

Delivering on-time and on-budget ERP Implementations

Presented by:
Jennifer McNeill, President

Cedar Enterprise Solutions

200, 279 Midpark Way SE

Calgary Alberta, Canada T2X 1M 2

Ph: 403 256 8877 Fax: 403 256 8878

Email: jennifermcneill@cedar.com

Web: www.cedar.com

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A genda

W ho is Cedar?

W hat is ERP?

C osts of ERP

ERP benefits
and obstacles

C omponents



P re-implementation

ERP selection

How to implement
effectively

Future of ERP

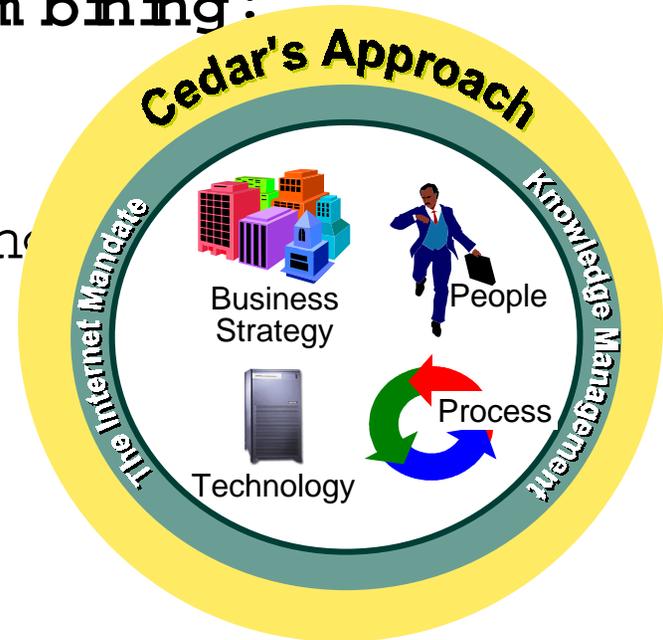
Benefits of
outsourcing

Cedar

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- thought leadership
- functional and technical consulting
- best-of-breed technology
- customer-driven solutions

to increase the value of our client and partner relationships.



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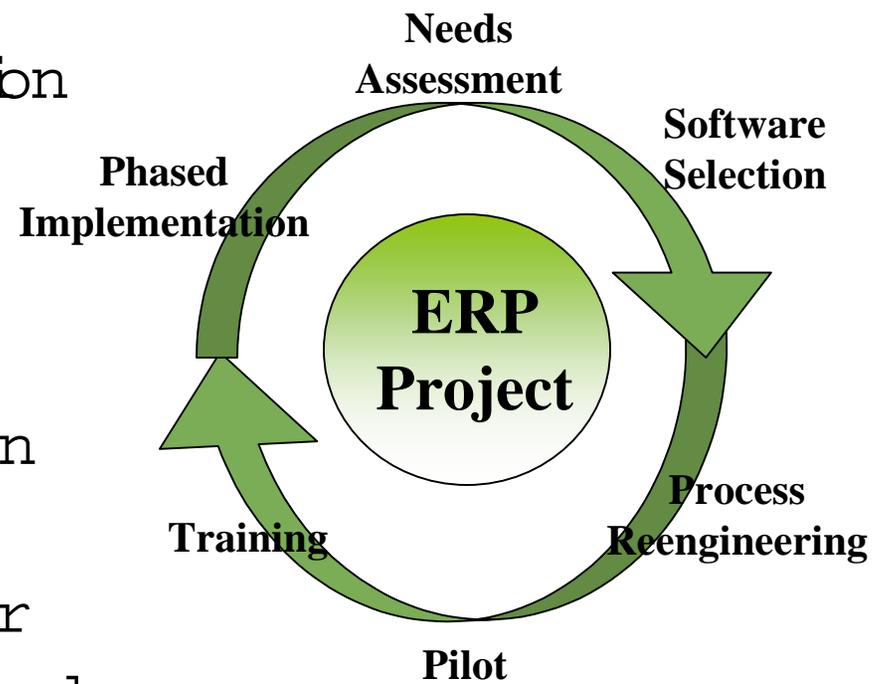
PRIMAVERA
How the world manages projects

ORACLE

What is ERP?

ERP integrates information and business processes to enable information entered once to be shared throughout the organization

ERP software systems are designed to support and automate business processes. An ERP system can include software for manufacturing, order entry, accounts receivable and payable, general ledger, purchasing, warehousing, transportation and human



What are the Costs of ERP?

Direct costs only represent a fraction of the total costs:

Direct costs include hardware, software, and people on the project — the largest category is personnel costs

Indirect costs include the costs of back-filling positions, increasing salaries and the total life cycle

Meta Group Survey Findings:
costs of the ERP — maintenance, ongoing

The average cost was \$15 million
production, and upgrades
(the highest was \$300 million and lowest was \$400,000)

Takes about 8 months after to see any benefits

Median annual savings was \$1.6 million/yr



Benefits of ERP

Improve access to information

Improve workflow and efficiency

Improve controls and program alerts

Process reengineering — update old processes

Foundation for new processes, such as e-procurement, with significant ROI

Inventory reduction

Improved cash management

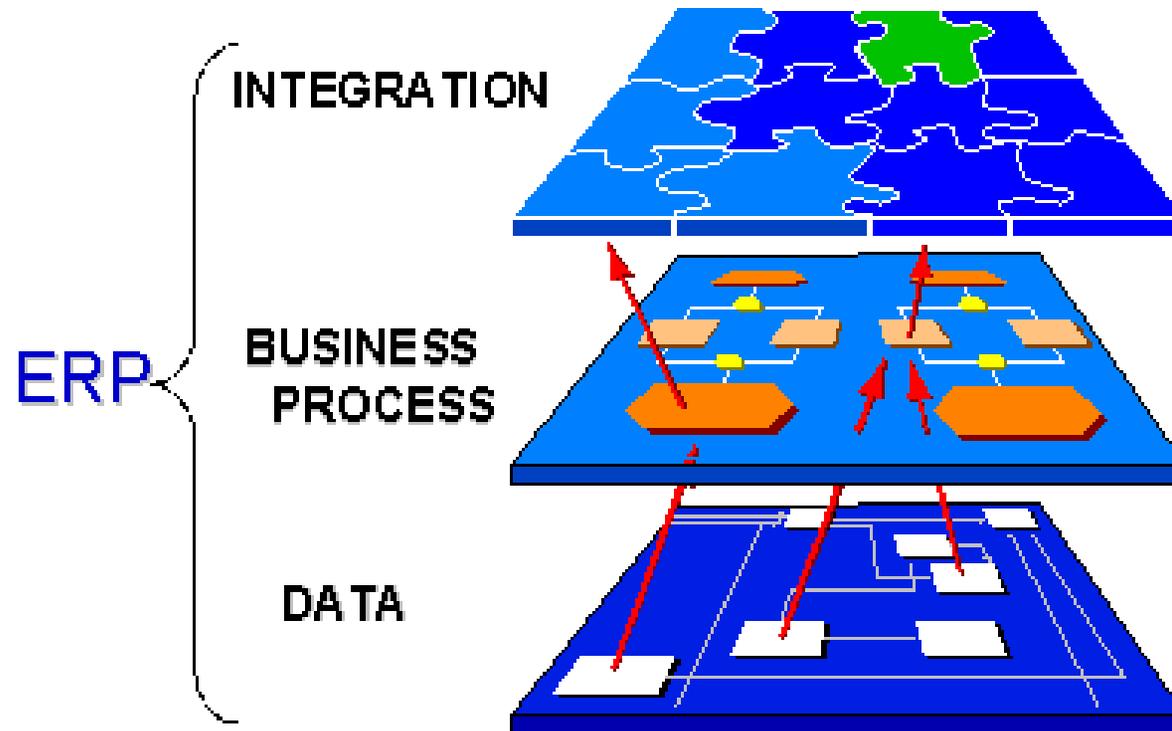
Increased revenue and profits

Reduced transportation and logistics costs

Intangible benefits include unanticipated cost reductions, improved responsiveness to customers, more flexibility, and more effective management of the supply chain.

Benefits of ERP

ERP IS AN ENABLER TO PROVIDE GOOD BUSINESS PROCESS FLOWS AND SYSTEM DATA INTEGRATION ACROSS THE ENTERPRISE...



Some business problems often found with implementing an ERP system :

Pre-implementation preparation activities were done poorly, if at all

Long implementation times

Massive cost overruns

Stressed software vendor relations

Lack of product support

Unresolved technical issues

Calculating ROI

High failure rates

Lack of documentation

Upgrade problems

Massive hardware resources

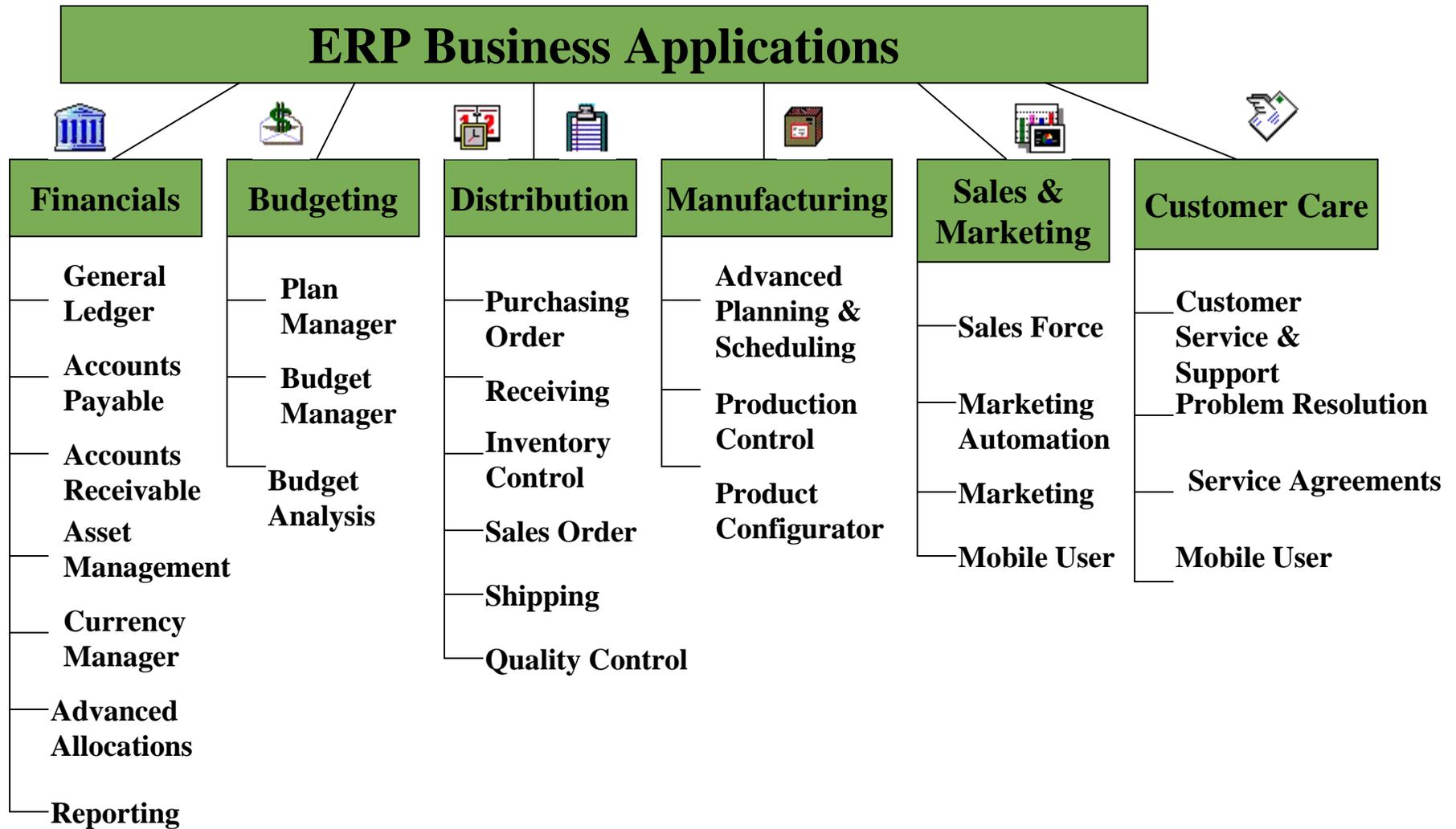
Organizational acceptance

Extensive setup & testing

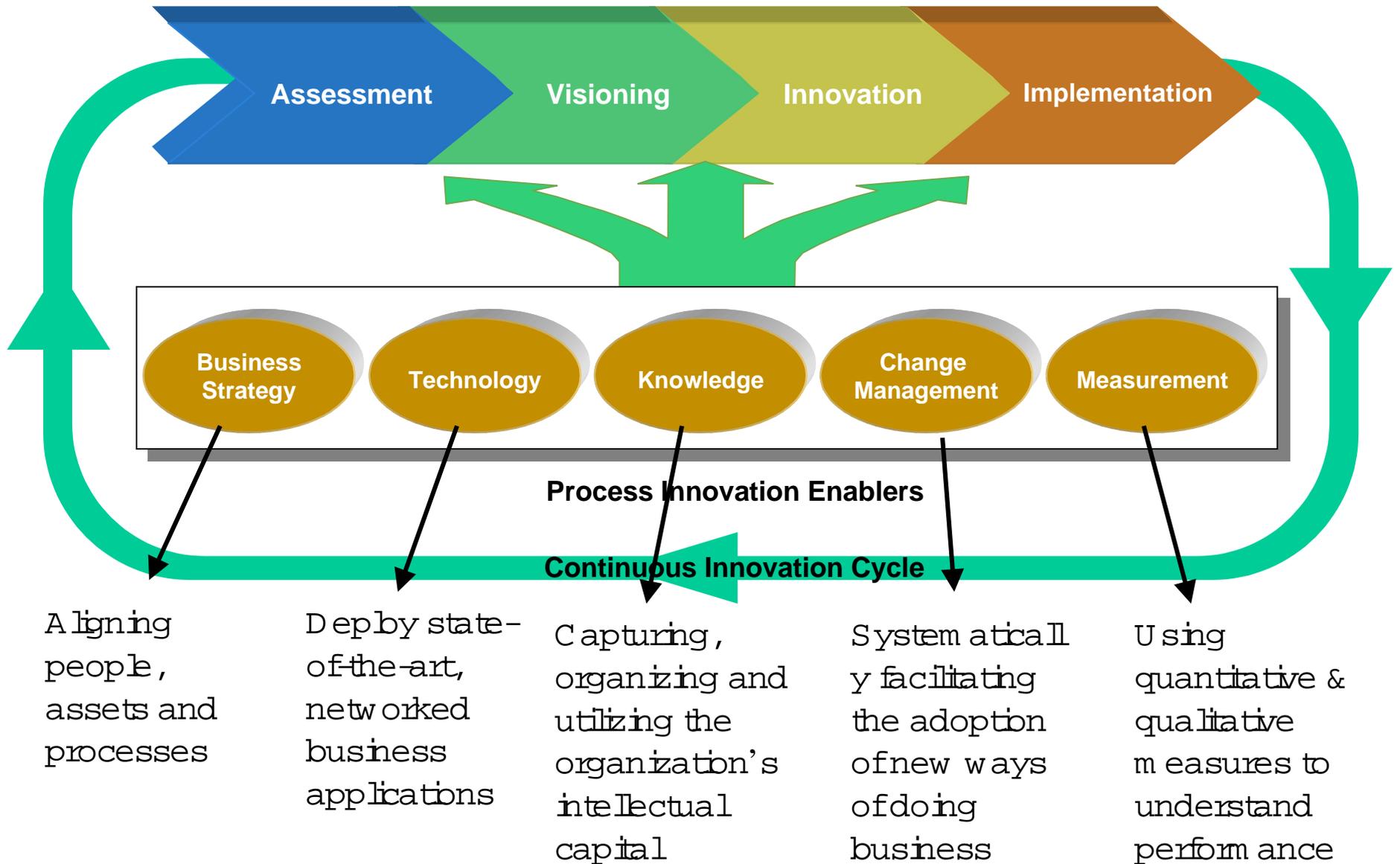
Operating strategy did not drive business process design and deployment

Management did not answer the question, "How do we want to run our business and why?"

Components of ERP



Pre-Implementation Preparation



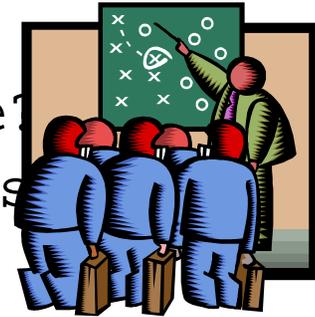
Five steps to choosing an integration-efficient ERP system

ERP system

1. Review your business processes.

Which ones give you competitive advantage?

Is the ERP system strong in those processes?

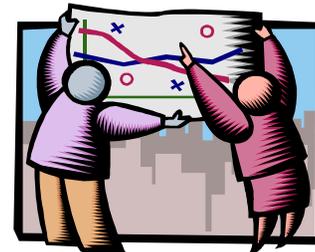


2. Understand your transaction volume.

Where does the volume come from? Customer?

Products?

Can the ERP system handle it?



3. Examine your interface needs.

Does the ERP system come with its own interfaces for your applications, or will you have to build them? Is the

Selection of an ERP solution

4. Identify your customization requirements.

What do you need that the ERP system doesn't do? How much effort will it take to make it perform those functions?



5. Analyze the ERP system's parameterization.

Does the ERP system have the flexibility to adjust to your business processes?



Implementation of ERP

Detailed Discussion phase:

Tasks:

- project initialization
- evaluation of current processes
- business practices
- set-up project organization

Deliverables:

- accepted norms & conditions
- project organization chart
- identify work teams

Design and Customization Phase:

Tasks:

- map organization
- map business process
- define functions and processes
- ERP software configuration and build ERP system modifications

Deliverables:

- organization structure
- design specification
- process flow diagrams
- function model
- configuration recording
- system modification

Implementation of ERP

Implementation Phase:

Tasks:

create go-live plan &
documentation
integrate applications
test the ERP customization
train users

Deliverables:

testing environment report
customization test report
implementation report

Production Phase:

Tasks:

run trial production
maintain systems

Deliverables:

reconciliation reports
conversion plan execution

The Future of ERP

Complete integrated ERP suites are becoming available from numerous sources

Consortiums and User Groups are growing in importance

Web-based interfaces and object-oriented databases are the trend

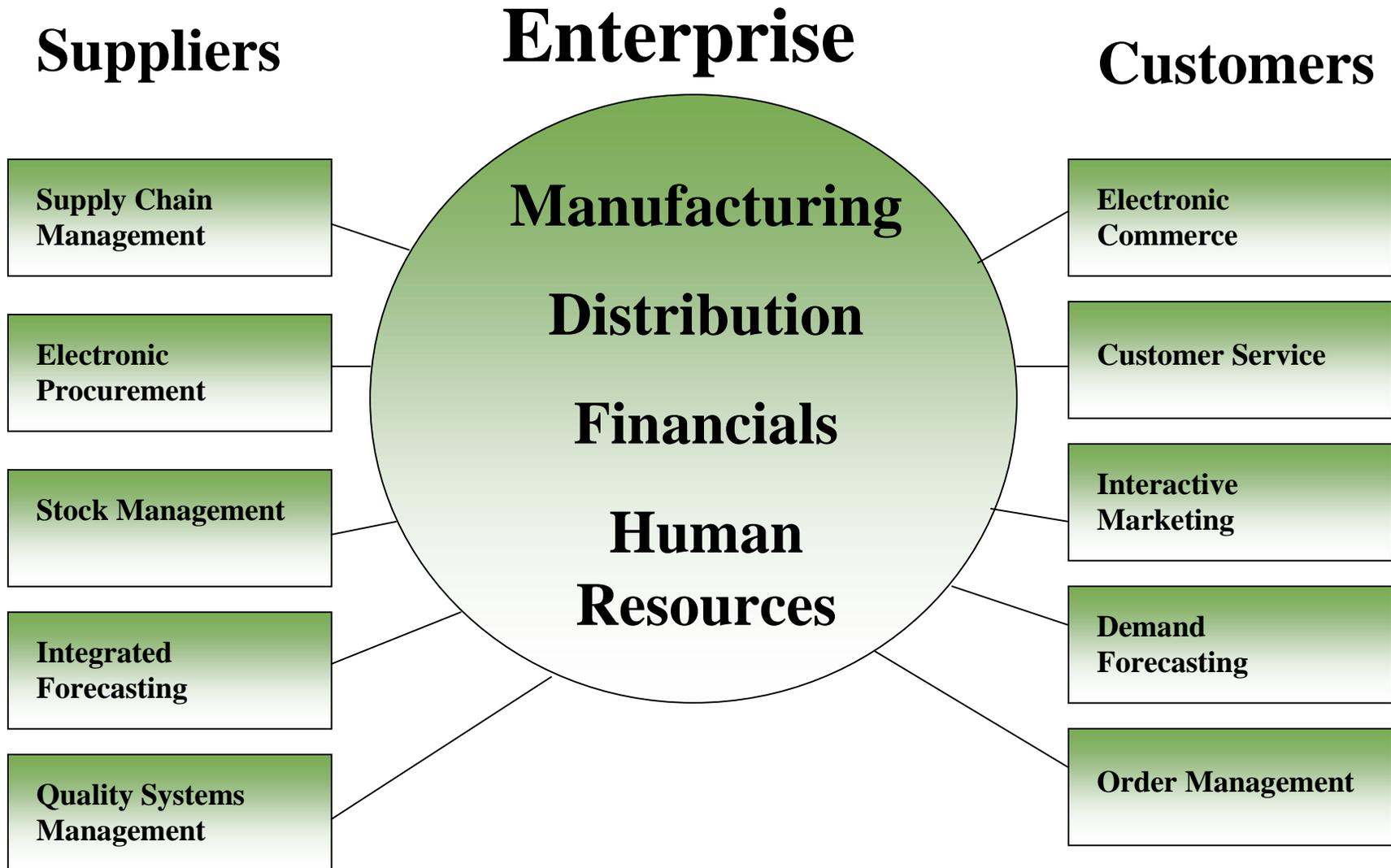
Standard business practices models may grow in acceptance

ASP and outsourcing options are looking more attractive

Growth Factors:

Strategic expansion, new industries, new functionality, expanded licenses in industry, new market demands, geographic expansion and new approaches (outsourcing)

Where Industry is going



Benefits of ERP outsourcing

Personnel: ERP proficient staff are hard to find, expensive to hire, and difficult to retain. This uncertainty factor with respect to personnel can be a major driver for outsourcing: staffing issues become the outsourcer's headache, not the customer's.

Time-to-market: An outsourcer has the experts in-house, the methodology and processes in place, and if necessary, the outsourcer can host the entire system at a data center site.

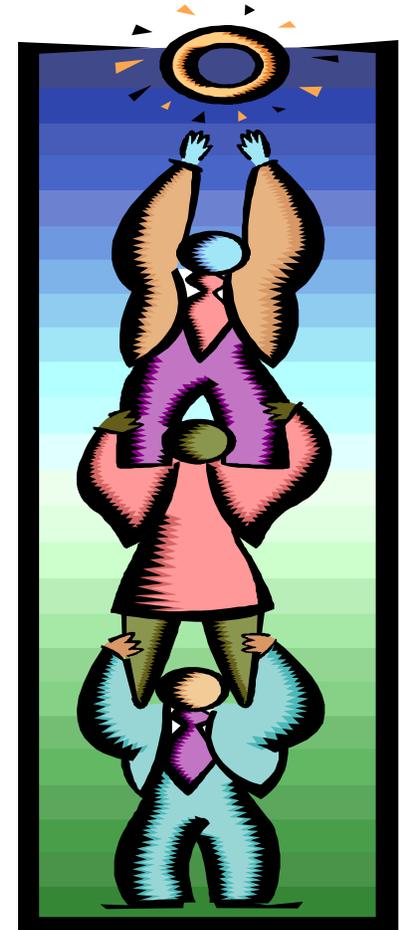
Provide a form of insurance policy against major changes in technology

Outsourcing can **reduce the total cost** of ownership and **eliminates the problems** of network capacity, hardware obsolescence, and the need for additional skills training.

Conclusion

You need a powerful business performance solution tailored to your business. One that will grow as your business grows, change as your business changes and leverage new technologies and business practices.

ERP must be driven by the right strategic and tactical process improvement objectives, with documented assumptions and valid ROI expectations and metrics.



Knowledge. Insight. Experience.

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leading edge of emerging possibilities.**

Questions?

cedar



jennifermcneill@cedar.com

(403) 256-8877

1-800-661-9961

www.cedar.com