



# Does My Small Company Really Need Enterprise Resource Planning Software?



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## **Executive Summary**

As a growing company, your organization faces new challenges and must continually evaluate whether your processes and technology systems can help you continue to grow your business. Most small and mid-market companies rely on a combination of manual and automated workflows, departmental applications, and legacy databases to run their business. This approach may work well in the early stages of a startup, but it eventually becomes cumbersome to manage and leads to loss of productivity.

Today's economic climate, while improving, demands that small and mid-market companies balance the need for efficiency and profit-growth with cost-cutting measures. The right technology can help you improve profitability and drive efficiency while cutting costs, but how can you know when you've reached a stage in your company's lifecycle that demands systems more robust than simple accounting and database solutions? Periodically performing a gap analysis that addresses six key issues helps you evaluate where your business is headed and whether you have the right tools to get there. Ask yourself these six key questions:

- Do we need to streamline operations to improve productivity and profitability?
- Do we need to improve our decision-making capabilities?
- Do we need to scale and adapt our business to changing conditions?
- Do we need to enhance collaboration with business partners?
- Do we need to grow our business globally?
- Do we need to meet regulatory requirements?

This whitepaper will help you perform a preliminary gap analysis that addresses each of these questions so that you can determine whether you need to upgrade your IT systems and business processes to meet current business requirements while preparing to adapt to future requirements.

### **Do we need to streamline operations to improve productivity and profitability?**

To survive in today's competitive environment, organizations must continuously improve their operations and streamline their business processes to increase productivity and reduce costs. Manual processes can be time consuming and siloed systems lead to inaccuracies due to the need to rekey information into multiple software systems.

What to look for in a technology system to fill the gaps

By automating business processes which, in turn, improves accuracy of information and accelerates data flow, the right technology can help your company streamline day-to-day tasks and free up staff to focus on more complex issues that require more personalized attention. As a result, you can improve productivity and dramatically reduce operating and overhead costs. What should your technology enable you to do to offer these benefits?

- Possess a fully integrated set of applications. A system that integrates capabilities from front-end CRM to back-end financial analytics and business intelligence can enable companies to focus on decision-making and doing business rather than focusing on the IT infrastructure required to keep disparate applications running and communicating. Are your technology systems fully integrated?

- A common repository. A common repository for all data required by all of your applications and processes gives your employees access to the information they need, when they need it to do their job more efficiently. Do your technology systems offer a common repository?
- Process orientation. Technology systems that are process oriented rather than oriented toward discrete tasks will enable you to evolve your processes naturally over time. Are your technology systems process oriented?

## **Do we need to improve our decision-making capabilities?**

As a smaller company, you need every available edge to ensure your company's success. This means having the right information to help guide your strategic decisions. When data is spread through separate spreadsheets and other siloed systems, it is difficult and time consuming to create reports that support key decisions.

What should a technology system include to improve your business intelligence?

Implementing software that integrates all your information and processes into one coherent environment is a first- and major- step toward improved decision-making. In addition, business intelligence (BI) is necessary to enable users to analyze and act on that data quickly and effectively. Do your technology systems offer these critical BI capabilities:

- Integrated Business Intelligence: A standalone BI system requires an interface to the operational management system and data must be moved back and forth between the two systems. Such maneuvering diminishes timeliness and accuracy, adding complexity to your implementation and user training. Are your Business Intelligence tools integrated with your other technology systems rather than standalone?
- Integrated Customer Relationship Management (CRM): CRM systems integrated with your other technology systems can enable you to synchronize your sales, marketing, and customer care activities across your organization. Does your CRM system offer integrated applications including sales, marketing, customer service, and mobile solutions to help sales and service teams manage current customers, find new customers, close sales faster, and build lasting, more profitable relationships across channels?
- Enhanced visibility: Business Intelligence systems can help you stay on top of dynamic business conditions. Does your system automatically alert you to any unusual events or activities so you can respond quickly as needs arise? Can end users define and change their own unique performance metrics as well as triggering events, rules, and conditions for capturing and updating statistical information without help from a programmer? Is the information in the system updated in real-time? Does your BI system include integrated dashboards and key performance indicators (KPIs) built on the system's database to provide users with customizable, actionable, up-to-the-minute graphical presentations of key statistical information? Can you easily consolidate high-impact business information originating from different sources into a single easy-to-view screen or portal? Can you drill down from the portal to more detailed information if you need additional explanation?
- Easy-to-use: Does your ERP system offer powerful analysis tools that are simple to use and fully customizable by any user?
- Security: Does your ERP system include security controls to restrict access to reports and aggregated and/or individual data?

- Reporting: Do you have access to pre-defined reports? Do the reports allow you to manipulate your data? Can you store forecasts and compare them with actual performance data?

### **Do we need to scale and adapt our business to changing conditions?**

Technology solutions must not only flexibly support your business as it is today, but also accommodate your needs in the future. Are your systems flexible and scalable? Look for the following capabilities:

- Configurable workflows: Do your software applications allow you to support current and future business processes by providing an easy way to change or define new information flows and procedures quickly without additional development?
- Multi-site support: Can they accommodate your company's growth to a multisite organization by allowing you to operate a multisite operation as easily as running a single domestic implementation.
- Customizability: Can you easily customize your system through simple parameterization, without changing source code? Does it offer an integrated development environment (IDE) to facilitate the development of custom applications for your business?

### **Do we need to enhance collaboration with business partners?**

As market conditions fluctuate and competitive pressures increase, you may need to team with multiple geographic partners and to rely on contract manufacturing and third-party logistics providers. To successfully meet customer expectations, maintain loyalty, and remain profitable, you'll need swift and efficient communications with your partners. Do your processes and IT solutions support collaboration with partners? Look for the following capabilities:

- A Web-native platform: A service-oriented architecture (SOA) platform enables all management functionality to be accessed as interoperable services easily invoked by external applications. In addition, a Web native system will make this functionality available as Web services so users can access and execute any services over a network such as the Internet as well as create new collaborative applications with partners. Is your ERP a Web-native system built on a SOA platform?
- Automated workflows: In trying to effectively manage business processes many challenges arise from manual tasks such as notification, investigation, authorization, and follow up. Automated workflow controls the flow of information within and outside your business based on company-specific work practices and procedures for handling important and exceptional events. Does your ERP provide control and visibility through the use of automated workflow functions?
- Web 2.0 Capabilities: Does your system offer features such as portals, RSS feeds, wikis, blogs, and mashups to simplify collaboration among trading partners?
- Security: Secure systems enable trusted data exchange among trading partners. Does your system enable trading partners to protect strategic assets? Does your system carefully manage user passwords with various restrictions, such as limiting the number of days a password is valid? Does your system allow a defined period of inactivity before an automatic disconnection? Is security managed at the system level to restrict access to functions, actions, on-screen fields, and data, by user, groups of users, or profile? Can all transactions be traced at the user level, and do modifications of sensitive data trigger alerts and additional requests for approval before being processed?

Do we need to grow our business globally?

Are you planning to operate your business internationally? Will your systems support global business growth? A system will support international operations if it offers the following capabilities:

- Global currencies: If you can't take your customer's currency into account at each stage of the order processing cycle, you could face financial loss due to fluctuating exchange rates. Does your current system deal with multiple currencies such as pounds, yen, and the euro? Does your system store and quickly update price lists in the customer's choice of currency? Does it generate consolidated reporting in whatever currency you choose?
- Multiple languages: Does your system allow users to work in the language of their choice?
- Global regulatory requirements: Does your system accommodate local compliance requirements in the countries where you'll be conducting business?

### **Do we need to meet regulatory requirements?**

Companies across many industries must comply with various regulations. Just a few of these regulations include Sarbanes-Oxley for all publicly traded companies; the OSHA Hazard Communication Standard, SARA Title III, ANSI, and the European Union REACH legislation for chemical companies; 21 CFR Part II for medical device manufacturers; and the Bioterrorism Act and HACCP for food and beverage producers.

Many companies find that managing these government regulations is burdensome and costly. A recent survey by the National Association of Manufacturers found that in the US alone, the cost of complying with federal regulations is about \$10,000 per employee or over \$162 billion annually. Not only do manual compliance processes contribute to these high costs, they also lead to inaccuracies and time delays.

What to look for in a technology system to fill the gaps.

Your company can reduce costs, inaccuracies, and delays by using the right technology to automate compliance processes. The right technology centralizes data management, so it can minimize reporting costs by providing a convenient and efficient way to gather and monitor relevant information and eliminate manual procedures across your business processes, whether accounting, manufacturing, services, distribution, or point of sale.

Does your existing technology integrate the capabilities necessary to improve your regulatory compliance? Complete the following checklist to find out:

- Lot traceability:
  - Lot traceability enables manufacturers of food and beverages, pharmaceuticals, medical devices, and other products subject to FDA recalls to be "emergency ready" to meet FDA mandates and avoid sanctions. Do your systems provide the following capabilities for meeting FDA demands?
  - Does your system fully integrate all material planning processes and centrally capture traceability data?

- Does your system support both forward traceability from ingredients/components to customer shipments and backward traceability from customer shipments to manufactured lots, and finally to ingredients/components received from suppliers?
- Does your system track lot properties, grades, and testing results?
- Does your system include user-defined technical sheets and operational detail instructions?
- Does your system offer lot and sub-lot control?
- **Audit trails:** Audit trails are essential to address compliance requirements that require you to track how data is obtained, used, managed, and secured. Does your system authenticate username data, time, previous data, new data, and the reasons for the change? Does your system maintain an archive of historical transactions for multi-year periods?
- **Digital electronic signatures:** Digital electronic signatures enable companies to improve security and control over their internal automated workflow. They are necessary to pass corporate governance audits and to comply with various industry regulations. Does your system provide an electronic signature framework that includes tables, programs, actions, and objects to store, configure, and collect unique e-signatures that are permanently linked to the object and cannot be modified or copied?
- **Quality control:** A fully integrated quality control process can help your company automate and streamline your paper processes to increase efficiency and regulatory compliance. Does your system generate documents with an image linked to the specific document and control the image plate while linking it to the user profile?
- **Security features:** Systems need security capabilities to safeguard against unauthorized use of the system and protect against outsider crime, such as industrial espionage, and insider crime, like embezzlement. Does your system offer automatic logoff after a period of inactivity, automatic logoff after too many failed logon attempts, and logging of all user activity?

In addition to the capabilities described above, which apply to most regulations, specific regulations have their own requirements.

- Do workflows support control point notification for managing exception-based transactions, with these flows serving as required controls to help document the system's behavior?
- Do graphs and dashboards show real-time surveillance information related to financial and operational performance?
- Does the system offer audit traceability from financial statement to legal source document and business intelligence capabilities?
- Are all the modules in your system fully integrated using one common database so all system users access, enter information into, and report on the same data?
- Does your system use process flows to ensure a logical, controlled sequencing of activities for each procedure and control to eliminate finance-related problems?

## **Conclusion**

Today's companies face dynamic business conditions, and the IT solutions that support them are constantly being improved and upgraded. While every business is different, this gap analysis check list can help you look at some of the issues businesses face today, determine whether your existing processes and IT systems meet your current business requirements, or whether you should conduct a more in-depth evaluation to determine whether upgrading your technology will help you better address your business objectives.



## **About Intellitek Systems:**

Founded in 2008, Intellitek Systems is the developer of the Intellitek Open Enterprise Application Suite. Intellitek Systems works with small and mid-market companies to tailor technology solutions, based on one of the world's most flexible enterprise resource planning (ERP) platforms, and incorporates the business processes that help companies succeed. To learn more about Intellitek Systems or to schedule a no-cost, no-obligation needs analysis, contact us today at 1-(888)-616-2430 or visit us on the Web at <http://www.gointellitek.com>.

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