Seeing is believing

When it comes to ERP systems, manufacturing SMEs may well be shocked by how little they can get away with paying for so much. Brian Tinham reports

"**i**gnorance is bliss' goes the proverb inadvertently scribed by the 18th Century poet Thomas Gray. Maybe, but today it can also be very dangerous – and so can blind belief in that other less providential but equally apt proverb, 'You get what you pay for'. There are times with software where the latter just ain't true, and you owe it to your company to wise up.

Perhaps the best example I've come across in 30 years covering this industry concerns rented ERP software. Not in this case from an ASP (application service provider), where you pay a monthly fee for a firm to implement and manage packaged ERP software (its choice or sometimes yours) from its data centre over a WAN. That is certainly well worth exploring too, but here I'm talking about something quite different – a company offering its own ERP software for installation on your machines but with no up-front cost, just

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an incredibly low monthly rental.

How incredible? £450 for five users per month, rising to £2,800 for 100 users per month – meaning a sliding scale of just £90 to £28 per user per month. What's more, there are absolutely no strings attached: no minimum contract period; no consultancy required; no service and implementation costs; no support or maintenance costs; and a seriously simple training commitment.

It must be rubbish then, right? Hardly worth the bother of investigation? You just could not be more wrong, and there's a growing band of happy manufacturing users out there – most, but not all, in the UK – who are able and willing to stand up and testify to the astonishing, hassle-free, no hidden extras value for money they're getting. Value that they too simply wouldn't have believed possible before they tried it for themselves.

The software company concerned is Rent-IT Systems, which, following years of patient education and more recently the launch of its entirely self-loading and more powerful 123mrp.Net (which is about as easy to master as falling out of a tree), is finally starting to see uptake –

39% growth last year, taking it to more than 120 customers and around 1,500 licences.

So what about system scope? Well 123mrp.Net is capable of multi-site, multi-currency operations. It covers everything from estimating and quoting to kanban processing, MPS/MRP, capacity planning, barcode-driven shopfloor data capture and batch and serial number traceability. And it handles advanced subcontract operations management and job costing and roll-up. It also integrates with Access Dimensions accounts, again available on bundled monthly rental – not to mention Access CRM and business intelligence. Oh, and you can get web portal-based e-commerce, email-based PDF document exchange, overdues visibility and ViewIT reports and drill-downs.

Very scaleable

Managing director Guy Amoroso says the limits are less technical and more the mindset of manufacturing users. For example, he points to systems already running with 130 concurrent users and with capacity for 250, and says the SQL database has been benchmarked handling 300,000 records. As for MRP, "it's extremely fast." However, he adds: "If companies insist on a single source of supply for everything, we can't help: we can only offer business partners. Also if they don't have a clear definition of their requirements, we don't have sales consultants to hold their hands."

How does Rent IT sell systems then? "We operate through regular evaluation workshops around the UK," says Amoroso. "Potential customers come along free of charge to see what we have on offer for two and a half hours. If they like what they see they can attend one of our courses, which provide three days of user training. Again it's all free unless they like it. Then they complete a direct debit mandate for the licences they want and the training [£950] and walk away with the CD."

There's no installation service, no consultancy and no additional charges: everything is self-installing with Wizards, and after go-live, even the upgrades are automated and free. "95% stay with us and no-one pays a penny till they're completely happy," adds Amoroso. "They're usually live in days or at most a few weeks, and remember, they get the whole system on a CD: there's nothing extra, nothing hidden." A point that users prize highly not least because they're self-sufficient – meaning they can adapt the system to changing business needs with-

out the usual high cost consultants dilemma.

Not convinced? Check this out: Northants-based Codan Rubber, which manufactures and distributes fluid handling systems, had been implementing a high end ERP system (no names to spare the blushes), and had spent £300,000, £180,000 of which was on training and consultancy. Says IT manager Hament Patel: "There were numerous bugs: product costing didn't work and neither did EDI, which impacted heavily on the business as costings were inaccurate."

Different approach

So when one of its key customers, Rover, went under in April 2005, management decided to stop struggling with the system and find another – which is when Patel found 123mrp.Net on a web search. Patel went through the evaluation process described, and initially rented one user licence to test its suitability against the business plan. Within weeks he was implementing the system with 20 user licences, and then 25.

After go-live, general manager Jonathan George says visibility of company information was instantly improved. "For example, the control of stock is completely visible [and] the product structures allow us to see where we are with the costings of each item and process."

He also refers to orders requiring external work: "I was pleased to see that Rent-IT had thought through the need for treatments as opposed to simple subcontract processes: we paid for hours of consultancy on our old system to work out how to handle this but 123mrp.Net had this as standard!"

Still not convinced? Percival Aviation, based in Fareham on two sites and manufacturing interior components for commercial aircraft, has a similar story. This company got close to buying an ERP system costing around £80,000 until the management team went to a 123mrp.Net evaluation workshop.

Neil Percival, managing director, says: "What was immediately apparent was the clarity of BoMs [bills of materials] and routings. Our previous systems missed out entire sections of the manufacturing process. Historically, the problem has been either not enough or too many components stocked as we had no link to a robust BoM that connected to what we were doing on the shop floor.

"Previous stock records were corrupt to the point of having no way to allocate stock to jobs. So stock amounts were out of date almost immediately after a stock take... But in the first four months after implementation we saw at least a 5% improvement in stock levels – and without the stock shortages previously experienced."

Beyond that, its system now allows electronic communication between sites via a VPN, with the shopfloor having live data access – resulting in an 80% reduction in paper processes, saving around £4,000 per year in print costs, according to Percival. And he adds: "Sending and receiving parts to subcon-

tractors also used to be labour intensive and error prone, as it was duplicating information already entered elsewhere. Now that we have a single point of data entry, more effort is put into getting it right first time."

And one of its customers, BAE Aerospace, also reports improvements, now crediting Percival Aviation with 100% due-date performance rating. Says Percival: "Recently, we performed some modifications to five double seats to integrate a new in-flight entertainment system. We had a tight deadline of five weeks... It is probably the only job of any significance that has gone through our factory with zero shortages and zero stock after delivery."

There are many, many comparable stories, but if you're still not convinced, do yourself a favour. Call the company and spend that two and a half hours. You'll wish you'd done it before. ■

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