



7 Tips To Stick To Your Cloud ERP Implementation Budget

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According to Panorama Consulting's 2014 ERP Report, only 37 percent of ERP implementations [were completed on budget](#). Additionally, nearly one-third of implementations went over budget by more than 25 percent.

But there are ways to keep your project on track. Follow these tips to ensure that your ERP software implementation stays on budget.

1. DO YOUR HOMEWORK UP FRONT

You have many options when it comes to cloud ERP software. Doing as much research about potential solutions on the front end saves you headaches and unbudgeted costs during your implementation project. The more homework you do up front, the more likely it is that you'll uncover any issues with your ERP software.

A customized demo that targets your most important needs is vital to selecting the right system for your business. Finding gaps in the software during your ERP implementation is going to lead to additional customization, and that translates to greater costs.

2. SELECT A PARTNER WITH KNOWLEDGE OF YOUR INDUSTRY

An implementation consultant that's already familiar with your line of business is important in several ways. Since your

partner has upfront knowledge about your industry and general needs, you won't have to spend time educating them on the intricacies of your work. The consultant should already have a foundational understanding of what you demand from your ERP software.

3. CONTACT YOUR PARTNER'S REFERENCES

Always contact references to get a better feel for the implementation team you're planning to work with. There are some standard questions to ask, but make sure you address topics related to budgets. Consider asking the following questions: Was the project completed on time and on budget? Were there a significant number of change orders during the implementation? If so, what were the causes? Was there a clear definition of the project plan and deliverables? How much involvement did you have in the project?

4. IDENTIFY PRIMARY CONTACTS FROM YOUR COMPANY AND YOUR PARTNER

Once you've selected the right ERP consultant, you must ensure that communication between both parties is fluid. The key to good communication is identifying a single, primary contact to represent your company, and knowing the primary contact at your partner.

When no one person is identified as the main contact, it's easy to drop the ball. Miscommunication about task deadlines or not properly completing tasks creates more work, which leads to additional time and cost.



5. CREATE A DETAILED PROJECT PLAN

To ensure that you don't exceed your budget, there must be a project plan that specifies the deliverables, due dates, task lists and level of effort required to complete those tasks. A clear set of objectives and a definition of the scope of the project are critical. As much as your cloud ERP partner drives the project plan, it's essential that you take ownership of the plan, too.

In that vein, you must be able to spend the time required to complete your own tasks. An implementation project is a back-and-forth engagement. If you embark on such an endeavor without having the necessary time to focus on it, you're setting yourself up to exceed the budget. Without the requisite time and energy, your tasks either take longer than expected, or your partner takes on more responsibilities — both typically translate to higher costs.

6. STICK TO THE PROJECT SCOPE AND LIMIT CUSTOMIZATION

During an implementation, it's easy to want to create more back-end customization with your ERP software. But these change orders alter the scope of your project, often adding significant time and cost. It puts your implementation budget at risk.

Avoid trying to make your new ERP solution to fit your old processes and the functionality that your previous system provided. There's a reason you're implementing a new ERP solution. Often, you need more efficient and streamlined processes.

Whether it's a number of small add-ons that accumulate or one major addition, changing the scope of a project is a major reason for budget overruns. As Panorama Consulting

writes in its ERP report, "When asked why the projects went over budget, 17 percent of respondents indicated that project scope was expanded."

To protect your bottom line, considering working with a provider that offers a fixed-fee implementation based on the scope of the project. Weekly updates that include a status report outlining time spent on the project, variance and scope creep alerts are also essential to ensuring your implementation meets every expectations while staying on budget.

7. ONLY MIGRATE NECESSARY DATA

Data migration is a big piece of any software implementation. More data to migrate leads to more time, costs and reconciliation efforts. Migration is an easy area to accumulate costs and exceed your budget. That's why you must honestly ask yourself what data absolutely has to be migrated.

Limit yourself to a subset of "need to have" data. In many cases, it's unnecessary to migrate all of your data — most of it gets "stale" after 90 days.

Of course, this depends on the type of data. Financial data, for instance, is usually important to migrate. But the more data you're able to leave behind, the more likely you are to stay on budget.

There are many ways to exceed your ERP implementation budget, but upfront planning mitigates those risks. Take these tips and apply them to your ERP software selection and implementation processes. Stick to your plan and you'll greatly increase

the changes of confidently implementing your ERP system on time and on budget.

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