Skinny Successes Replace SAP, Oracle, Other ERP with Simpler Systems

Ongoing Research, Notes at Bottom

Flowserve Success:

| (729) | Mike Fairbairn | FLOWSERVE Flowserve | *$4.8 Billion Engineered Pumps, Valves, Systems, Services for Oil & Gas* | President of Latin America, eight countries, four plants, 2200 employees, in five years:
- *Sales growth from $240 million to $560 million*
- *Operating profit growth from $14 million to $120 million*
- *"Skinny Systems" success by using simple PC accounting software* to standardize eight business units instead of using Flowserve's standard solutions of SAP or Oracle. *Resulted in $7 million cost savings plus six month implementations per business* unit instead of standard three years+.
- *Average reduction in system implementations of 2.5 years per business unit directly resulted in sales and profit growth* through process improvement, waste reduction, disciplines, standards and cost savings.
- *Cycle time improvement examples:* Before: processed 10 invoices/day per person. After: Processed 30 invoices/day
- *Standardization across all business units:* A/P, A/R, Operations Manuals for customer setup, credit granting, process discipline and documentation in all departments
- *Full Customer P&Ls / Dashboards show cost to serve*
- Resulted in Flowserve changing standard for new plants to simple, PC-based. (For unknown reasons Flowserve subsequently reversed this decision.) | **Key Lessons:**
○ *NEED, DEADLINES drove much of the success:* Acquired and start up business units had no systems, *critical deadlines, had to make transition as fast as possible*
○ Choice was between simple, PC based solution at $100,000 per business unit and SAP/Oracle solutions at $1 million+ per business unit
○ *First implementation was hard, difficult but resulted in blueprint* that could be replicated for next seven. Critical issues that had to be worked through:
  ○ Item Master
  ○ Chart of Accounts
  ○ Division financial rollups / consolidations
  ○ Standard Cost and Cost Accounting
  ○ Bills of Material
  ○ Taxes
  ○ Customer Management
○ *Decided to use simple software because most difficult part was going from no automated system to an automated system.* Chose to tackle this learning curve first, switch to more complex system later (turned out was not needed.)
○ MRP component worked well
○ *NO CUSTOMIZATION* of software except for tax jurisdictions
○ Customizations were thoroughly documented to allow software to be upgraded. *AVOIDED THE TRAP of undocumented customization causing extreme cost, delay of software upgrades*
○ Capacity Planning was only component that was never successfully resolved and standardized |

Fisher Controls, Emmerson Electric Company, Successfully Avoided SAP/Oracle Mandate from Corporate IT, Quickly Implemented Skinny ERP for Four Business Units. Important precedent from ~1995.
- RAPID RESULTS MANDATE: Won an exception to "all SAP" mandate for Australia, Singapore, India and China because rapid implementations were necessary.
- SMALL WINS: Implemented smaller, "home grown" ERP system in Australia first. This success permitted the additional exceptions.
- ACQUISTION by Emerson resulted in global mandate to use SAP (these successes were exceptions to the mandate)
- Australian named Colin Lewington (sp?) implemented first in Australia and then same software was used in the other locations.
- All business units were make to stock / build to custom order control valve facilities.
- CONTRAST TO BIG SAP NIGHTMARE: The executive providing this success story subsequently ran a $500 mm P&L for a national environmental cleanup service where he saw a DISASTROUS SAP IMPLEMENTATION which contributed to company's bankruptcy and sale.
- Source: JM, 10/5/16
- See additional thoughts from Colin Lewington, GM who ran these efforts personally, at bottom

SEE PAPER FILE FOR OTHER MAJOR COMPANIES THAT WENT WITH SOMETHING OTHER THAN SAP or ORACLE:
- **Construction**
  - Brasfield & Gorrie, $1.9 bb
  - Webcor, $1.4 bb
  - Shimmick, not sure, mentions $190 mm joint venture
  - Gulf Industries, Mandeville La., did cold turkey conversion, up in 14 weeks
- **Retail**
  - Williams Sonoma, NetSuite
  - Springfree Trampoline, SMALL, NetSuite Success Story: "… Ditching Silos for a Unified System… SYSTEM REPLACED: SAP, SugarCRM" http://www.netsuite.com/portal/customer-testimonials/springfree-trampoline-retail.shtml
- **Manufacturing**
  - Shaw Industries, $4 bb, carpet, NetSuite at plants, Oracle at HQ???
  - UFP Technologies, custom engineered products, specialty packaging, Epicor

- Magellan GPS , NetSuite Success Story: "Triples Ecommerce Productivity, Reduces IT Costs Over 20 Percent with NetSuite… Applications Replaced: SAP, Internal development" http://www.netsuite.com/portal/customer-testimonials/magellan-retail.shtml
- Penguin Computing, 3 Month Implementation, NetSuite Success Story: "Replaces SAP R/3 for Better Visibility and Control with NetSuite" http://www.netsuite.com/portal/customer-testimonials/penguin-computing-software.shtml
- Redbuilt, $70 mm, Boise, ID, NetSuite Success Story: "Leading Commercial Construction Manufacturer Switches From SAP to NetSuite ERP in Just 86 Days; TCO Nearly $300,000 Lower" GREAT CASE – SEE DETAILS http://www.netsuite.com/portal/customer-testimonials/redbuilt-manufacturing.shtml
- Inteva, Auto products mfr, multiple plants, Delco spin off, PE owned, LARGE, Plex Success Story: "replaced their previous SAP system with Plex's cloud model which enabled Inteva to cut costs by one-third." (video) http://www.plex.com/resources/videos/erp-software-solutions-cut-costs-inteva.html
- Valfilm, Plex Success Story: MEDIUM, the biggest polyolefin film producer in Latin America, successfully transitioned to Plex from a SAP system within a 60 day deadline." Good Case – see details http://www.plex.com/customers/valfilm-erp-system-transition.html

- **Wholesale / Specialty**
  - Gypsum-and-Roofing-Supply,SMALL, Canada, 6 Locations Epicor Success Story: Key business needs such as Rebates, Price control/management (prevent excess discounting), order/delivery management, mobile delivery management with photos, far more important than accounting, …Replace legacy system to ensure business continuity and re-introduce industry best practices" http://www.epicor.com/Press-Room/Success-Story/Consolidated-Gypsum-and-Roofing-Supply.aspx
  - Gericare Medical Supply, small, 36 employees. Wireless Warehouse application, Big Labor Savings, Epicor Success Story: "…Previously, the company was running on a proprietary database. …." http://www.epicor.com/Press-Room/Success-Story/Gericare-Medical-Supply.aspx
  - Bloom & Grow, Hong Kong, SMALL, DRAMATIC REDUCTION IN CLICKS TO MANAGE INVENTORY, NetSuite Success Story: "… Application Replaced: On-premise ERP Platform… Selected over solutions from MYOB and SAP" http://www.netsuite.com/portal/customer-testimonials/bloom-and-grow-wholesale-distribution.shtml
  - Brother Max Replaces SAP Business One with NetSuite, SMALL, UK based, Inventory, Order Management, Distribution, Purchasing, Landed Cost were keys. DIRECT TO CONSUMER WEB SITE IS NEXT PHASE. UPDATING OLD SAP SYSTEM COST MORE THAN NEW NETSUITE NetSuite Success Story: "for Efficiency and Growth". http://www.netsuite.com/portal/customer-testimonials/brother-max-wholesale-distribution.shtml

- **IT Services**
  - Siemens Professional Services Division, 3,000 projects, 2,700 people NetSuite Success Story: "NetSuite OpenAir Helps Streamline Professional Services Across 15 Countries… Applications Replaced: SAP, Salesforce.com, eRealm, and Siemens' PLM software" Revenue Forecast from Projects, Consolidated 15 overly complex, cumbersome professional services systems, time capture, 9 month global deployment, ENORMOUS COST SAVINGS OVER SAP DUE TO HIGH CHARGES PER CLIENT. GREAT CASE (Dallas) http://www.netsuite.com/portal/customer-testimonials/siemens-software.shtml
  - HighPoint Solutions Drives Rapid Global Growth with NetSuite OpenAir, $125 mm, 650 consultants, NetSuite Success Story: "PSA… Applications Replaced: Homegrown PSA, SAP Concur" http://www.netsuite.com/portal/customer-testimonials/high-point-solutions-services.shtml

ERP in 2016: Top Trends
3/18/2016
With the turn of the calendar comes a raft of predictions for the coming year, and so it is with trends in enterprise resource planning (ERP). Among the most interesting trends are six put forth by Panorama Consulting, Manufacturing Business Technology (MBT), and Gartner.
http://www.epicor.com/blogs/manufacturing/ERP-in-2016-top-trends.aspx

Top 10 Enterprise Resource Planning (ERP) Vendors
The global ERP market has been seeing an average of about 10% growth year on year since 2006, and while the current global economic slowdown is bound to cause a dip in this growth pattern, it is a safe bet that the overall trend will sustain. Growth in ERP markets will almost certainly go back to 10% plus as soon as the Eurozone crisis subsides.

The Difference Between ERP Tier 1, ERP Tier 2, and ERP Tier 3
Mar 8, 2013
All ERP solutions are not created alike. Like the Goldilocks story, one might be too big, another too small, but the third is just right. And just right for you, not anyone else, not even your competition. Even though you may have heard about another company in your industry adopting a particular solution, you need to go with is right for your business process.
http://www.compudata.com/difference-between-erp-tier-1-erp-tier-2-erp-tier-3/

Tier II ERP Vendors
There are many software products in the Tier II ERP market.
Tier II ERP Highlights
- Tier II ERP vendors sell ERP products designed for mid-market companies, which usually range in size from $25 million to $500 million in annual revenues. These vendors have products and services designed specifically for Tier II companies. Tier II companies may have single or multiple facilities.
- Tier II ERP products generally have medium complexity. They address all of the application needs of a larger company, but their applications are less complex and may not have all the multiple company features as Tier I vendors.
- Tier II ERP products have a lower cost of ownership than a Tier I ERP product. Their initial software is lower in price, which means their annual fees are lower, and they are easier to implement and support.
- Oftentimes the Tier II vendor has a vertical industry focus whereas a Tier I product can be sold in many vertical markets.

Tier II ERP Vendors
- abas USA
- Epicor E10(ERP) and P21
- IBS (is now Iptor - http://iptor.com/)
- Infor Syteline and SXe
- Microsoft Dynamics NAV
- NetSuite (now owned by Oracle)
- Plex Systems
- QAD
- Sage Software

The benefit to a Tier II ERP product is that they are designed and priced for the middle-market. They also make better partners for a mid-market company.
http://www.ultraconsultants.com/erp-vendors/erp-vendors/tier-ii-erp-vendors/

Want to Save $10 Million or More on ERP? Don't Buy Oracle or SAP
CIO | Feb 26, 2009
http://www.cio.com/article/2373469/enterprise-software/want-to-save--10-million-or-more-on-erp--don-t-buy-oracle-or-sap.html

WORKDAY:
- Good News: Cloud based, Subscription-Fee model and revenue recognition. Founded by Peoplesoft execs, targeting Oracle's weakness. Some momentum, progress, big IPO in 2012, big customers including Flextronics, Aviva,[9] Chiquita Brands,[10] CAE Inc., Fairchild Semiconductor,[11] Rentokil Initial,[12] Thomson Reuters,[13] and Time Warner.[14]
- Bad News: LIMITED TO FINANCIALS AND HR. BIG FEATURE GAPS vs. Oracle. SOME SERIOUS USER UNHAPPINESS
- Oracle Apparently Fears Workday ERP Competition. Adds show ~180 Workday ERP implementations
- Reference: Ken Burke, Wikipedia

========== Ongoing Research, Notes, Not Yet Reviewed, Summarized===============
JFI Summary I have not gotten to yet
This is interesting:
ERP Software Case Study Library: *ERP Software Systems Index for Manufacturing*
http://www.top10erp.org/Case-Study-Library.aspx
it can also be sorted by:
> By MFG. Modes
> By Industry
> By Platform
> White Paper Library

This might be your "go-to" guy: Michael Krigsman https://www.linkedin.com/in/mkrigsman http://mkrigsman.com/contact/ 617-906-5079 mkrigsman@asuret.com

He wrote: **Oracle in Focus: Enterprise Apps and Infrastructure:** *On this episode of CXOTalk, we bring together three top industry analysts to examine Oracle and its market position.*
September 29, 2016
http://www.zdnet.com/article/oracle-in-focus-enterprise-apps-and-infrastructure/
He also wrote a couple of the older articles below

One of the "*three top industry analysts*" above was **Michael Fauscette with** G2 Crowd https://www.linkedin.com/in/mfauscette Don't know if he would be a good resource for you or not.
G2 Crowd is the world's leading business software review platform, leveraging its **100,000+** user reviews read by nearly **700,000** software buyers each month to help them make better purchasing decisions. By bringing the collective power of trusted peers to the forefront, business buyers now have transparency when evaluating B2B software technologies. In addition, G2 Crowd intuitively packages insights from expert peers, everyday users, and aggregated data to score competitive products on **The Grid**SM.
https://www.g2crowd.com/about/ *Thought you might like to look around on this website.*

How to Avoid ERP Implementation Failure: Success Stories and Key Considerations
by: Forrest Burnson (*Forrest Burnson is a Market Research Associate at Software Advice, where he covers the construction, enterprise resource planning (ERP), distribution and fleet management markets.* forrest@softwareadvice.com *– another resource?*)
http://www.softwareadvice.com/resources/erp-avoid-implementation-failure/ *(downloadable e-book)*

What is the return on ERP implementation? Results from our research
January 14, 2015
https://scm.ncsu.edu/blog/2015/01/14/what-is-the-return-on-erp-implementation-results-from-our-research/

case study on ERP success(cadbury) and failure(hershey's)
Mar 15, 2014
http://www.slideshare.net/ChitrangadaRoy1/case-study-on-erp-successcadbury-and-failurehersheys

2013 ERP research: Compelling advice for the CFO
By Michael Krigsman February 22, 2013
http://www.zdnet.com/article/2013-erp-research-compelling-advice-for-the-cfo/

A STUDY OF ISSUES AFFECTING ERP IMPLEMENTATION IN SMEs *(India)*
April 2011
www.researchersworld.com/vol2/issue2/Paper_07.pdf

ERP failure: New research and statistics
Panorama Consulting today released results of a study comparing gaps between customer expectations and actual results achieved on ERP projects.
By Michael Krigsman for Beyond IT Failure | February 3, 2010
http://www.zdnet.com/article/erp-failure-new-research-and-statistics/

ERP System Implementation and Business Process Change: Case Study of a Pharmaceutical Company
September, 2004
web.efzg.hr/dok/INF/Spremic/**ERP**-PLIVA-Case-**Study**-FINAL.pdf

===Additional Thoughts from Colin Lewington, Fischer Case, 09/1/16======

Benefits of implementing small business software systems
Prepared by Colin Lewington on October 11th 2016
+   Small systems can fit more readily to an existing business model.
- Very few businesses operate in the same way so when considering a standard computer system they have to decide whether to change their processes or modify the computer system to suit their operation.
- Changing their operations is disruptive and costly. Involves expensive training and rewriting existing operation procedures etc.
- Small systems are more readily adjusted and provide quicker returns for the business as long as system documentation is upgraded and maintained.
- Generally large computer systems are only beneficial for group finance roll ups.
  Where a large corporation has multiple divisions manufacturing different products there is no commonality of processes.

Most large software companies know accounting but few know much about manufacturing.
They rely on the client providing the manufacturing expertise.
Invariably the client will have to change its operations to fit the software. This will cause delays and huge support costs during software implementation.

+ Line managers involved in implementation
- When small system modules are implemented the line managers are involved in the start up and work with the staff at training, updating documentation, tuning the system, allocating resources and troubleshooting where necessary.
  Data errors are picked up and rectified quickly.
  Line managers have ownership to their modules.

+ Is MRP really a benefit to a company producing non-standard products
- MRP systems are complex and require expert skills. The pressure to ship product causes many small companies to override roadblocks in the material planning system. Especially when a single part is holding up a complete shipment.
- MRP is fine for production at the part level for inventory lines.
  Great for Milo, Kellogg's Corn Flakes, Standard manufactured items.
- However, forecasting is invariably based on history which may not be true for future planning.
- MRP becomes difficult when BOM's call for special made to order items that can't be forecasted.
  Estimated lead-times for special items can be wildly under or over estimated.
- MRP systems are subject to system errors such as inventory flushing, cycle counting errors, BOM errors, receiving errors, reject and scrap errors etc.
- MRP relies on Y/N flags being set at strategic points of the order cycle.
  One company I know had over $2m inventory error because Y/N flags had not been triggered or were over ridden at each step in the system.
  Inventory had not been flushed when orders had been shipped. Inventory had been used but the system said it was still available. This not only caused chaos in the MRP but during cycle counting the inventory was not there.
- Capacity planning within MRP can be a real problem in a small business environment.
  Manpower and machine capacity can be severely impacted by absentees and equipment breakdowns.
  Sudden increase in orders will cause the MRP to demand more capacity than can be provided with available equipment and manpower.

+ Make to order versus make to stock (hard allocations to stop stock stealing of inventory)
- Most standard software packages are designed to make for stock. Allocation of inventory to a BOM occurs on a first in first served basis which means an urgent order can steal inventory from a later scheduled urgent order. This is fine for a standard part that the MRP can absorb.
  But when a special part with no previous stock information has been ordered for a single order and by chance another single order requires the same part on a shorter delivery, major problems occur.
  Havoc is caused when an order has been assembled and can't be shipped or invoiced because the system says there isn't inventory to be flushed.
  Customer then receives a reschedule notice for an order he was expecting to be delivered.
  Many small systems are changed to hard allocate non-stock items to a specific order. Not easy to do with large systems.

+ Small systems require less IT support staff.
  - Usually requires very small IT staff on site for minor tuning of the system or for trouble shooting and security data backups.
  - Subcontract IT professionals from the system designers should only be on site during modules going live.