

# Ahead of the pack

What's it like to run a trailblazing ERP system for 10 or more years? Some companies know the answer, reveals Guy Amoroso of 123 Insight

The enterprise applications market has seen enormous changes over the past 10 years. And few enterprise application vendors epitomise those changes more than 123 Insight, an award-winning supplier of ERP, CRM, and aftersales service software to small, medium and large scale manufacturing businesses alike.

If 123 Insight's innovative go-to-market approach seemed radical a decade ago, it's an approach that a growing number of competitors are now eyeing enviously.

Forget high-pressure sales cycles and hefty upfront licencing costs: would-be customers sign up for one of 123 Insight's free evaluation workshops, prove to themselves that 123 Insight will meet their needs by then attending the company's no-obligation training courses, and then simply subscribe on a monthly basis for as many, or few, licences as they need.

It's an approach that certainly raised eyebrows back in 2000, when 123 Insight's founders, each with lengthy experience of 'traditional' MRP and ERP applications, came together to build, from the ground up, a very different kind of enterprise software company, and one that would have a distinctive appeal to its target market of budget-conscious small and medium-sized manufacturers.



Moreover, stresses 123 Insight's managing director Guy Amoroso, it's also an approach which neatly ticks other boxes that are important to its target customers, as well –boxes such as risk, and flexibility.

With traditional ERP solutions, he points out, customers pay a hefty upfront cost in terms of licence purchases and implementation support, and only then find out if the system will actually work as advertised, or if it's the 'fit' for their business that they were told it was.

With 123 Insight's flagship ERP product, 123insight, the sales process ensures that users establish for themselves that the product will work for them, via an intensive 'hands on' six-day no-obligation training course, and can walk away without paying a penny if they decide that 123insight isn't for them.

#### Flexible licencing is a real advantage

And the flexible licencing, adds Amoroso, means that customers pay only for the licences they're actually using at any point in time, quite a saving during a typical implementation, when only a small core team will be needing hands-on access.

Roll it all together, sums up Amoroso, and it perhaps shouldn't be a surprise that over 70% of 123 Insight's customers looked only at 123insight, or that 88% of companies stopped looking after attending an evaluation workshop, or that 99% of those attending no-obligation training subsequently go on to become customers.

Moreover, he adds, it's also clear why so many long-standing 123 Insight still use the system today, despite the extent to which their businesses have grown in size and evolved since first subscribing.

"The advantages of 123insight that are there at the

beginning remain advantages over the longer term," he sums up. "First, 123insight is easily affordable, with no upfront cost and a low monthly subscription fee that includes maintenance.

"Second, there's no fixed-period 'tie in': it really is 'pay as you go', for as long or as little as you like.

"Third, 123insight is suitable for all types of manufacturing businesses and manufacturing business models – make-to-order, build-to-forecast, customise-to-order, bespoke, you name it.

"Fourth, there's no customisation involved: everyone uses the same standard software, making implementation quicker. And fifth, because it's easy to implement and use, there's a rapid ROI."

Even so, one might imagine that a subscription-based sales model would be vulnerable to the same criticism that's applicable to all subscription-based sales models: that over the longer term, customers actually wind up paying more in subscription fees than they would for an outright purchase.

It's fair criticism, concedes Amoroso, although it's criticism that is usually mistaken in the specific context of 123insight. While theoretically valid, he points out, calculations attempting to show that outright purchase is cheaper don't usually succeed in comparing apples with apples, thereby invalidating the whole premise.

"For a start, standard ERP cost comparisons generally miss out all the costs of customisation, report-writing, consultancy and so forth that is usually involved with traditional ERP solutions," he points out. "Plus, with outright purchase, the software you start with is the software you finish with whereas, with 123insight, the underlying software is constantly being improved and developed, adding new features. What's more, because



**The underlying software is constantly improved and developed, adding new features**

123insight isn't modular, accessing new capabilities doesn't involve paying for further modules: your monthly subscription covers the entire solution. So if your business moves into new areas of activity requiring additional ERP capabilities, your existing licence already covers it."

And certainly, customers who have been with 123 Insight over the long term – and there are many – seem very pleased with their relationship with the company, and the capabilities of the 123insight product. Recommendations from existing customers to their suppliers and own customers are the company's main source of new business, says Amoroso, with such word-of-mouth referrals more than compensating for 123 Insight's somewhat relaxed approach to sales and marketing.

Indeed, he adds, 123 Insight has begun re-visiting its case studies of such customers, deliberately re-interviewing customers with a view to teasing out quite how the relationship with 123 Insight has helped their businesses over the long term.

Hull-based Advanced Plastics, for instance, began using 123insight in 2002. Initially serving primarily the automotive industry, it has since diversified into other markets, such as supplying internal and external components for a major boiler manufacturer.

#### A number of performance improvements

In addition to delivering a significant improvement in sales revenues per employee, 123insight is credited with bringing about a number of performance improvements, such as an ability to undertake perpetual inventory counts, rather than period stocktakes. Likewise, tablet computers are now used in the warehouse, providing real-time inventory availability.

And in direct reference to 123 Insight's subscription-based business model, managing director Rob Anderson credits the model with helping Advanced Plastics to keep capital available for investment, not just for machine tool acquisitions, but also for a 2014 move to new premises.

Likewise, Middlesex-based FT Technologies is another satisfied long-standing customer, having begun using 123insight back in 2004. The company has seen a number of operational efficiencies as the business has extended 123insight into areas previously managed with spreadsheets and Access databases. 123insight is also credited with a number of supply chain and purchasing improvements, including a reduction in inventory of over £1 million, coupled to a 33% reduction in order lead times.

"We went from 13 customers 10 years ago to 300 now, and keeping up with that growth wouldn't have been possible without using a system like 123insight," says operations director David Walch. "I think it's very good value for money, and the flexibility that it has offered us has been very useful, certainly as opposed to a larger package, which I had experienced in a previous company, where you spent an awful lot of money upfront." ?



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