



Considering Cloud Deployed ERP? Top Questions to Ask ERP Vendors

ERP Vendor Evaluation Questions

- ▶ What are your global support operations?
- ▶ What if I want to move on premises later?
- ▶ Can I share user licenses?
- ▶ What is your service level agreement?
- ▶ Do I have control over my upgrades?
- ▶ What happens at the end of my contract?
- ▶ What's your security model?
- ▶ Do you own your development toolset?
- ▶ Do you support industry standard extensions?

There is no question that choosing a new ERP solution requires a lot of thoughtful analysis, and exploring whether to deploy in the cloud requires asking ERP vendors important questions. It's their responsibility to make business critical IT decisions on your behalf and provide day to day system management of your most important enterprise systems.

While examining potential cloud ERP options, ask vendors these questions, and be sure to understand how their answers will impact your business.

Are you a truly global solution? What are your global support operations?

Does the vendor provide complete country-specific functionality for all regions you operate in today, and may operate in tomorrow? This isn't just about currency and language support—it's about providing a true 'native' experience for every critical business workflow in each region. For example, knowing that GST in Canada is very different than GST in Malaysia. Understand the reach of their global support and services operations, and the processes behind global consolidations.

What if I want to move on premises later—can I do that with your solution? How much will doing so cost?

Beware of the 'one-trick pony.' Some companies only provide a cloud based solution, while others only provide a solution deployed on premises. Look for a solution that offers you both deployment options, and allows you the freedom of choice to change your deployment model as your business or technical needs change.

Am I able to choose between single-tenant and multi-tenant deployments based on my business needs?

Not all cloud deployments are the same. Some vendors only provide a multi-tenant deployment model (often because it's cheapest). Others only provide single-tenant deployment (or perhaps application hosting) because of an application architectural limitation. Look for a vendor who understands that deployment in the cloud shouldn't mean sacrificing choice. Ask how they will support your desire to move from one cloud deployment model to another if the need should ever arise.

Can I share my user licenses across all devices, offices, and processes? Or, do I have to buy named users?

Most ERP applications have a 'per user' pricing component—that's to be expected. Avoid vendors who trap you into a 'named user' pricing model, and expect you to pay for even your most occasional of users. Vendors who provide concurrent user pricing provide more head room in user licensing, allowing you to 'share' user licenses across time zones, driving even greater value for large global operations.

What is your service level agreement SLA? What happens if you break that SLA?

The internet isn't perfect. It's important to recognize that at some point you may have an 'availability' issue—on your side or the vendors'. What level of commitment and service level does the vendor provide? A best practice is to look for a company that offers a 'financially backed' 99.5% (or better) service level agreement.

Are my upgrades 'forced' on me, or do I have control over my own deployment?

One of the important considerations of cloud deployment is determining exactly how much control you're giving up to the vendor, especially around upgrade events. What happens if the vendor wants to install an update during your busiest time of year? What impact could that have on your business? Is the tradeoff reasonable? Understand your options when it comes to trading control for convenience.

What happens at the end of my contract? How do I know the price won't go up significantly?

ERP vendors sometimes structure contracts similarly to cable TV and cell-phone companies, offering 'too good to be true' pricing in the first year, only to significantly increase prices in subsequent years, taking advantage of the high cost of switching vendors and the resulting fact that you likely won't leave them. Have a frank conversation with the vendor and existing customers to best gain an understanding of their pricing policies and practices. Some vendors are willing to contractually cap price increases in subsequent years.

If I want to move from the cloud to an on-premises deployment, how is my investment protected?

Being able to change your mind and remain agile is a critical tenant of any ERP strategy. Understand the details around how the vendor will support you if you want to move your system to a different deployment model. Be aware of the technical process that underlies such a move. Can you manage the project yourself? Are you going to have to pay the vendor to handle some of the tasks for you?

What are your scale and performance expectations?

Think about how many users you will have in the ERP system, where they are located geographically, and what sort of devices they will be using. Look for a vendor who provides support for a broad set of devices, and across a large geography.

What's your security model and how do you protect my systems?

Don't be surprised if a vendor won't provide all the details of their security model, but expect some reasonable answers about their procedures, including details on their datacenter, the scope of their control, and their disaster response protocols. After all, this is critical data you're asking the vendor to manage on your behalf.

Do you own your development toolset and architecture, or are you building on someone else's platform?

ERP Cloud deployment is still in the 'early days.' Ensure that your vendor has a solid cloud platform strategy that you can expect to stand the test of time. Look for vendors who are building in tools and on platforms that have wide support—such as those from leading software development companies like Microsoft, IBM, etc. Be wary of applications that are built on technologies and in toolsets that the vendor doesn't own. Be especially concerned when a potential ERP vendor says they are building on another company's platform. Some ERP vendors are cutting corners and building on data models, foundations, and tools that are owned by companies who simply 'moonlight' in the Platform As a Service (PaaS) space. Chances are that a company who is building a toolset and framework that is optimized for

their needs isn't as committed to ensuring it works for an ERP vendor who is looking for an 'easy way' to get to the cloud.

Do you support industry standard extensions such as eCommerce platforms or CRM systems, or am I locked into a proprietary offering?

Even the largest ERP vendors have limitations. There are some workloads that are best left to other experts. Good examples are CRM, POS and eCommerce. If the ERP vendor offers those modules, that's fine, but confirm that you're not trapped into using ONLY those modules. Ensure that the ERP solution

provides integration with other solutions across your entire enterprise application portfolio.

Can I build a solution that's right for me, or are you going to force me to pay for modules I don't want?

In an effort to maximize your monthly subscription costs, some ERP vendors are going to bundle up modules you need with modules you have no interest in. It's a lot like the way that cable TV companies force you to buy the TV stations you don't want in order to get the ones that you do. Make sure your vendor builds a solution that's right for you—without forcing you to pay for functionality that isn't needed for your business.

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