



## Industry White Paper

# Ultra Corporation

*Improving our client's business through information technology*



## How to Identify ERP Vendors

Today more than half of the 40,000 mid market manufacturing companies have outdated ERP systems. Every year most of these companies discuss the subject of finding a new ERP system at their management councils.

At some point management asks the question "Who are the vendors that we should consider?"

Companies will turn to a variety of sources for information. The Internet has become the number one source of information. Management will also turn to periodicals, association information, past experiences, references from friends in the industry and consultants.

One of the most popular sites that is being used for ERP information is [www.technologyevaluation.com](http://www.technologyevaluation.com). This site has information on 100 products listed under Discrete Manufacturing (ERP), and over 40 products listed under Process Manufacturing (ERP). While this is a very comprehensive list, potential buyers need additional filters to help narrow the field of products to a manageable list.

At Ultra, we believe organizing the vendors by vertical industry is the next logical filter. Ultra has created a site, [www.mysolutionsgallery.com](http://www.mysolutionsgallery.com), to identify vendors and their success stories by vertical industry. For example, if your company makes automotive parts, you can go to the page for automotive suppliers, and find out who are the vendors that address that industry, and learn about their success stories in that industry. Then you can go to the vendor page and see how the vendor addresses the critical requirements for that industry.

Your initial filter is to find the vendors that target your vertical industry with their solution. The vendor needs to demonstrate a presence in the industry with references and a product direction statement that explains how they plan to be the leader in that industry.

Your second filter should be cost. When you begin your project, your company should establish the budget for the project (see Organize Your ERP Project). When you talk with the vendors discuss your budget. If the vendor cannot meet your budget, they will tell you, and they will eliminate themselves. Use the following guideline:

- ▶ Tier IV vendors provide a solution for under \$100 K
- ▶ Tier III vendors provide a solution between \$100 K and \$500 K

Ultra Corporation  
415 East North Water St . Suite 2706. Chicago, IL 60611

Phone: 312-245-2777 Fax: 312-245-2888  
[www.ultraconsultants.com](http://www.ultraconsultants.com)

- ▶ Tier II vendors provide solutions between \$300 K and \$1 M +
- ▶ Tier I vendors provide solutions between \$500 K and \$1 M +

A solution is a complete ERP system for a single site. Additional sites and components will increase the cost.

A solution includes software, 1<sup>st</sup> year support, and implementation consulting.

The third filter is technology. Your company IT department needs to weigh in on this subject. If IT has a specific bias, they should make their argument to the project Steering Committee. Ultra sees three different technology strategies in the market adopted by ERP vendors: Microsoft, Oracle, or IBM iSeries. A bias toward any of these technologies will narrow your vendor list.

The fourth filter is company. How important is it to your company to pick a vendor that will remain a market leader for the next 10 to 20 years? The industry has been in consolidation since the beginning of this decade. Vendors that were thought to be market leaders in 2000 have been acquired. Does it matter if the vendor you choose gets acquired in the next few years? Today we have four vendors with revenues over \$2 Billion in annual revenues: SAP, Oracle, Microsoft, and Infor. These four vendors have the financial strength to outspend their smaller competitors on technology in the future. But, also consider that the smaller 30+ vendors offer solutions tuned to vertical solutions, and often come with a lower price. What is important to your company?

### **Summary**

Follow this process to develop your list of vendors for consideration:

Identify the vendors that are leaders in your vertical industry

Include vendors that can pass your filters:

- ▶ Presence in your industry
- ▶ Within your budget
- ▶ Meet any technology bias
- ▶ Meet your company size criteria.

With these points in mind, you should be able to quickly establish a list of vendors to be considered for your company.

***Let an Ultra Partner show you what other companies have done... and how Ultra can improve your company's business.***



***When experience talks, people listen***