A Guide for a Successful ERP Strategy in the Midmarket: Selection, Services, and Integration

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Enterprise Resource Planning (ERP) has been defined as an operational and transactional system of record. With its roots in Material Requirements Planning (MRP) it has long been used in leading manufacturers to uncover untapped efficiencies, reduce costs, and provide visibility to managers to aid in informed decision making. Over the ensuing years, ERP's benefits have spread to organizations of varying industries and sizes. While at one time there was a stigma that ERP was only for larger organizations, Aberdeen's research finds that 84% of organizations between 100 and 1,000 employees have already implemented ERP. These organizations are receiving significant improvements in cost containment and efficiency in operations. For example, Best-in-Class midmarket organizations have seen a direct reduction of 25% in operational costs as a result of their ERP implementation.
Of course, simply implementing ERP is not the answer by itself. There are benefits to be achieved by extending and enhancing ERP capabilities through integration with other applications, such as business analytics, and external sources of data. At the same time, for those organizations that have yet to implement, such a transformative solution can be a daunting task. Both situations can benefit from the enhanced capabilities that service providers can offer. The proof is in the results, midmarket organizations that have implemented ERP and utilize a service organization are seeing an average 14% reduction in operating costs as a result of ERP compared to 5% for those that are not employing a support organization. This helps to maximize the ROI on ERP investments.

Based on research from two recent Aberdeen surveys, this report can serve as a guide to midmarket organizations on the reasons to implement ERP along with the benefits and capabilities those organizations can expect to receive. It will then illustrate the best strategies for:

- selecting ERP
- creating an evolving ERP strategy
- utilizing third-party services during and after implementation
- taking an integrated approach to ERP

These steps provide midmarket organizations with a road map for future growth.

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**Company Size Definition:**
Aberdeen defines the midmarket as organizations with 100 to 1,000 employees.
Discover the Methodology Behind the Research

The PACE Framework
Pressures
Actions
Capabilities
Enablers
The Environment Facing the Midmarket

According to Aberdeen's 2011 - 2012 ERP benchmark survey of 174 midmarket organizations worldwide, today's market contains a variety of pressures. These pressures are causing these organizations to consider the systems they have in place and the way they conduct their business on a day to day basis (Figure 1).

Figure 1: Pressures Driving ERP Strategies

- Must reduce costs: 40%
- We need to be easier to do business with: 35%
- Need to manage growth expectations: 31%
- Interoperability issues across multiple locations: 18%
- Must improve customer response time: 18%

Percentage of Respondents, n = 174

Source: Aberdeen Group, April 2012
1. Top of mind for organizations of this size is the need to reduce costs. Many midmarket organizations are in a growth phase. As such, they are experiencing the side-effect of increasing operational costs. As the organization takes on more resources and enters new markets, it must find a way to keep costs from spiraling out of control.

2. Additionally, growing organizations must contain costs in order to use available funds for increased investment. Managing growth expectations is difficult as the organization outgrows its original operational structure. There is a danger of losing the organizational identity as employees become more spread out across geographic locations and decision-makers are removed from direct access to daily operations. Thus, visibility is hindered and best-practice standards are not retained throughout the organization.

3. At the same time, as organizations become more complex, they have further difficulty interacting with both customers and the extended enterprise. Thirty-five percent (35%) of midmarket organizations feel that they need to be easier to do business with. Difficulty in communicating with the extended enterprise hinders the organization’s ability to factor data from suppliers, resellers, and customers into plans, budgets, and forecasts.

4. Additionally, midmarket organizations have indicated a need to improve customer response time. Inattention to customer service has an effect on customer satisfaction, and ultimately customer retention and profits.
Aberdeen Methodology

The Aberdeen maturity class is comprised of three groups of survey respondents. Classified by their self-reported performance across several key metrics, each respondent falls into one of three categories. All respondents within this group are currently using ERP:

- **Best-in-Class**: Top 20% of respondents based on performance
- **Industry Average**: Middle 50% of respondents based on performance
- **Laggard**: Bottom 30% of respondents based on performance

In this report, Best-in-Class midmarket organizations achieved:

- 3.4 days to close a month
- 32.4 days sales outstanding
- 95% complete and on-time delivery
- 22% growth in operating margins over the last two years
This group of pressures has influenced midmarket organizations to enact strategies to further help them conduct business on a more professional level and grow. In order to maintain organizational identity and enforce best practices, 68% of Best-in-Class organizations are standardizing business processes (Figure 2). Forty-one percent (41%) are providing visibility across functions and departments. These actions allow those at the top of the organizational structure to continue to make informed decisions and maintain employee consistency.

**Figure 2: Strategic Actions of the Best-in-Class**

<table>
<thead>
<tr>
<th>Action</th>
<th>Best-in-Class</th>
<th>All Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standardize business processes</td>
<td>68%</td>
<td>59%</td>
</tr>
<tr>
<td>Streamline and accelerate processes</td>
<td>65%</td>
<td>62%</td>
</tr>
<tr>
<td>Provide visibility across functions and departments</td>
<td>41%</td>
<td>42%</td>
</tr>
<tr>
<td>Optimize the use of current capacity</td>
<td>38%</td>
<td></td>
</tr>
<tr>
<td>Integrate disparate applications</td>
<td>24%</td>
<td>17%</td>
</tr>
</tbody>
</table>

In alignment with the top pressure of increasing costs, Best-in-Class organizations are more likely to streamline processes and optimize the use of current capacity. The ultimate goal of these actions is to keep the organization's costs in check and increase profit margins. This is done even though costs may be increasing dramatically. Optimizing capacity allows the organization to continue to operate on a larger stage while it continues to acquire more resources.
Of course, as organizations continue to grow, they will realize that they can no longer operate as they have in the past. Applications such as accounting tools or spreadsheets that may have been sufficient in the past can lack the functionality that is needed for expanded operations. Best-in-Class organizations are more likely to integrate disparate applications. As an end-to-end business application, ERP and its extensions provides midmarket organizations with an opportunity to do just this. As such, 97% of Best-in-Class midmarket organizations have already implemented ERP (Figure 3), in comparison to 81% of all others (the Industry Average and Laggards combined). Still, even organizations that have already implemented ERP may not be deriving full value from it. The system may not be able to interact with other applications, employees may not be properly trained, the IT department may not be able to fully support the solution, or many other factors. An ERP implementation must continue to grow along with the organization through modification, extension, and continued support. The reasons for implementing or extending ERP will be listed later in this report, but first it is important to identify just what is needed for a successful ERP implementation.

Figure 3: The Best-in-Class Favor ERP

Source: Aberdeen Group, April 2012
“Information flow has increased as well as the ability to mine data for spend analysis and budget forecasting.”

~ Don Miller,
Director, Dutchess
Intelligent System and Services Selection

Successful ERP implementations begin with selection. Misguided selection criteria can cause an organization to implement a system that is not properly suited, causing the organization to not reach full Return on Investment (ROI). In the midmarket, it is not all about cost (Figure 4). Of course, cost is a consideration, but flexible options such as Software as a Service (SaaS) can help to make ERP affordable for smaller organizations (see sidebar, “SaaS and Cloud ERP”). Aberdeen asked survey takers to rate ERP criteria on a scale of 1 to 5, with 5 being most significant and 1 being least. By taking the average rating for each selection criterion it is possible to determine which factors are being considered most highly by Best-in-Class organizations in comparison to all others (the Industry Average and Laggards combined). While the differences between these averages may seem small, it is possible to derive significant insight into the most important criteria to judge a potential ERP solution on over 174 responses. For Best-in-Class organizations, functionality and ease of use rank highest. Ensuring that potential ERP systems have the functionality needed to run the business is essential because if that functionality is not there, the organization will continue to conduct business in spite of ERP and employees will not fully integrate the system into the operational structure.

SaaS and Cloud ERP

Aberdeen’s SaaS and Cloud ERP Trends, Observations, and Performance 2011 report explored the current trend of an increasing amount of organizations considering SaaS or cloud for their ERP deployments. Survey respondents cited the following reasons for this trend:

- 75% lower total cost of ownership
- 52% lowers the cost and effort of upgrades
- 49% lower up-front costs
- 44% perceived ease of implementation
- 41% Seeking best fit solution regardless of deployment method
- 38% limited internal IT resources
Additionally, Best-in-Class organizations recognize the importance of ease of use. What good is an ERP implementation if employees can’t actually use it? Only through proper training and employee "buy-in" will employees look to ERP as a daily part of their job function. Of course, all this needs to be done as quickly and efficiently as possible, without causing disruption to the business. Aberdeen’s ERP Implementation and Training: A Guide to Getting Your Business in Gear report explored the methods, such as integrating employee feedback from training into the project plan, that can help to facilitate this process. This should continue to be a factor after implementation. As time goes on, continued commitment to ERP training is important. Best-in-Class organizations are 133% more likely than all others to have an ERP onboarding process to train new users efficiently.
“It provides a single source of information relating to projects including costs, POs, and scheduling. Our customers are expecting up to date information and the ERP offers real-time information for any job or project.”

~ Shilpa Amaram, VP, Brochsteins

Also, Best-in-Class organizations are more heavily favoring ERP systems with integration technology and capabilities. Of course, there may be some legacy systems that need to be retained. As an end-to-end system of record, ERP needs to be able to interact with these applications. Additionally, there are extensions of ERP such as Business Intelligence (BI) that must be integrated effectively.
**Fast Facts**

- **44%** of ERP implementations in the midmarket are industry-specific solutions
- **29%** of leaders utilized rapid implementation packages compared to **26%** of followers

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**Third-party Support:**
Many ERP users are employing third-party organizations in order to provide support in addition to what is already provided by their ERP vendor. This can include anything from system selection, implementation, integration, and training to ongoing technical support. This support can also add on to existing ERP solutions. The goal is to derive more value from ERP and maximize ROI.
Lastly, Best-in-Class organizations are considering the quality and availability of technical support. Support can come in many forms, whether it's from the software vendor or another third party. Aberdeen's ERP Selection, Implementation, and Training survey of 79 midmarket organizations found that Leaders are 34% more likely than Followers to have third-party support during the implementation process (Figure 5). Further, 87% of Leaders are using services in some capacity compared to 77% of Followers. This means that even after ERP has already been selected, it is never too late to enter into a relationship with a service organization. Since ERP will be a continuing source of value to the organization, it can be beneficial to enlist a firm with ERP knowledge to help achieve the maximum possible benefits of that solution.

Figure 5: Leading Midmarket Organizations Use Services

![Bar Chart]

Source: Aberdeen Group, April 2012
ERP Implementation Leaders and Followers

Data from Aberdeen’s ERP Selection, Implementation, and Training survey groups 79 midmarket organizations into two maturity classes:

- **Leaders:**
  Top 35% of respondents based on performance

- **Followers:**
  Bottom 65% of respondents based on performance

In this report, leading midmarket organizations achieved:

- **18%** reduction in operational costs as a result of ERP
- **13%** improvement in profitability over the last two years
- **42%** of employees exceed performance metrics in yearly reviews
- ERP projects came in **100%** on-budget
- ERP projects were completed **10%** beyond pre-defined timeframe
Services can add benefits to an ERP system in many ways. Leading midmarket organizations are more likely than followers to enhance their ERP solutions with the knowledge that service organizations can provide. This can come in the form of software customization, system implementation and configuration, system integration, or in ongoing support (Figure 6). For growing midmarket organizations, these services can take the strain off of the IT organization and other individual employees to allow the organization to take advantage of ERP. At the same time this can minimize any negative impacts that a substantial business transformation like ERP can inflict. When substantial changes to the business happen, such as the addition of new product lines, subsidiaries, processes, or regulatory requirements, service firms can be brought on board to ease the process.

Figure 6: How Leaders Use Services

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software customization</td>
<td>52%</td>
</tr>
<tr>
<td>System implementation and configuration</td>
<td>43%</td>
</tr>
<tr>
<td>System integration</td>
<td>39%</td>
</tr>
<tr>
<td>Ongoing support</td>
<td>39%</td>
</tr>
</tbody>
</table>

Source: Aberdeen Group, April 2012
Of course, if an organization chooses to supplement its ERP strategy with an investment in services, the organization must provide equal consideration in the necessary selection criteria for a services provider. There is one major differentiator in selection criteria for services between leaders and followers. Leaders are much more likely to consider their service provider's relationship with their ERP vendor (Figure 7). Who better to consult on best practices than an organization with experience in getting the most out of selected systems? Unsurprisingly, followers are much more focused on the cost of services. It is not wise to simply select the cheapest services because the services selected may not be sufficient to support the ERP software and the needs of the organization. The result could be a waste of money.

**Figure 7: Service Selection Criteria**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Leaders</th>
<th>Followers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local support</td>
<td>57%</td>
<td>52%</td>
</tr>
<tr>
<td>Relationship to vendor</td>
<td>52%</td>
<td>39%</td>
</tr>
<tr>
<td>Cost of services</td>
<td>35%</td>
<td>58%</td>
</tr>
</tbody>
</table>

Percentage of Respondents, n = 79

Source: Aberdeen Group, April 2012
“We chose (our service organization) primarily because of their enormous experience and easily available local consulting team. Their 30-year relationship with (the software vendor) was also a determining factor – (our service organization) was able to offer us a one stop shop for our total IT solution at a very attractive price point.”

~ Sudhansu Maharana, 
Department Head of the Strategic Information System, 
Honda Motorcycle and Scooter India
One may be led to believe that adding additional investment on top of the ERP software itself would cause the organization to take longer to receive ROI. The data suggests that this is not the case. The results of including third-party support into an ERP strategy are impressive for midmarket organizations (Table 1). Those organizations that are using services are reaching ROI more quickly, have shorter implementation times, and are containing costs and project scope creep more effectively. Thus, the organization receives the benefits of ERP more quickly, minimizes the implementation's disruption to operations during the implementation process, and propels the organization towards future growth. If ERP has already been implemented, data presented later in this document will illustrate how employing a service organization will produce bigger benefits derived from ERP.

**Table 1: The Result of Third-party Support**

<table>
<thead>
<tr>
<th>Result</th>
<th>Services</th>
<th>No Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Months until ROI</td>
<td>25.5</td>
<td>31.5</td>
</tr>
<tr>
<td>Months from installation to first &quot;go live&quot;</td>
<td>7.9</td>
<td>11.3</td>
</tr>
<tr>
<td>Percentage of pre-defined budget spent on implementation</td>
<td>109%</td>
<td>121%</td>
</tr>
<tr>
<td>Percentage of time project completed beyond original timeline</td>
<td>12%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: Aberdeen Group, April 2012
Integrating Business Intelligence and ERP

A major factor in the success of an ERP strategy is making effective use out of the data contained in ERP. In today's 24x7 business world it is becoming increasingly important to be able to take actionable insight from available data to make agile, informed decisions. In the midmarket, this ability could be the difference between becoming a leader in the industry, or an also-ran. BI or analytical tools can be used in conjunction with ERP to provide business users with the tools they need to make quick decisions. Aberdeen's 2011 ERP benchmark survey, found that the Best-in-Class are 54% more likely than all others to be using BI or analytical tools (Figure 8). The result is quicker decisions (see Fast Facts).

Figure 8: ERP and Business Intelligence

![Bar chart showing percentage of respondents using ERP and Business Intelligence or analytical tools, with Best-in-Class at 54%, Industry Average at 40%, and Laggards at 27%. Source: Aberdeen Group, April 2012]
Fast Facts

Organizations with ERP and BI saw a 13% improvement over the past year in the time it takes to make a decision compared to a 10% change in time-to-decision for those organizations with ERP only.

Those midmarket organizations that added collaboration technologies to ERP and BI saw a 25% improvement in time-to-decision.

“The advantage of (our) software for Uberlândia Refrescos is that from the core ERP applications we can add fully integrated human resources, supply chain and analytics functionality. For Uberlândia Refrescos, this replaces multiple separate solutions and the need to build special connections with an enterprise-wide information solution covering both financial and operational areas in one central solution.”

~ Lafaete Pereira, Chief Information Officer, Uberlândia Refrescos
Of course, it is absolutely essential that the data being used in BI is the same as the data contained in ERP (and vice versa). Multiple data sources can cause redundancies and inconsistencies. BI, or any extension of ERP such as Customer Relationship Management (CRM), must be integrated effectively. This integration can be handled in-house, or by hiring a service organization to handle integration and expansion. Best-in-Class organizations are more likely than all others to enable their employees to perform process that span different applications without consciously switching between those applications (Figure 9). This must be seamless and transparent. Employees then have one place to go for all of their data needs. They are now more likely to seek data out on their own and factor it in to all decisions.

Figure 9: A One-stop Shop for Decision-making

Processes that may span different applications can be completed without consciously switching between multiple applications

<table>
<thead>
<tr>
<th>Percentage of Respondents, n = 174</th>
<th>Best-in-Class</th>
<th>Industry Average</th>
<th>Laggards</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>84%</td>
<td>75%</td>
<td>53%</td>
</tr>
<tr>
<td>75%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Data appears to be shared across applications seamlessly and transparently

Source: Aberdeen Group, April 2012
ERP Enhances Capabilities

“ERP has brought discipline to the shop floor. It improved planning and inventory visibility. Delivery / customer satisfaction has improved.”

~ Darrell Schwartz, Manager, HHI FormTech

Best-in-Class midmarket organizations are using ERP to enable capabilities that help them to execute strategies that compact market pressures. First, ERP helps to implement standards across the enterprise (Figure 10). Again, as organizations grow, there is the potential of losing track of the best practices that have helped the organization to achieve success in the past. Both back and front office processes can benefit from standardization. For example, internal standards can help to facilitate financial reconciliation and promote efficiencies and cost savings in the corporate office. Additionally, standardizing order management and delivery can ensure that customers are receiving consistent interactions. ERP can be a communication and interaction point for these best practices. For organizations that are unsure of the best ways to conduct business, many ERP solutions contain best practice templates.
Next, ERP can help to promote collaboration across the organization. First, Best-in-Class organizations are 61% more likely than all others to feature cross-functional continuous improvement teams (Figure 11). These teams are used to increase collaboration across the organization and drive further improvements and growth. From a visibility standpoint ERP is also being utilized to foster communication throughout the organization. Disparate business units can greatly affect one-another, so it is important for individual functions to be aware of what is going on in other parts of the organization. For example, Best-in-Class organizations are 75% more likely than all others to coordinate manufacturing organizations with customer service, logistics, and delivery. This ensures that manufacturing is in sync with the customer facing part of the organization. This results in consistent quality and superior demand assessment.
**Figure 11: Organization-wide Collaboration**

<table>
<thead>
<tr>
<th>Category</th>
<th>Best-in-Class</th>
<th>All Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and product development collaborate to set proper expectations with customers</td>
<td>40%</td>
<td>37%</td>
</tr>
<tr>
<td>Cross-functional continuous improvement teams are responsible for improving operational performance</td>
<td>61%</td>
<td>38%</td>
</tr>
<tr>
<td>Manufacturing operations are integrated and coordinated with customer service, logistics, and delivery organization</td>
<td>84%</td>
<td>48%</td>
</tr>
</tbody>
</table>

Source: Aberdeen Group, April 2012

“The ERP has helped in coordinating information and data exchange throughout the multiple locations of the organization. ERP made it possible to have a strict adherence to the operational process flow, resulting into better efficiencies and reduced errors, thus lowering operation cost.”

~ Manager, Small, Asian, Retailer
Social Tools

Aberdeen’s 2011 ERP benchmark survey identified that Best-in-Class organizations have differentiated themselves from all others in implementing social tools as a part of ERP:

**Internal communities:** 29% vs. 14%

**Forums:** 27% vs. 11%

**Employee profiles:** 23% vs. 14%

**Social collaboration:** 21% vs. 8%

**Wikis:** 19% vs. 10%
Further, ERP aids decision-makers with the visibility into daily operations that they need as they become further detached from individual employees and processes. This begins with the fact that the Best-in-Class is over twice as likely as all others to be able to drill down from summary data into individual transactions (Figure 12). Even those that are not at the very top of the organization can benefit from the visibility that ERP provides. Best-in-Class organizations are 189% more likely than all others to provide a fully integrated view of all customer information to any member of the sales or marketing team. This facilitates customer interactions and leads to customer satisfaction.

**Figure 12: Real-time Visibility**

<table>
<thead>
<tr>
<th>Percentage of Respondents, n = 174</th>
</tr>
</thead>
<tbody>
<tr>
<td>From summary data, decision-makers can drill down to individual transactions</td>
</tr>
<tr>
<td>Real time visibility into status of all processes</td>
</tr>
<tr>
<td>Ability to automatically notify decision makers when certain conditions occur</td>
</tr>
<tr>
<td>A fully integrated view of all customer information available to any sales and marketing person</td>
</tr>
</tbody>
</table>

Source: Aberdeen Group, April 2012
Of course, this data is limited in value if it is old or inaccurate. Sixty-nine percent (69%) of Best-in-Class midmarket organizations have real time visibility into the status of all processes. As an extension of this, these organizations are almost three times as likely as all others to provide decision-makers with automatic notifications when certain conditions occur. These employees are now armed with the most up-to-date information. They can then react immediately to mitigate adverse events or take advantage of any opportunity that presents itself.

For example, an alert can be set to signify when manufacturing of a certain product is going to be delayed or hindered because of a manufacturing malfunction. Suddenly, fewer products will be available to customers, later than expected. Alerts greatly affect the organization's ability to adjust plans, budgets, and forecasts, and enable smart investments.

How does ERP enable these capabilities? The technology needs to be in place (Figure 13):

- First, 83% of the Best-in-Class have integrated business applications that serve as a complete and auditable system of record. This provides visibility across geographic boundaries, helps to foster collaboration, and promotes standards.

- In order to ensure decision-makers have the most up-to-date information in a 24x7 business world, Best-in-Class organizations are providing them with triggers and alerts that prompt them to adjust strategies.

- As an extension of the above point, there has been an increase in the amount of midmarket organizations that are providing access to ERP through mobile devices. When applying analytical tools on top of this real-time data, decision-makers are aided with a powerful tool to guide their business.
Figure 13: Technology Makes it Happen

Integrated business applications serve as a complete and auditable system of record

Users have access to ERP from mobile devices

Event Management (Triggers & Alerts)

Percentage of Respondents, n = 174

Source: Aberdeen Group, April 2012

“ERP made the organization more efficient and flexible.”

~ Ton Mens, CFO, Royal Agio Cigars
The Benefits of ERP
The Benefits of ERP

When combined with ERP, these actions and capabilities offer substantial improvements to the business. Even Laggards see benefits in inventory turns, operating costs, administrative costs, complete and on-time delivery, and inventory holding costs from their ERP implementation (Table 2). Of course, by employing third-party support, these results are only enhanced. By taking an integrated approach to ERP, midmarket organizations are setting the stage for future growth.

Table 2: Direct Benefits of ERP

<table>
<thead>
<tr>
<th>Benefit as a Result of ERP</th>
<th>Best-in-Class</th>
<th>Industry Average</th>
<th>Laggards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement in inventory turns</td>
<td>60%</td>
<td>29%</td>
<td>19%</td>
</tr>
<tr>
<td>Reduction in operational costs</td>
<td>25%</td>
<td>12%</td>
<td>8%</td>
</tr>
<tr>
<td>Reduction in administrative costs</td>
<td>23%</td>
<td>13%</td>
<td>10%</td>
</tr>
<tr>
<td>Reduction in inventory</td>
<td>17%</td>
<td>10%</td>
<td>12%</td>
</tr>
<tr>
<td>Improvement in complete and on-time delivery</td>
<td>20%</td>
<td>14%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: Aberdeen Group, April 2012
Tracing Benefits to Services

Aberdeen’s ERP Selection, Implementation, and Training survey identified that organizations that are employing service support receive the following benefits as a result of ERP compared to organizations that are not using services. Thus, organizations that are taking an integrated approach to ERP and utilizing services are maximizing ROI:

- **Improvement in inventory turns:** 33% vs. 28%
- **Reduction in operational costs:** 14% vs. 5%
- **Reduction in administrative costs:** 13% vs. 6%
- **Reduction in inventory:** 13% vs. 8%
- **Improvement in internal schedule compliance:** 17% vs. 7%
- **Improvement in cycle time from service completion to invoicing:** 18% vs. 6%
Recommendations and Key Takeaways
Recommendations and Key Takeaways

By combining ERP and support services with the actions, capabilities, and technologies outlined in this report, top performing midmarket companies are finding a continuing source of efficiency, productivity and operational improvements, resulting in quantifiable cost savings, schedule improvements, reduced cycle times and increased inventory accuracy. Of course, it is never as simple as stating, "implement ERP." Additionally, ERP alone is not the complete answer. The following recommendations serve as a guideline for effective ERP selection, implementation, integration, and ongoing usage as well as the importance of continuing service support:

- **Choose wisely.** Successful ERP implementation begins with selection. Ensure that the selected includes the functionality necessary to continue to run the business. Additionally, employees must be able to pick up and use the system in order to receive full benefits. For top organizations, it is not all about cost savings.

- **Consider services, but do it for the right reasons.** Leading organizations are 34% more likely than followers to utilize third-party support during the ERP implementation process. Beyond implementation, services offer an opportunity to continually add to the value of ERP. While the most important selection criterion for leaders is local support, the biggest differentiator is the service organization's relationship with the vendor. If the services organization has close experience with the ERP vendor's solutions, the service organization is better able to support that solution. Once again, it is not all about cost.
“ERP has allowed centralization of supply which has significantly reduced costs.”

- **Take an integrated approach to ERP.** ERP, along with its extensions, is designed to be a complete and auditable system of record for organizations to run their business. Sometimes, the extent of data contained in ERP can be daunting. Best-in-Class organizations are more likely to be utilizing BI and integrating it seamlessly with ERP to devise insight from ERP data.

- **Implement standards.** As an organization grows, it sometimes becomes more difficult to maintain organizational consistency. Geographically dispersed business units should be utilizing the same best practices that made the organization successful in the first place. Defined processes help to communicate these processes and help to promote a more cohesive organization.

- **Promote collaboration.** Additionally, collaboration is a major factor in the ability of the organization to continue to improve. Employees should not be working in a bubble. Access to collaboration tools will foster communication and increased unity.

- **Provide real-time visibility.** In constantly changing, volatile markets, it becomes increasingly important to stay agile. Providing real-time visibility, through mobile access, through event management, or through desktop access to ERP itself allows decision-makers to adjust plans, budgets, and forecasts and make informed investments.
• **Commit to the implementation process.** Midmarket organizations need to understand that in order to truly transform the business, ERP implementations require commitment. In 94% of Best-in-Class organizations, ERP has the continued commitment and attention of senior management throughout the implementation process and beyond. Additionally, 78% dedicate resources throughout the process. A key component of this capability is “beyond.” As businesses grow they are subject to a variety of changes. ERP should reflect those changes. Whether taking advantage of third-party support to continuously improve an ERP solution or not, it is important not to take ERP lightly.

By combining these steps with a well thought out and evolving ERP strategy, midmarket organizations can continue to contain costs, communicate effectively, and improve to grow into more successful organizations.

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