

White Paper:

The Guide to Extending Your ERP System

To Replace Your ERP or Extend it to the Cloud?

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The Current ERP Dilemma

Manufacturers and distributors are always looking for ways to improve inventory management processes as it enables more effective customer service and improved profits across their supply chains. The right software solution can undoubtedly improve your business operations, however, one dilemma many companies face is to choose what is the right approach for their business; to add-on to their ERP or replace it entirely.

Is it better to add-on to your current system by purchasing third party solutions or is it better to replace the whole ERP system with a new, including more advanced inventory management functionality?

Changing your ERP system is often equated to open-heart surgery as it is a project you do not undertake lightly and one that likely impacts nearly every staff member in your organization. Not too mention the cost implications of overhauling such a complex project to the enterprise.

> **“Is it better to add-on to your current ERP or is it better to replace the whole ERP system with something new?”**

It might be a necessary to consider a full replacement if your current system cannot meet your specific needs in other areas such as financial reporting.

For many companies, their current ERP software is working very well, however, it is either insufficient or lacks critical functionality for planning and replenishment of inventory. If this is the case, it’s often worth evaluating add-on system functionality that can help you meet your specific needs and goals.



To Replace or to Extend?

The market for add-on inventory management and supply chain planning software is quite large. With technology advancements in the cloud and with the emergence of Software-as-a-Service inventory management, it is easier and almost risk free to integrate add-on software to compliment your existing ERP system.

Add-on systems do not need to be procedurally overwhelming or suffocating to your current business processes. ERP systems were developed for transaction processing, data collection and data reporting. Inventory Planning and Optimization solutions do not process transactions. Rather, they use the data from existing ERP or POS systems to establish the optimal mix between inventory investment and service levels for each inventory item at each location.



The diagram above illustrates the downstream value of connecting your ERP data to a cloud based inventory optimization solution. Manage demand analysis, forecasts, safety stock and inventory alerts all from one platform.

Benefits of Cloud Add-On Software for ERP Systems

The most common way to manage data transfers from your ERP to an add-on inventory solution is using Excel file uploads. Raw data is exported out of the ERP and imported into an inventory optimization solution, which then optimizes all inventory related parameters or recommend orders that should be placed. For companies seeking maximum productivity improvements, integration provides the end-to-end automation that frees planner and purchasers time to pursue more strategic activities.



Affordability - Add-on inventory management software will almost always be less expensive than replacing your entire ERP system. With cloud computing, you can pay for only what you use and ultimately reduce operational costs and capital expenditures on hardware, software licenses and implementation services.



Rapid Implementation - Implementing a cloud add-on software can be done in a fraction of the time it would take to replace a whole system, thus allowing you access to benefit of the software much sooner.



Efficiency Improvements - Cloud inventory management gives the benefit of shared hardware and automated processes. You and your employees can access your data on the go and from anywhere by securely logging into your account via a web browser.



Scalable and Flexible Systems - You can scale up or down your usage to meet the ever changing demands of your business to ensure you get the most value from the application.



Easy User Adoption - No need to train your entire staff on a whole new ERP system, rather focus the training on the select few of system leaders that are working with inventory planning and purchasing.

Concerns of Cloud Add-On Software for ERP Systems

Security Considerations - One of the biggest market concerns with cloud computing is having your data accessible on the web. Although security considerations have increased market wide, be sure to thoroughly evaluate the system security measures of your cloud solution, system availability and redundancy capabilities before choosing a cloud vendor.

Limited Integration - Finding a software solution that seamlessly and fully integrates with your current ERP system can prove to be difficult. Evaluate the system import and export functionality and data transfer technology before selecting a provider.

Additional Considerations - Add-on inventory management solutions are point solutions for advanced inventory and replenishment optimization. As your business continues to grow, the chances that you need to make other system changes, increases.

While you have the integration now between your current ERP solution and the add-on inventory management software, the next upgrade to your ERP backbone may require updates to the integration.



About EazyStock

EazyStock provides inventory optimization software for small and midsized businesses that seek to lower inventory levels and raise service rates while making demand forecasting and inventory planning easy.

EazyStock's preconfigured, cloud-based approach to optimization allows a company to leverage the data generated by existing ERP systems to achieve optimization without the need for costly or complex implementations or integration projects.

Distributors and manufacturers that use EazyStock's proven approach typically benefit from the ***30/30/30 Rule of Inventory Optimization*** and achieve 30 percent improvements in stocking efficiency, service rates and planning productivity.

EazyStock is a division of Syncron, a privately-held company headquartered in Stockholm, Sweden with operations and partners world-wide.

This white paper is a knowledge article produced by EazyStock, a cloud-based inventory optimization software.

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