



Market Survey

## Top 5 Reasons for Investing in ERP



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Many small and mid-sized companies operate with a combination of entry level accounts software, spreadsheets and manual processes. For some, it is a matter of choosing to continue with systems that have worked for years. For others, it is limitations in time or money to make the changes they know are necessary to grow the business.

Maybe you think it is time to invest in an ERP solution. Maybe you are not so sure. One thing is certain: this kind of system has come a long way in recent years in terms of functionality and affordability. ERP is increasingly seen as an essential part of running a growing business and a source of competitive advantage.

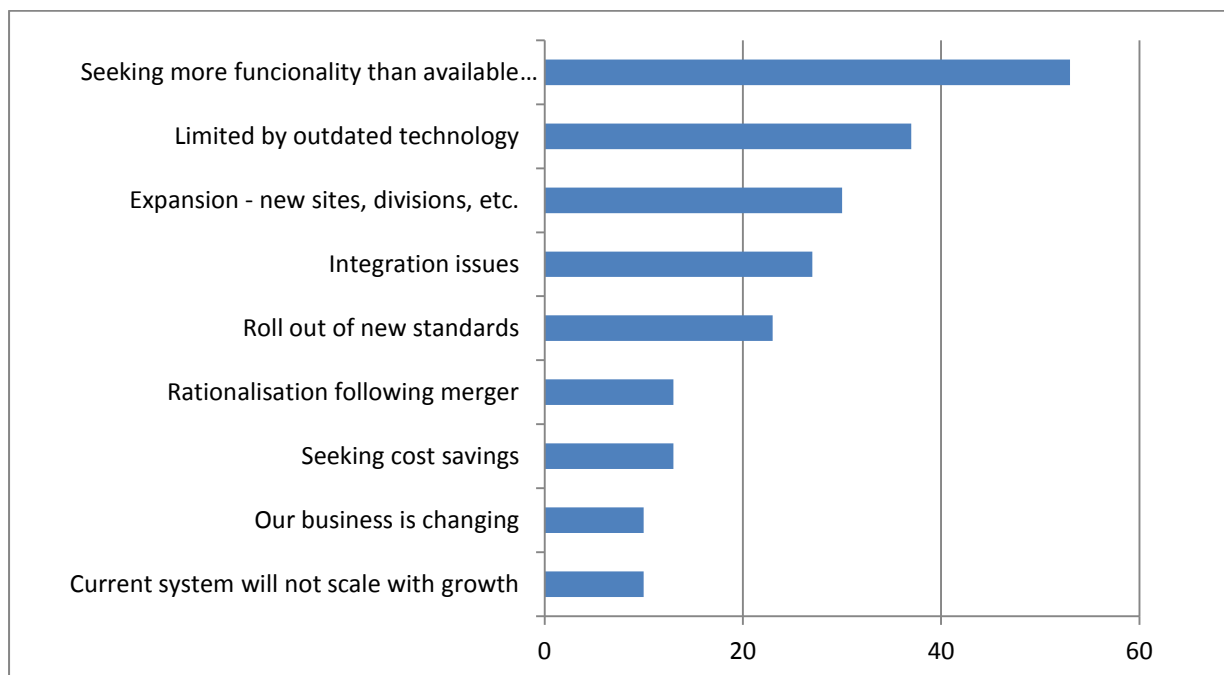
### Survey Results

According to a 2015 Mint Jutras study of small to mid-sized companies there are five main reasons for investing in ERP:

- Functionality to serve your business needs
- Outdated technology
- Expansion and consolidation
- Potential cost savings
- Relieving frustration and inefficiencies

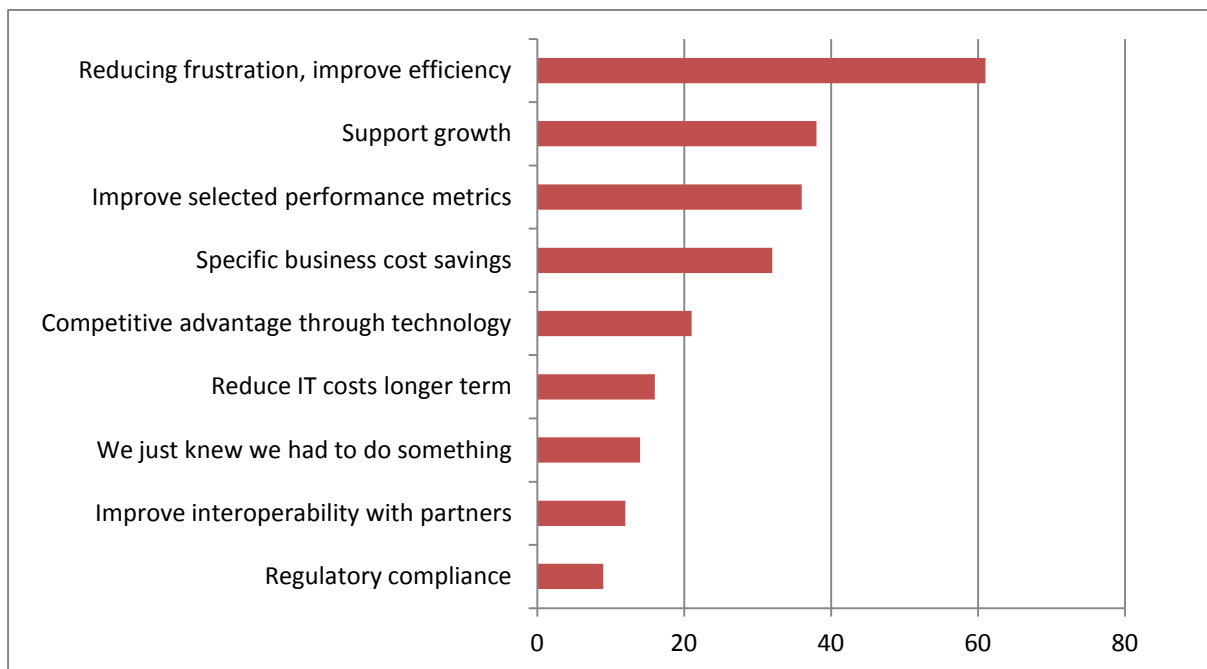
These five reasons are a consolidation of the more detailed reasons given in figure 1.

*Figure1: Select all the reasons motivating your purchase (%)*



Most of the reasons given are inter-related. To better understand how they are inter-related Mint Jutras asked participants to select their “top three” goals for ERP (see figure 2).

Figure2: Top 3 Goals of ERP (%)



We shall examine each of the five factors in more depth.

### 1. Functionality to Serve Your Business Needs

Early solutions were quite limited in functionality. That is no longer the case. Rising expectations and vendor competition has resulted in systems, such as SAP Business One, are more comprehensive and affordable.

ERP is a significant investment and evidence from our experience is that organisations are unlikely to change systems more frequently than once every seven years. Companies need to fulfil today's business objectives while also being "future proof". Another important element is a need for software to integrate seamlessly with specialist systems such as e-commerce.

### 2. Outdated Technology

Desktop solutions and spreadsheets can be considered outdated technology in light of current alternatives. Entry level accounts software does not offer growing companies sufficient flexibility in terms of configuration or integration. Spreadsheets are often a sticking plaster to cover functional gaps in these systems.

### 3. Business Expansion and Consolidation

Expansion often means new sites or locations. 52% of the companies in this survey operate from more than one location. The average was 2.4 sites. And this is without taking into account numbers of people working from home.

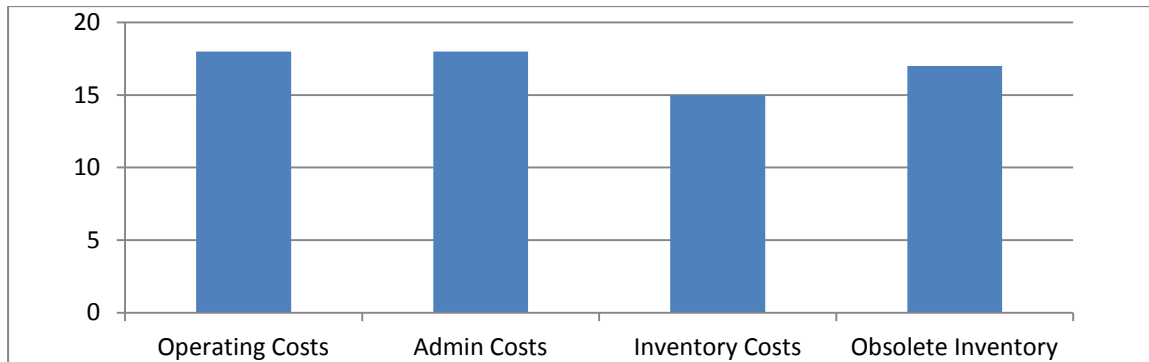
Expansion may also be overseas. 38% of smaller companies in this study were multi-national, operating as multiple legal entities. How will your spreadsheets and entry level accounts software accommodate this added complexity?

#### 4. Potential Cost Savings

For many companies, ERP is about keeping up with market and business changes, as well as accelerating the pace of the business. Cost savings remain an important factor in the decision making process. But where should you expect to save money?

The top performing companies in the Mint Jutras survey made savings in four areas (figure 4). This data is based on actual measured results experienced since implementation.

Figure3: Cost savings experienced since implementing ERP ( %)



Inventory Costs and Obsolete Inventory are specific to manufacturing and distribution.

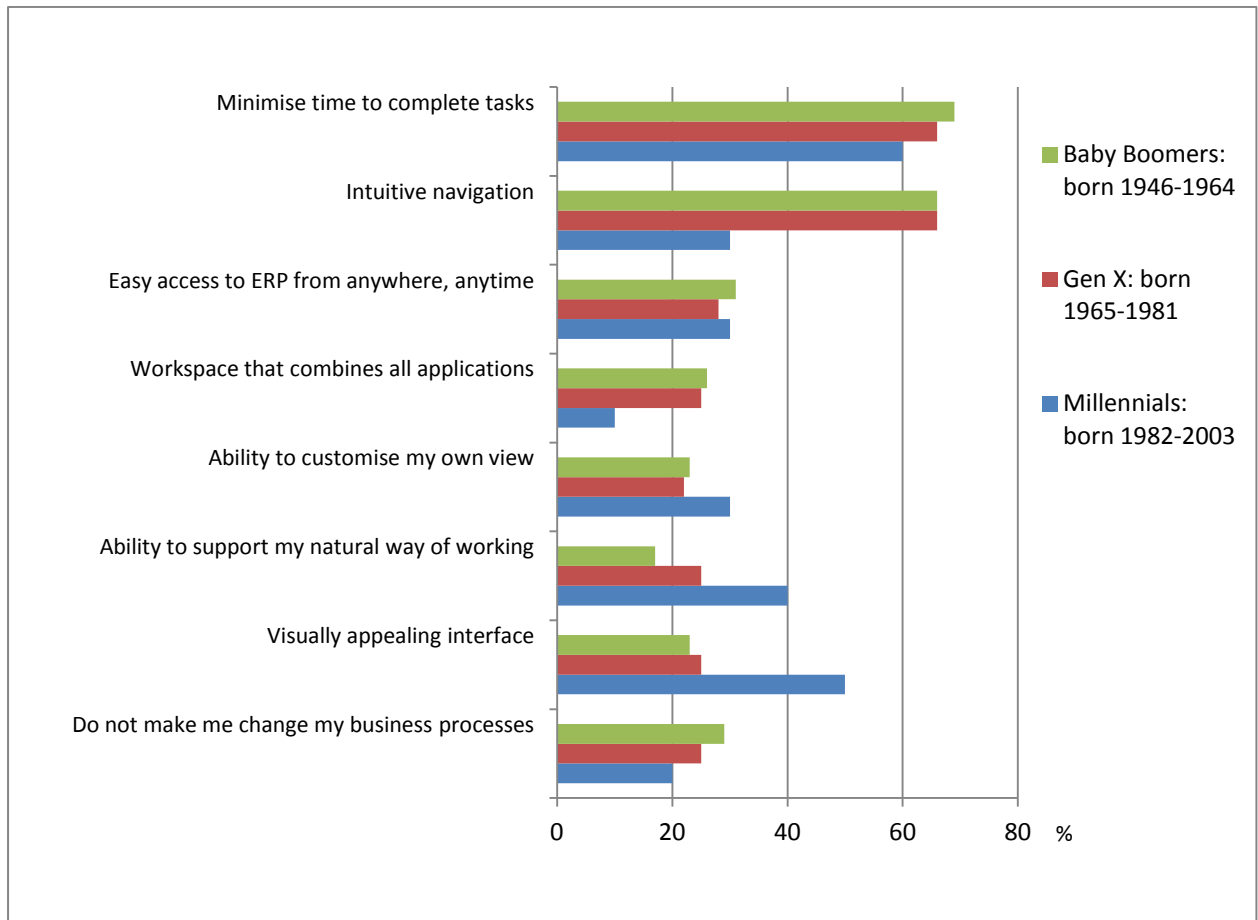
#### 5. Removing Frustration and Inefficiencies

Survey participants put efficiency (minimising time to complete tasks) at the top of the priority list of “ease of use” factors. Efficiency can be viewed as a hard factor in system choice as it is closely related to cost saving.

Other factors, such as “Intuitive Navigation” and “Visually Appealing Interface” may be regarded as soft factors and, therefore, unimportant. But your human assets are amongst your most precious resources. Indeed, they are a critical component in the working of any system you operate.

Interestingly, there is evidence of a generational difference in the importance of “ease of use”. A visually appealing interface is more important to Millennials than to the older groups. The reason for this may be that they are used to intuitive systems that are visually appealing. Many of them will never have used software that required a user manual. Companies that wish to attract bright, young talent be warned (figure 4).

Figure4: Define ease of use by selecting your top3 (%)



## Recommendations

If any of these top five reasons resonate, you are a candidate for ERP to run your business. LAKE has been implementing finance and business software for nearly 25 years. If we can help, we will say so. If not, we may know someone who can.

Our ERP solutions are based on SAP Business One. Business One is comprehensive business management software for small and medium sized companies. It is used by over 50,000 such companies, worldwide.

## Contact

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# Appendix

## Data Source

Mint Jutras 2015 Enterprise Solution Study investigating the goals, challenges and status of solutions used to run businesses today. The study also benchmarks performance of these implementations.

The study collected 400 responses from companies of all sizes. The data used in this report is taken from 85 responses from companies with 100 or fewer employees.

## A Definition of ERP

*Enterprise resource planning (ERP) is a category of business management software—typically a suite of integrated applications—that an organisation can use to collect, store, manage and interpret data from many business activities. (Source: Wikipedia)*