





When the ERP solution is the Problem

Self-reliance a critical factor for long-term success

May 3, 2011

Keep an eye out for typos.

Details are at the bottom of this newsletter's content.

Walking the line between complexity and chaos

Enterprise Resource Planning systems predate computer-driven business models. What once was done on typewriters and kept in manila folders has for decades gotten more and more efficient being done on mainframes and servers, driven by developments in ERP software technologies and associated storage and networking technologies as well as by advancements at the hardware level. In the last five years, however, as productivity driven by improved technology has reached a plateau, agility and innovation have become the new drivers. This has turned what was once an advantageous datacenter system into something of a liability for those companies that find themselves constrained by their ERP systems.

Growing awareness of this issue is reflected in the May 2 Baseline magazine blog post ERP, RIP by Samuel Greengard/Ed Cone which itself cites a study by ERP software firm IFS America in which a majority of those surveyed believed:

- Their ERP software slowed them down and restricted how they do business
- That ERP basically can't be reconfigured once it's in place
- Their ERP shapes their business rather than being shaped by their business

While ERP software is the culprit in the study funded by an ERP software firm, another place worthy of at least some blame is the ERP hardware. Software by itself can be customized or replaced, though with a certain amount of difficulty. When ERP comprises an entire stack of software, hardware and maintenance, however, things get exponentially more frozen in place. As long as the ERP processes are aligned with the business, that rigidity is an advantage; but that rigidity becomes a significant disadvantage when ERP is not aligned. It becomes deadly when in fact, it can't be aligned, and when hardware and software are both caught up in the problem.

Finding the Wormhole

The Baseline article states: "Savvy IT leaders understand that the only real rule in today's business environment is to look for ways to break the rules and find the wormhole that leads to bigger, better and more efficient." Once an ERP solution is in place, especially one involving single-brand, big-box appliance servers and other hardware running the same Original Equipment Manufacturer (OEM)'s hardware, opportunities to inject flexibility are mostly restricted to maintenance and service. Between the vagaries of the marketplace and the unpredictability of mergers and acquisitions involving even large OEMs, there is value in pursuing as much independence as one can safely sustain. As such, there is a compelling argument to be made for seeking out a third party solution independent of OEM maintenance for both ERP software and hardware systems.

Third party maintenance means the business is no longer beholden to a vendor for support, but it goes well beyond this by allowing businesses much more freedom in using hardware from multiple vendors that a single OEM won't support, and in retaining SLA-quality support on hardware and software deemed End of Service Life (EOSL) by the original manufacturer. Moreover they reduce the complexities involved should a major change of hardware or software provider be needed based on a change in the markets. Third parties have the ability to support multiple systems from multiple vendors and to transition hardware and software out of service. This is much safer than going the rip-and-replace route should a change be needed in the future.

Third party hardware and software maintenance providers are very different animals but they often do share the ability to custom-engineer solutions to suit the way you do business. Ultimately that's a degree of adaptability that big-box providers can't provide, regardless of how much you pay in maintenance, because their entire business models are grounded on one-size-fits-all solutions. In line with the current trends towards specialization and agility, the future favors reliance on experts that can be exchanged easily. The manufacturers should make the hardware, the publishers should make the software, and the support companies should handle the support, as needed and when needed. And until OEMs make it easy to switch from one to another, the next best thing is relying on third party maintainers that can adapt very closely to current needs, and change rapidly to accommodate the future as needed.

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