Technosoft Insider

Heading to the Future

On February 21th 2016, Indonesia commemorated its first national Trash-Free-Day, in which the government also launched the Trash-Free-Movement 2020, aimed to no longer become the second largest plastic garbage producer after China. To reduce plastic bag consumption, the government started the initiative in 22 cities across the nation to make consumers pay for every plastic bag used in the modern retail. Let us all support this program by bringing our own reusable environmentally-friendly bags when doing our groceries. In addition, in the office, we can also implement paperless policy by using electronic documents and avoid printing unnecessarily.

Within this insider, please find articles on evaluating an ERP project offering starting from the Sales proposal, Project deals to System ROI.

We would also delightfully share the result of Gartner Research where Microsoft with its Power BI become one of just three leaders in Gartner Magic Quadrant for Business Intelligence and Analytics Platforms. Should you have any questions about how Power BI can help your organization to get better analytics and insights into your business, feel free to contact us.

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How to Answer Your Boss' Top 5 Questions About ERP System ROI

We have all heard the phrase "there is no 'I' in team." That phrase has meaning not only in a personal manner, but also in your professional life—especially reigning true when you're trying to implement a new ERP system. Selecting and implementing a new ERP is a team effort. Generally speaking, most of our clients involve multiple team members, stakeholders and executives in the decision, planning and implementation process.

However, none of that effort matters if your boss isn't on board with the new investment. Whether you are an IT Manager trying to convince your CEO and CFO, a project team member trying to convince your IT Director, or you are involved in any other role with a superior, executive buy-in and involvement will be critical to your project's success.

We commonly hear five questions from our clients' management and executive teams. Here is a quick guide on how to answer each:

1. **"Why do we need to invest in a new ERP system now**?" There is never a good time to invest the time and resources in a new system, but implementations generally get riskier over time. The longer we wait, the more our broken and inefficient business processes will cost us. Just as importantly, our implementation will become more complicated, risky and expensive the longer we wait to replace our current environment. Also, the sort of change to our business that we are talking about here is going to take a good deal of time, so it is better to start sooner — before we find ourselves in even more of a bind later.

2. **"Why is our new ERP system going to be so expensive and why is it going to take so long to implement**?" ERP implementations are business transformations, not just IT projects. According to research (see Panorama's 2015 ERP Report for more detail), the average company takes roughly 18 months to implement their solution. They also spend approximately 4% of their annual revenue on their total cost of ownership. Based on where we fall on the spectrum relative to the "average" company in the study, we may spend more or less than that, but that is a general benchmark to gauge reality. Doing this project right the first time will be much less costly and time consuming than the alternative.

3. **"What are the biggest obstacles to achieving a solid return on our ERP system**?" There are plenty of risks to achieving the ROI we expect, but we can mitigate these risks through proper implementation best practices. For example, taking the time to document our desired future state business processes, effectively addressing employee resistance to change through organizational change management and developing a solid benefits realization plan with tar-

get levels of performance will all optimize the odds of achieving our goals. We also need to ensure that we have the right ERP consultants helping us with this initative to further mitigate risk.

4. **"Why do we need to worry about documenting our business processes**?" This is a good question that is commonly asked by executives. Many think that we should ignore current processes because they are all about to change, or that we should simply adopt the new ERP system's business processes rather than documenting our own, but these approaches are proven not to not work very well. In order for us to understand what kind of software will work best for us, we need to clearly define our desired processes and business requirements. Today's ERP systems are very robust and flexible, so we need to define how we want our processes to look so we can effectively configure and implement the system. This approach to business process reengineering will ultimately make our implementation more efficient and effective – saving us considerable time, money and heartache along the way.

5. **"Why do we need to worry about organizational change manage-**

ment when we are going to simply tell employees that they need to accept these changes?" You're right that one approach is to simply "force" employees to change. However, that only goes so far. Employees may not consciously or actively intend to resist the changes, but because the changes are going to be so extreme for most employees, they simply won't be able to comprehend and adapt to the changes without effective organizational change management. This is why our organizational change management plan needs to include more than basic end-user training – we also need to incorporate communications, change impact discussions, customization of training materials and a host of other organizational change activities to ensure we minimize costs and maximize the return on our investment.

While there is no E-R-P in T-E-A-M, they go hand in hand. While there may not be a guarantee or silver bullet for managing your ERP project's ROI, the above responses should help your superior feel more comfortable about investing in your ERP initiative the right way.

Eric Kimberling
Panorama Consulting

"The aim of an argument or discussion should not be victory, but progress ."

Joseph Joubert Quotes (French Moralist & Essayist, May 7 1754 - May 4 1824)

Microsoft (Power BI) Is One of Three Leaders in Gartner Magic Quadrant for Business Intelligence and Analytics Platforms

Microsoft Power BI is one of just three market leaders, according to Gartner's Magic Quadrant in February 2016, Outpaced other 23 vendors evaluated for the Completeness of Vision.

The 2016 Magic Quadrant shows a considerable "*shakedown*" of previously nine Leader vendors in 2015. Several dropped below the "Ability to Execute" threshold, from the Leader to Visionaries quadrant.

The summary review can be seen through https://www.gartner.com/doc/reprints?id=1-2XXET8P&ct=160204&st=sb

Source: Gartner (February 2016)

ERP Projects — What's better, Fixed Bid Or Time And Material?

So your company has finally reached the tipping point. Your team has decided it's time to replace the existing financial system/enterprise resource planning (ERP) system. You've seen demos of the various systems. You've decided that the Microsoft Dynamics system is the best fit for your business needs. You've selected an ERP service provider and now it's time for contract negotiations. Should you ask for a fixed bid contract or a time and materials (T&M) contract? Below are some conditions favoring one or the other but my recommendation is a hybrid of the two concepts (A Fixed Bid With An Overage Cap & An Incentive Plan).

Fixed Bid – This is a contract based on a fixed amount. So you'll pay the mutually agreed amounts regardless of the number of hours worked by the vendor.

Please bear in mind that with Fixed Bid contracts it's equally important (if not more so) to insure that the project scope is crystal clear to both parties and that the project scope is comprehensive to meet all of your business requirements for your new ERP project. If not then the project will either leave you with less functionality that what you had expected or it will end up costing you more than the mutually agreed upon fixed bid price.

Conditions favoring a Fixed Bid:

- If your project scope is clear and well defined in detail
- If you don't want much flexibility with the project scope
- When you want to determine a precise budget in advance
- When you want simplicity regarding required project documentation (i.e. not

needing to review project task details to validate the hours worked)

Time & Materials Bid – This is a contract based on the actual hours worked. So you've agreed to pay the vendor for each hour that they work.

Conditions favoring a T&M Bid:

- When you'd like flexibility in the project scope to meet changing requirements
- If you want to monitor and manage the project in detail (i.e. reviewing detailed project timesheets to validate the service hours provided).
- When you want simplicity regarding project documentation pertaining to project changes (i.e. not needing to create as many Change Order documents if new project tasks are requested)

(Preferred Method) Time & Materials Bid With An Overage Cap – This is a contract based on the actual hours worked but with the addition of a "not to exceed amount,

i.e. 10% overage cap". Based on my observation of scores of Microsoft Dynamics ERP (and other small/midsized ERP projects) over the last several years, I favor this method because it offers the benefits of having controlled costs that are inherent with the Fixed Bid methodology as well as the flexibility inherent with the T&M methodology.

In addition, I recommend incorporating an "Incentive Plan" for the vendor. With a T&M project the client benefits from the efficient work from the vendor since the project hours (and the resulting project costs) will be lower. Conversely, the net effect of efficient workflow for the vendor is that their revenues will be less. Thus to make it a "win-win" scenario I recommend incorporating an incentive plan into the contract that allows the vendor to share in the benefit of their efficient workflow.

For example if the project budget is mutually agreed upon to be $100,000 and the actual

project costs ends up being only $80,000 (as a result of efficient workflow from the vendor and not because of a reduction in the project scope) then the $20,000 difference would be divided by two and a $10,000 bonus would be paid to the vendor. Of course the client saves $10,000 as well so it's a win-win scenario. Such an incentive bonus would encourage the vendor to maximize project efficiency for the mutual benefit of the client and the vendor.

Conclusion: There are valid arguments for pros/cons of each of the three contracts mentioned above. Regardless of which one you decide to use good communication, proper project management and proper monitoring of project costs will insure project success. In addition I recommend a thorough check of 2-3 customer references of the vendor you select.

Wing Chan
Calsoft System

Unpacking the Sales Proposal: Boilerplate vs. Custom

To customize or not to customize? While it may be an easy decision when making your Subway order, this is a pretty hefty question when it comes to your ERP software. It can be challenging to determine what in the proposal and proposed solution is boilerplate as opposed to custom for your organization. After all, you are most likely searching for an

ERP solution that meets the unique needs of your organization, so it is important to ensure that what you're being sold matches that expectation.

Unfortunately, much of what you see in a sales proposal and sales process takes a cookie-cutter approach to demonstrate what your potential ERP vendors want to show you. Here are a few things to watch out

for:

- **Make sure assumptions in the proposal match your expectations**. Software vendors and their integrators will commonly identify assumptions that will help reduce their estimated costs. For example, managing organizational change, business process reengineering and data conversion are

all tasks that are commonly assumed to be handled by implementing organizations. While this may or may not be accurate for your organization, these important activities must be handled by someone in order for the project to be successful. Remember that sales reps aren't going to risk inflating their estimated costs out of fear of losing your business, so it's important that you customize their assumptions to meet the unique needs of your business.

- **Ensure that you see a custom rather than canned ERP software demonstration**. ERP vendors and resellers are well trained in how to position the strengths of their software, while minimizing weaknesses relative to the competition. When purchasing and implementing new

software, your business needs and requirements are the only thing that really matters. With that said, it is critical that you view the capabilities of the software within that context. Creating custom demo scripts that reflect "a day in the life" of your operations is one of the most effective ways to ensure that you are getting the real scoop on what the software can and cannot do.

- **Understand how the software will be tailored to meet your business needs**. No ERP system is perfect, so it is unrealistic to assume that any solution will be able to handle all of your business needs out of the box. According to our 2015 ERP Report, 91% of organizations customize at least some portion of their ERP software, so it is safe to assume that you will need to

do the same – at least to some degree. You don't want to go too far down the slippery slope of customization, but you will certainly want to consider changes to fit what is unique to your business and what the key competitive differentiators are. Make sure that the proposals you receive contain time and costs associated with this important and often overlooked aspect of implementation.

These are just a few of the ways you can ensure that your proposed solutions and the proposals themselves are tailored to meet your needs. This will ensure that YOU are driving the sales process to best fit your needs, not a sales team.

Eric Kimberling
Panorama Consulting

Give Your Best to Relationships

A boy and a girl were playing together. The boy had a collection of marbles. The girl had some sweets with her.

The boy told the girl that he will give her all his marbles in exchange for her sweets. The girl agreed. The boy kept the biggest and the most beautiful marble aside and gave the rest to the girl. The girl gave him all her sweets as she had promised.

That night, the girl slept peacefully. But the boy couldn't sleep as he kept wondering if

the girl had hidden some sweets from him the way he had hidden his best marble.

Moral of the story:

If you don't give your hundred percent in a relationship, you'll always keep doubting if the other person has given his/her hundred percent.

This is applicable for any relationship like love, employer-employee relationship etc. Give your hundred percent to everything you do and sleep peacefully.

We make a living by what we get.
We make a life by what we give.

- Winston Churchill

Your Partner in Providing Strategic Capabilities

Founded in Jakarta 1996, PT Graha TechnoSoft Informatika (TechnoSoft Consulting) is the leading Cloud Business Solution provider for SME (Small Medium Enterprise). Our solutions extend from the back to the front office and include the leading Microsoft-based Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM).

We have delivered over 100 clients in more than 20 industries and 10+ countries, by designing, implementing, managing and supporting technology solutions that power and empower your business.

Our commitment has always been to establish long term partnership with customers, to assist in increasing their efficiency and profitability. Only Technosoft arms you with comprehensive IT solutions and services and critical business applications that will accelerate your strategies.
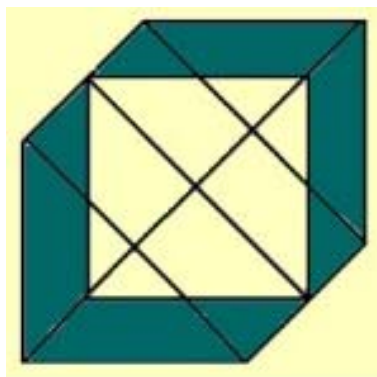
In order to add value for customers satisfaction, we are open for any advice or article request according to our customer needs. Your request can be sent to our fax or email directly.

Mind Bender : Vision ahead

Lets get a vision ahead.

How many triangles in these picture?

February 2016 Quiz Answer : 16 Tigers

- Submit the answer, your name and company to Technosoft fax at +62-21-563-2078 or email to insider@technosoft.co.id

- Answer will need to be submitted by March 20[h], 2016

- A Lucky participant who submits the correct answer will be granted either shopping voucher. Winner will be announced on the following month of Technosoft Insider Edition.

- Only Technosoft Customers will be count on the participation

Congratulations to Ms. Yenny Suhartono from Pakuwon Group for winning the shopping voucher, solving the Mind Bender in Feb 2016