

Sage ERP X3 | White Paper

When Is It Time to Replace Your Current ERP System?

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Many companies do not recognize when they have outgrown their legacy system or what benefits can be achieved by implementing a more advanced system. The ERP marketplace is both dynamic and innovative. Management teams should perform a periodic gap analysis to determine whether it is time to upgrade to an ERP such as Sage ERP X3.

Obsolete or Fragmented Systems

Frequent downtime or slow response time is a sign of inadequate technology. Architectural limitations such as the type of database or a single server (2-tier) network configuration may not easily serve a growing number of users or transactions. Having separate manufacturing and back office systems creates data redundancy while making it difficult to create reports that combine operational and financial data.

Functional Limitations

A company may outgrow its system because it acquired another company, introduced new products or expanded its manufacturing or distribution chain. Emerging requirements could include multi-site material requirements planning and inventory transfers, multi-company consolidations, and foreign currency accounting.

Operationally, a legacy system may not be able to handle the complexities and collaboration requirements in Bills of Material (BOMs), routers, engineering changes, purchasing, production scheduling and outside processing. Cumbersome lot traceability and weak cost accounting may also be problematic.

In fulfillment, inflexible pick list creation, lack of integration with third party freight systems and the inability to calculate complex sales commissions can create inefficiency while possibly harming customer relations. Further, if the legacy system vendor does not support eCommerce, such as a web storefront to allow customers to submit orders and check on their status around the clock, that limitation can create a competitive disadvantage.

Voids in Enterprise Performance Feedback

Reporting and analytical limitations are other signs that an ERP system should be replaced. Systems like Sage ERP X3 have numerous pre-written reports integrated with a powerful report writer such as Crystal™. Automated workflow is a functionality found in more sophisticated ERP systems that sends an e-mail alert when a certain event occurs, such as when a customer's account becomes 60 days past due. Business intelligence is a sophisticated tool that allows users to create special data cubes for analysis or use in executive dashboard presentations.

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