



7 things to ask when upgrading your ERP solution

The capabilities gap between older versions of ERP designs and current designs can create a problem that many organizations are slow to fix. If you already have an ERP system in place, but you're running an older version of it, chances are your ERP is not helping your business to continue to grow and evolve as quickly as you would like. Changing vendors can be as expensive an endeavor as adding an ERP to your organization for the first time. But, if your ERP vendor has continued to make investments in their ERP solution, upgrading your current system—rather than replacing it—presents a very smart option

Can your current ERP release keep up?

If you already have an ERP system in place, and you're running on an older version of it, there's a good chance it's no longer able to keep up with your organization's growing needs. The capabilities gap between older versions of ERP designs and current demands already poses a problem that many companies simply can't ignore.

As IDC puts it, "Selecting and implementing a new ERP system can be a daunting process that places a burden on the organization's resources, and as a result can be a very difficult decision to make. Thankfully, upgrading your ERP presents a good alternative to replacing a solution completely."¹

When upgrading your ERP solution, the most recent version of the application should foster a decision-making environment and be flexible enough to match your business processes—not force you to change your processes to match the way the system operates. And, it should be able to adequately serve your entire enterprise—and scale as your company continues to grow and evolve.

What do you need to know?

If you follow this roadmap, you'll know what to consider when upgrading your ERP system. These guidelines and simple suggestions can help to frame your conversation about upgrading to the most recent release of your system with your software provider and/or upgrade partner.

Here are 7 important factors to consider when considering an upgrade to your ERP system.

1. Does the most recent version of your ERP system still “speak” the language of your industry?

Your ERP system needs to fit your business—not the other way around. Your ERP system needs to support your way of manufacturing. With these considerations in mind, it's crucial that your vendor and upgrade partner have proven and extensive experience working within your specific industry and segment. In addition to having strong technology skills, your solution provider and upgrade partner need to thoroughly understand your business. They should know how best to configure the most recent release of your system to support your processes and increase your level of automation. In addition, your vendor and upgrade partner should possess a depth of knowledge that will allow them to ask the right questions and recommend best practices.

2. Will you get the benefits and user functionality you need right out of the box?

An ERP upgrade can require that the solution deliver benefits almost immediately. A new release that is pre-configured for your specific industry can give you pre-built content that you can use to rapidly create a solid business solution, while also delivering a variety of outputs, including training modules and operational dashboards. With that in mind, when thinking about upgrading your ERP, you need to focus on business drivers. Factors to consider before an upgrade include: functionality, ease of use, business fit, industry fit, integration with your existing systems, and deployment options.

3. Is your vendor committed to product development?

When you are considering an upgrade, your current vendor should have an innovative product roadmap, a comprehensive technology portfolio, and a deployment strategy that will give your business plenty of room to grow. Historically, upgrade projects have been expensive and time consuming, however, the technology tools available by selected vendors today makes that scenario an issue of the past. Before you commit to an upgrade project, you should confirm that your vendor has the technical skill, development path, and vision that can keep up with the evolution of your industry—and your business model. You must be able to deal with today, as well as prepare for tomorrow. Your business models have to be able to evolve as thoroughly and quickly as the products you bring to market.

4. Will your vendor and/or upgrade partner get you up



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and running quickly?

The upgrade of an IT solution requires very strong project management and a clear methodology that outlines project phases, milestones, and the roles of individuals during the project. In essence, your vendor and upgrade partner should be focused on reducing—or outright eliminating—the internal challenges and complexity of upgrading your ERP system, so you can put the core functions of your new release to use right away, without customizing or reconfiguring the system.

Also, when considering an upgrade, make sure to take into account the educational and change management aspects of the project. Ensure that your vendor or upgrade partner can deliver offerings around these areas so that when the new release is in production; your people are educated and well prepared to take advantage of everything that the system has to offer you.

5. Do you need to consider “going mobile” or adding business intelligence?

Does the current release of your ERP system support your business model, your requirements, and your processes? Can it meet the new ways your company needs to work?

Typically, organizations that are running older versions of their ERP systems cannot take advantage of newer, more modern ways of conducting business. For example, imagine one of your account managers being able to access your ERP system with a mobile device so that he or she can conduct business while at the customers’ location. Or perhaps the most recent release of your solution has embedded business intelligence (BI) tools so that you can take advantage of real time analytics. Very often, being able to take advantage of functionality that is lacking in your current release—but is embedded in the newest one—presents very strong, very compelling reasons for considering an upgrade project.

6. Do you need to consider an upgrade to the cloud?

Cloud deployment offers an appealing value proposition for many manufacturers. IDC estimates that the cloud packaged software model will account for \$1 of every \$6 spent on software by 2016.² An upgrade of your ERP system delivered in the cloud or through a software-as-a-service (SaaS) model can reduce your hardware costs, while ensuring that your ERP system always has the latest functionality. With the cloud, you license your software from your vendor for a flat, per user rate. The vendor provides data center management, the hardware, upgrades, and the support. This means that you can free up your technical staff to handle more strategic tasks.

7. Will you continue to get the openness and scalability you need to grow your business?

The challenge to reduce lead times and become more agile is driving companies to integrate with the internal systems of suppliers and customers alike. But exchanging data can be an almost impossible challenge if your technology platform is not set up for it—or it is outdated. You may have revenues of \$50 million or less today, but in just a few years’ time yours could be a \$500 million to \$1 billion company with manufacturing plants and offices running in multiple locations all around the world. This is why you need to be sure that the most recent release of your ERP system can scale to keep up with your expanding manufacturing operations.



What to do now that you're ready to upgrade

As the 7 factors outlined in this paper describe, the next upgrade of your ERP system is going to be in use for a long time. So once you've decided that it's time to upgrade, your next steps are to:

Quantify the value of upgrading. Many organizations choose to upgrade in order to modernize their ERP solution and stay competitive. The value of upgrading can be determined through an ROI analysis and a detailed business case that quantifies the specific benefits your organization hopes to achieve through an upgrade.

Work directly with your software vendor or a strategic partner of the vendor. When upgrading your ERP system, you'll want to either work directly with your software vendor or with a strategic partner who is tightly integrated into your software vendor's ecosystem. Both organizations must offer financial soundness, organizational stability, proven project management and deployment methodology, and a track record of always going out of their way to provide exceptional customer service.

Understand the upgrade tools. Encourage your vendor or upgrade partner to discuss the tools and technology solutions they will bring to the project so that they deliver a streamlined approach to the upgrade process. This way your ERP can deliver benefits in weeks—not months or years.

Ensure adequate training and change management. Training and communication are critical components of a successful upgrade. In order to assess and mitigate risks, your education and organizational change management activities should be built into your upgrade project plan. This will help your organization prepare for potential issues such as change resistance among end-users who do not understand how to use a new release.

Why upgrading your ERP matters

Companies that upgrade typically receive a solution that requires less customization and overhead, is easier to use, and can support more modern, flexible ways of doing business. And, with the technology and tools available today to provide a seamless upgrade experience, moving to the most recent release of your ERP solution, either on-premise or in the cloud, is a business proposition that will deliver value across your entire organization.

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¹IDC Analyst Insight, "The Value of Upgrading ERP: Maintaining Modern Technology" February 2014.

²IDC Press Release, "IDC Examines the Impact of the 3rd Platform on Software Business Models and the Building Customer Revolution," May 21, 2013.

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