



Selection Criteria of ERP Product and ERP Implementation Partner for Online Implementation Process

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Abstract

To successfully install Enterprise Resource Planning (ERP), choosing the correct solution and implementation partner is critical. Many things contribute to an ERP system's success or failure. However, one of the most important is picking a solution that fits the company's needs and wants. (Al-Mashari, M., & Zairi, M. 2000) The client intends to use enterprise resource planning (ERP) software in their business. The ERP implementation partner might be the enterprise resource planning (ERP) business that created the product or another partner in charge of the installation. Channel partners or Independent Software Vendors (ISVs) are occasionally involved in ERP implementations.

The capacity to customize the underlying ERP software is a crucial competence of ISV partners, who also design extra modules or features for the ERP. Often, ISV partners collaborate with big ERP firms like SAP, Microsoft, and Acumatica. (Al-Mashari, M., & Al-Mudimigh, A. 2003) Conversely, channel partners are usually tasked with deploying the ERP product core exclusively without customization. If channel partners need customization, they can contact an ISV partner or the main ERP business.

Before making a substantial financial investment, clients must consider all their options before settling on enterprise resource planning (ERP) software. A poor decision can negatively impact the company's financial health. During the pre-evaluation stage, companies often review demos from many ERP vendors to narrow down their choices, which is a complex process. Alaskari,



O., (Ahmad, M. M., & Pinedo-Cuenca, R. 2014) Before entering the pre-evaluation phase, companies should prepare thoroughly, identifying their current strengths, weaknesses, and requirements.

A selection matrix should be created throughout the demo process to help with final decision-making. After reviewing all demos, companies can narrow their options to the top three to five vendors that best meet their requirements. Sometimes, each ERP product may have unique features, making it challenging for the customer to select the best fit. In these cases, the company should prioritize the product with features that best address their current needs and operational challenges. (Baki, B., & Cakar, K. 2005)

Outsourcing the selection process to a third-party consultant can be beneficial for companies lacking in-house expertise to manage these activities. These consultants assess the company's needs and recommend the best product accordingly. Once the ERP product is finalized, the implementation partner is chosen. Suppose the ERP company itself is not handling the implementation. (Bakas, O., Romsdal, A., & Alfnes, E. 2007). In that case, the customer must select the most qualified partner for the job. Selecting the right implementation partner is critical; even a strong product may fail if the implementation partner lacks the necessary expertise.

Keywords: ERP, Implementation, ERP Product, ERP Implementation Partner, ISV Partner, Discovery

Introduction:

Before an enterprise resource planning (ERP) system is installed in a client's organization, the pre-evaluation step is carried out. The customer explains their demands, including the need of a new system, in this requirements paper. A comprehensive report is prepared by an interdisciplinary team of internal stakeholders representing all relevant departments. The evaluation of vendor demonstrations will be guided by this document. (Herzog, T. 2006).



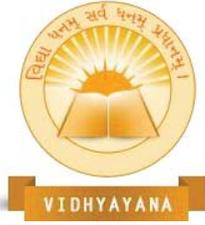
Selecting the right ERP product and implementation partner is crucial for a successful deployment. Before proceeding, the organization establishes a budget for all implementation phases. Based on this budget, the evaluation team sends Requests for Quotation (RFQs) to different ERP vendors, reviews the quotations received, and selects the most suitable vendors for the next evaluation phase. The chosen product should resolve current challenges and enhance operational efficiency. Ideally, the ERP system should be scalable and user-friendly to meet future business needs. (Kowanda, D., Firdaus, M., & Pasaribu, R. 2015)

Implementation should proceed in phases. The selected implementation partner must understand the organization's current processes and configure the system to meet business needs. (Kulikov, I., Semin, A., Skvortsov, E., Ziablitckaia, N., & Skvortsova, E. 2020) The partner should also conduct a GAP analysis to identify differences between existing processes and ERP capabilities, enabling necessary adjustments or minimal customization before implementation begins. Customizations should be kept to a minimum for smoother deployment.

Implementing a new ERP system often involves business process reengineering. Organizations should be prepared to adopt industry-specific standard practices for efficient operations and enhanced information visibility. (Poddar, S. R. 2010). Each implementation step should be followed in the correct order, as each phase's success depends on completing the previous one.

The implementation partner is critical, guiding each step toward a complete and successful ERP rollout. Failed implementations often reveal that essential steps like GAP analysis, training, testing, user acceptance testing (UAT), and support sessions were not followed adequately. (Percin, S. 2008).

Transferring information from one ERP system to another is a massive undertaking that demands meticulous planning and execution. It was written by Pareek in 2014. In order for an enterprise resource planning (ERP) system to provide trustworthy results, its data must be accurate and comprehensive. The implementation team has to validate all reports, including those from the management information system (MIS), across different business cases before



the client gets their hands on the system. This will make sure that the end users get correct and relevant information.

Literature Review:

According to Al-Mashari's study on ERP product selection, ERP companies are releasing new versions of their products once or twice a year. This is because each new version has minimal new features, with most new features being bug fixes. However, customers do not sign off on the new versions they release. Because of changes in system architecture, databases, and other areas, the stability of the new version has not been shown beyond a reasonable doubt. (Al-Mashari et al., 2003).

Fourney notes that in their research, it is abundantly evident that every ERP system comes with the typical smiler function of ERP; nevertheless, there are differences in the quality of the features and different levels of user-friendliness and support. (A. Fourney 2007)

Most of the research currently available on enterprise resource planning (ERP) systems focuses on either assessing the process of selecting the appropriate ERP solution and ERP vendor or analyzing the Critical Success Factors (CSFs) that influence the overall ERP selection and deployment. (Yu, 2005)

Describe in detail the procedure followed when deploying an ERP product in this research. Explain the selection process approach. This research presented a three-step paradigm. [1. Define 2 evaluation 3. Select] (Osama Al askari, Ruben Pinedo-Cuenca, M.M. Ahmad (2019))

The most significant difficulties of the ERP Vandor Selection process were primarily described in this research. During the process of selecting a vendor, there are some critical factors that we need to take into consideration, including the history of the firm, the technology, the change management, the market share of the vendor, their reputation, the number of consultants, the number of installations, and so on. (Mark Alexander Fox, Ganesh Vaidyanathan 2017)

Regarding the comprehensive process for choosing an enterprise resource planning (ERP) solution for the firm. Four stages are involved in choosing enterprise resource planning (ERP) systems, as established by the authors. The first stage is the preparation step, followed by the



analytical phase, followed by the assessment of the options. Finally, the final stage will include picking the ERP package that is the most suitable among the alternatives. For the most part, the technique is helpful for organizations in which the selection process and the expenditures made are primarily driven to enhance the technological aspects of the business process. The relevance of the methodology that has been suggested regarding the integration and strategic fit criteria included in the ERP selection process is an essential part of the methodology. In conjunction with the requirements and the dynamic process model, this technique serves as an efficient alternative for the ERP selection process of firms primarily concerned with specific technical aspects. (Ottar Bakas et al., 2007)

According to the findings of this research, end users' perspectives must be considered when picking an ERP solution for a firm. (Garg & Khurana ,2013)

According to this research, eleven factors were taken into consideration, which included the reputation of the vendor, the dependability of the system, the ease of connection with other systems, the advancements in technology, the capacity to scale, the ability to upgrade, the ability to customize, the convenience of use, the flexibility, the modularity, and the aggregate costs of the ERP installation project. (Ratkevicius et al.,2012)

The capacity of an organization to assist in transforming business processes to accomplish the client's goals should be considered throughout the selection process, as was stressed. During the process of selecting enterprise resource planning (ERP) software, Wei and Wang (2004) created a technique that took into account both subjective and objective factors. (Hurbean,2009)

Jafar Razmi et al. (2008) ERP system selection using a hybrid MCDM methodology. The five main aspects that should be considered when selecting an enterprise resource planning (ERP) system are as follows: the suppliers who will be installing the system, the features of the current project, the financial aspects, the software systems, and the level of satisfaction with the organization's needs. Using TOPSIS and PROMTHEE, the author has analyzed the ERP selection technique. The options are analyzed using TOPSIS. The best choice is the one that gets you closest to the best possible answer within the constraints of reality. There is a larger



disparity between the terrible idea answer and the alternative that is far from it. The alternatives are appropriately rated using PROMTHEE.

Neetu Ganapathy J. K. Raju (2008) designed a framework for small and medium-sized enterprises (SMEs) to use when choosing an ERP system. Three distinct processes comprise the framework for effectively picking an ERP package solution. These phases include planning, preparation, and execution.

To overcome this obstacle, ANP incorporates a network structure into a single decision model, allowing it to account for the feedback mechanisms and dependencies inherent in complicated decision-making problems. Because of this, ANP is able to solve the issue. 48 Clusters may demonstrate inner and outward dependencies on one another via ANP-enabled interactions. In addition, it paves the way for the creation of feedback. (Saaty, 2005)

This study explained the most significant difficulties associated with the ERP Vendor Selection process. During the process of selecting a vendor, there are some critical factors that we need to take into consideration, including the history of the firm, the technology, the change management, the market share of the vendor, their reputation, the number of consultants, the number of installations, and so on. (Mark Alexander Fox, Ganesh Vaidyanathan,2017)

Three main stages must be crossed before an organization successfully adopts ERP systems. They are the pre-implementation stage, execution stage and postimplementation stage (Silva and Olivera, 2015)

Methodology:

Structured Approach: To begin picking a new system, the first thing that should be done is to adopt an organized mode of operation. Before the beginning of the system selection process, a comprehensive collection of procedures is provided to all of the stakeholders within the company. It is of the utmost importance that everyone has a clear understanding of the requirements that will be collected, how the invitation to tender will be carried out, the criteria that will be used to pick prospective vendors, the format of demonstrations, and the procedure that will be used to select suppliers. (Razmi, J., & Sangari, M. S. 2008) Using this method

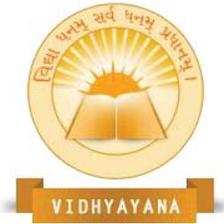


ensures that every stakeholder is aware that the choice will be made based on objective and communal feedback, which fosters high levels of collaboration throughout the process.

Focused Demonstrations: The demonstrations given by prospective suppliers must be relevant to the company. On the other hand, it is essential to acknowledge that to customize demonstrations to the company's particular requirements, vendors need to undergo a substantial amount of preparation. In light of this, treating merchants fairly when making demonstration requests is of the utmost importance. (Ratkevicius, D., Ratkevicius, c., & Skyrius, R. 2012). It is necessary for the organization, as well as any impartial consultant who is aiding in the selection process, to strike a balance between the requirement for complete demos to make an educated choice and avoid vendor alienation due to excessive preparation expectations.

Objective Decision Process: The selection of an enterprise resource planning (ERP) system is a difficult choice that has significant repercussions for the economy and calls for a methodology considering several variables. When decision-makers reach a consensus on the criteria for assessing prospective suppliers, two considerable elements are essential. First, the requirements and grading system must be specified before any systems are examined. (de Castro Silva, S. L. F., & de Oliveira, S. B. 2015). A large number of objective individuals, both from inside and outside the company, should be involved in the decision-making process for the criteria, and they should be very extensive. Under no circumstances can persons affiliated with specific systems have any influence over the selection criteria of the candidates.

Full Involvement by all Personnel: Everyone with a stake in the organization's success has to work together to decide which system to use. In 2010, Wielicki and Arendt published a study. While the selection phase of an ERP system takes much less time and resources than the implementation phase, the success of the implementation is heavily dependent on the resources and objectivity invested in the selection process. Using a systematic technique for system selection allows organizations to enjoy advantages throughout the whole integrated resource planning system's operational lifecycle, not just during implementation.



Results:

Critical Considerations for Selecting the Best ERP Product for an Organization:

Alignment with Business Needs: The enterprise resource planning (ERP) system must be highly compatible with the company's operational procedures and needs. Both the industry's current problems and the company's long-term objectives must be met.

Scalability: The ERP product should be scalable to accommodate future growth and changes in business operations, ensuring the system evolves as the organization expands.

User-Friendly Interface: A user-friendly and intuitive interface is essential. Employees should be able to adapt to the new system quickly, minimizing the learning curve and enhancing productivity.

Integration Capabilities: The ERP system should be compatible with existing systems and easily integrate with other business applications, ensuring smooth data flow across the organization and reducing data silos.

Customization Options: The ERP product should allow customization to adapt to the organization's unique processes and requirements, providing flexibility to meet specific business needs.

Vendor Reputation and Support: Select a reputable ERP vendor with a solid history of successful implementations. Strong vendor support and reliable maintenance services are crucial for the ERP system's long-term success.

Cost Considerations: Please do a thorough analysis of the total cost of ownership, which should include the costs of license, implementation, training, and continuing maintenance. Ensure that the enterprise resource planning system provides a return on investment.



Critical Considerations for Selecting an Implementation Partner:

Expertise and Experience: To ensure relevant expertise, the implementation partner should have a proven track record in ERP implementations, preferably with experience in the same industry.

Understanding of Business Processes: A successful partner understands the organization's business processes and can tailor the ERP system to meet specific needs.

Project Management Skills: Effective project management is critical for a smooth ERP implementation. The partner should have skilled project managers to keep the project on track and within budget.

Training and Change Management: The partner should provide comprehensive employee training and support robust change management strategies to facilitate a smooth transition to the new ERP system.

Communication and Collaboration: Open communication and collaboration between the organization and the partner are essential for overcoming challenges and ensuring a successful implementation.

Conclusion:

ERP implementation success depends on striking the right balance between selecting an ERP product that meets organizational needs and partnering with a competent implementation team. Thorough research, careful assessment of organizational requirements, and collaboration with experienced professionals are essential for a successful ERP deployment.

The outcome of this research presents best practices for selecting the right ERP package and implementation partner. Suppose customers and the implementation team follow these recommended steps. In that case, the likelihood of successful implementation will increase. At the same time, the risk of failure and the potential for budget overruns will be minimized.



ERP Evaluation & Selection Activities Goals:

Understanding ERP Capabilities and Features

Pre-Selection for Trials

Assessing Specific ERP Capabilities and Features

Analyzing Company-Specific Business Processes

Designing Formal Workflows Based on ERP Templates

Drafting ERP Features and Specifications Requirements

Utilizing Selection Criteria for Comparison

Summarizing Outcomes and Recommendations

Gathering User Feedback

Conducting a Cost-Benefit Analysis

Performing Risk Assessment

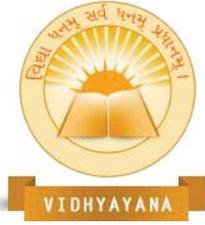
Reviewing Vendor References

Selecting the Right Implementation Partner: To ensure a successful ERP implementation, consider the following critical factors when choosing an implementation partner:

Industry Expertise: Choose a partner with successful experience implementing ERP systems in your industry. Familiarity with industry-specific challenges and requirements is essential.

Proven Track Record: Look for a partner with a history of successful ERP implementations. Request references from satisfied clients and verify them.

Implementation Methodology: Ensure the partner has a reliable and adaptable ERP implementation methodology tailored to meet your organization's specific needs.



Support and Maintenance: Confirm that the partner offers ongoing support and maintenance to keep your ERP system running smoothly post-implementation.

Flexibility: Choose a partner that can adapt to changing needs over time, ensuring their services evolve with your business requirements.

ERP Trial & Selection Criteria: When conducting ERP trials, consider the following selection criteria to evaluate and compare potential systems:

Alignment with Business Strategy: The ERP system should align well with the organization's strategy, plans, requirements, and processes.

Degree of Integration: Assess the integration capabilities between various ERP components to ensure a seamless flow of information.

Flexibility and Scalability: The ERP should support future growth and be adaptable to business changes.

Complexity: Consider the system's complexity to ensure it matches the organization's operational needs without overcomplicating processes.

User Friendliness: Select a system with an intuitive interface to facilitate ease of use and employee adoption.

Quick Implementation Readiness: Systems with shorter implementation timelines can accelerate the transition.

Enhanced Functionality: Ensure the ERP system can formalize, fine-tune, and optimize business processes and workflows.

By following these best practices in ERP selection and implementation partner choice, organizations can significantly reduce risks, enhance implementation success, and maintain budget control, setting a solid foundation for long-term ERP success.



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Conflict of Interest:

No Conflict of Interest



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