for intelligent analytics when data volumes are huge, which might not be true for small businesses but may prove useful for mid-sized and large organisations.”

“When companies decide to extend their ERP system, they should ensure that they do this without affecting the core product.”

“We are hopeful that the vendor and customer portal integration with the ERP system will help us in reducing the process time.”

The integration process

But is this integration equally easy across different kinds of ERP solutions, ranging from on-premise and on-demand versions to Web-based solutions? Leon says: “I don’t see any problem in making such additions to both on-premise and on-demand ERP systems.” But Gupta
OrganisationSpeak: DLF Ltd

Type of ERP solution: DLF has deployed the Web-based Ramco Enterprise Series (RES 4.0), which is an on-premise ERP system.

Plug-ins added: “We have added tools, such as Ramco’s CRM and BI solutions. We are in the process of integrating our vendor and customer portals with the Ramco ERP solution to extract the maximum value from the latter,” says Mahesh Mathur, vice president—Systems, DLF Ltd.

Benefits reported: “With BI, users are able to draw up MIS (management information system) reports without the need for any human intervention. Besides, the accuracy and authenticity of the information is also ensured,” says Mathur.

“Going forward, we are hopeful that the vendor and customer portal integration with the ERP system (which is being implemented currently), will help us in reducing the time between order intimations and enable us to perform tasks on a real-time basis,” adds Mathur.

Suggestions for others: “Firstly, one should go in for a good ERP system that fits the needs of an organisation to the maximum extent possible. Thereafter, the firm must use the ERP system for a period of one or two years before finalising on any plug-ins or add-ons. This settling-in time will help in streamlining processes and generating enough data, which can then be utilised for analysis and decision-making with the help of the newly added plug-ins.”

feels that an on-premise ERP system makes things easier to integrate with other on-premise or on-demand tools. The overall flexibility, control and configurability are higher.

“Int he case of on-demand systems, the tools too are (typically, though not necessarily) on-demand. Since interfaces and communication protocols between two or more on-demand systems may not be under user control, things can become a bit more difficult,” opines Gupta.

On a positive note, Leon foresees that in the future, ERP systems (both on-premise and on-demand) may offer a list of supporting tools for customers to select the ones suitable for their business. He further adds: “With so many vendors spending millions on R&D in order to improve their products and make them more efficient, lean and competitive, the ERP systems are likely to become better and better and many of the tools that are now considered as ‘add-ons’ will soon become part of the base ERP systems itself.”

But till that happens, the organisations that are already running ERP solutions can review their requirements and ascertain if they would like to add power to these systems. Undoubtedly, these tools can not only help in overcoming the limitations of a standalone ERP system, but also help in transforming the brick and mortar companies into e-businesses, where information integration is seamless across the organisation and its supply chain; where all possible business processes are automated, and decision makers have access to information and business intelligence (a combination of current, historical and external data).