



SMB ERP: How to Enhance the Benefits and Minimize the Burden

Doing More with Less

How is the uncertain global economy affecting small and mid-sized businesses (SMBs) and the decisions they're making? According to an online survey conducted by ADP Research Institute in 2012, 52% of owners and executives at mid-sized businesses believe the economy has improved since 2008—but just 15% think it will improve over the next 12 months. These business leaders listed the rising cost of health coverage and other benefits, slow economic growth, and an increasing volume of government regulations as their leading concerns.¹

Nobody knows for sure which way the economy will turn next, but one thing remains certain: SMBs must prepare themselves to survive whatever the next few years may bring. That means cutting costs wherever possible. It means bringing products and services to market more quickly than the competition. And it means finding ways to provide the highest levels of customer service.

Faced with these challenges, SMBs are using every weapon in their arsenals to power their companies forward. Consider what's happening in the marketing realm: a 2012 Forrester Consulting study found that SMBs are spending a higher percentage of their revenue on marketing than their large counterparts, and that 27% of top-performing SMBs had actually increased their marketing budgets during the economic downturn.² The study determined that 84% of SMBs are enthusiastic about using the latest digital marketing techniques,³ which hold the promise of generating more leads at a lower cost.

SMB decision-makers are also trying to use technology as a potential source of competitive advantage. They're implementing sophisticated business applications that can drive greater productivity across the entire workforce. But to get the most out of these solutions, SMB IT departments must take the right approach to implementation and support.

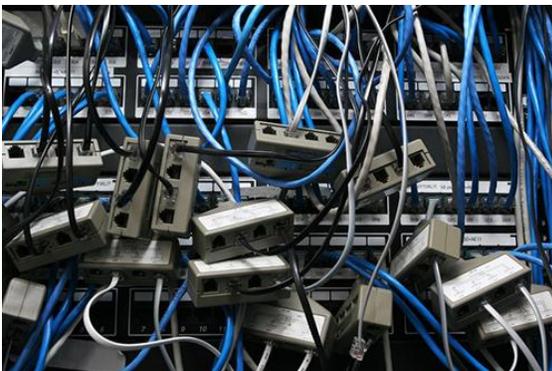


1 ADP Research Institute. "Top Concerns of Business Leaders in the Post-2008 Economy." Research report. 2012.
2 Forrester Consulting. "Driving SMB Revenue in a Tough Economy." Thought Leadership Paper commissioned by Act-On Software, 2012.
3 Forrester Consulting.

The Pros and Cons of Supporting ERP In-House

Beginning in the early 2000s, the business software industry has seen a proliferation of powerful applications that can help companies run more efficiently. As the years have gone by, these solutions that were once the exclusive domain of enterprises have become more and more attainable—and affordable—for even smaller companies. It's now common to see relatively new businesses relying on full-featured HRMS, customer relationship management (CRM), accounting, content management, and voice over internet protocol (VoIP) solutions.

Hoping to realize the benefits of these systems without incurring hefty overhead expenses, SMBs often assign their in-house IT staffs to deploy and maintain their business software. This approach sounds logical in theory; why not try to get the most out of the people you're already paying? In addition, your in-house staff will always be there when technical problems arise, and will have the most intimate knowledge of how your business processes actually work.



But in an age of uncertain IT budgets, the in-house maintenance approach is becoming less and less feasible. In early 2012, Computer Economics' annual survey of North American IT executives found:

*"IT spending growth can only be characterized as subdued. The noticeable recovery we saw last year in IT spending and hiring did not provide a hoped-for foundation for even larger improvements this year: IT organizations are increasing IT operational budgets and capital spending, but at a pace that is only slightly ahead of 2011."*⁴

IT executives who participated in the survey fear there may be worse times coming in the year ahead; some 31% expect budget cuts while just 16% said they think they'll be allowed to exceed their current spending plans.⁵

Shrinking IT budgets don't bode well for SMBs that want to deploy sophisticated enterprise resource planning (ERP) platforms—especially when you stop to consider the sheer breadth of technical skills it takes to implement these solutions and keep them running. In many cases, the range of skills required far exceeds the capabilities of the typical SMB IT department. But that's only one of the challenges that in-house support can create.

⁴ Computer Economics. "IT Spending and Staffing Benchmarks, 2012/2013." Executive summary. 2012.

⁵ Computer Economics.

How IT Complexity Can Drag Down a Business

An IT staff that's tasked with supporting a major ERP platform such as JD Edwards will probably make this support its number-one priority. In a way, that's a good thing—your business users need their systems to be as well-maintained as possible. But the more time an IT team must devote to fixing problems and recovering from system downtime, the less time they'll have available for strategic IT work that can extend your company's competitive advantage.

And as time goes by, the IT infrastructure will likely become more and more difficult to maintain. Why? Because most business software vendors require companies to implement each application on a separate server. That means more machines and more potential problems. Pressed to keep building out the technology infrastructure at the lowest cost possible, many SMB IT leaders will simply implement the server or network equipment that delivers the best immediate value, while paying little attention to how technology components will work together in the long run. As a result, the IT infrastructure can become needlessly complex, leaving the IT team in constant “firefighting” mode.

As IT spends increasing amounts of its time just keeping hardware and software running, the business begins to suffer. End-users get tired of using the same business solutions with little enhancement, month after month. Managers and executives lack the sophisticated decision-making tools they need to compete. Customers grow frustrated over delayed responses and missed delivery deadlines.

In short, the systems that are supposed to propel a small or mid-sized company forward to greater revenue and expanded market share are sometimes the very systems that hold it back—all because of problems in the way these systems are implemented and maintained. It's time for a new strategy towards supporting major ERP platforms.

Why Managed Services Make Sense

Eager to gain the many benefits of working on an ERP platform, but hoping to avoid the resource commitments that typically go along with supporting these solutions in-house, many SMBs are exploring the possibility of outsourcing their ERP maintenance and support functions to a managed services partner.

The concept of outsourcing non-core business functions is nothing new, of course. The noted consultant and author Geoffrey Moore urges companies to consider the idea of “core versus context.” Core business activities are those that are the source of a company's competitive advantage. Context business activities are those tasks that have to get done somehow, but which don't differentiate the company from its competitors.

For most SMBs, the ongoing process of maintaining hardware and ERP software isn't “core”—it's “context.” And that means it's a perfect candidate for outsourcing. By working with a managed services partner that can deliver the right combination of skills, resources, and experience, SMBs can reduce or even eliminate the burdensome workload and high costs of running their ERP platforms.

The right managed services partner can help you:

- **Avoid ERP system downtime.** Your managed services partner will monitor your hardware infrastructure and ERP system 24/7 for potential problems, and can take corrective actions to prevent bottlenecks and crashes.
- **Eliminate time-consuming maintenance tasks.** How much time is your IT team currently spending installing patches and performing routine maintenance on your IT infrastructure? With a managed services partner, these activities will be off your plate. Your IT staff will then be able to focus on enhancing your systems in ways that deliver more strategic value.
- **Establish a more stable IT environment.** Your job is to focus on running your business better. Let a managed services partner focus on planning, selecting, and implementing the technology that will support your business activities over the long term.
- **Enhance IT budget planning.** It's nearly impossible to stick to an IT budget when your IT team is constantly replacing failed hardware and bringing in consultants to deal with unexpected problems. But budgeting gets much easier when you're getting all your ERP maintenance taken care of by a managed services partner for a predictable monthly fee.
- **Get the specialized hardware and software expertise you need.** Planning on running your ERP system on IBM iSeries or Power Server hardware? It's getting harder and harder to find technicians who are truly expert in dealing with these product lines. A good managed services partner will have an entire team of experts who are certified in a full range of IBM server technologies.



What about ERP software—are you leaning towards JD Edwards? The right managed services partner will be intimately familiar with all aspects of implementing, configuring, and maintaining this platform.

Request Your Free Assessment

As you plan your ERP implementation, position your company for success. Select a managed services partner that can:

- Implement your ERP platform behind your firewall or in the cloud.
- Architect your technology infrastructure so you can focus on your business.
- Keep your hardware and software running optimally, 24/7.
- Help your business users get the most out of your ERP platform.
- Deliver specialized expertise in IBM iSeries, IBM Power Servers, and JD Edwards.

Syntax can do all of the above—and more. We've been developing and implementing ERP solutions across North America since 1972. Since 1997, our focus has been on JD Edwards EnterpriseOne and World. Today, 15 years and hundreds of implementations later, we rank at the industry forefront, a clear leader in providing the in-depth knowledge and experience needed for the JD Edwards solution set.

Don't just take our word for it—see for yourself. Contact us for a free Managed Services Assessment today.

Call 1-877-968-2948 to get started.

