Online ERP Guide

Everything about online ERP for the small business
v 1.0

Inside you'll find all the basics:

- what's this 'ERP' really?
- why do you need it for your business?
- how do you choose which is best?
- what's cloud ERP and why it's better than traditional ERP?
- what's the difference between open vs. closed cloud ERP?
- the future of ERP

Also – reviews of the main solutions for small and very small businesses…

- megaventory.com
- erply.com
- myerp.com
- brightpearl.com
- erpnext.com

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Introduction

Welcome to the first edition of the online ERP guide!

This e-book is aimed at educating and providing information to small businesses which are interested in understanding what ERP -and in particular online ERP- is. The practical goal of this e-book is to convince small business owners of the benefits they can reap from adopting such a solution for their operations and to help them decide on a vendor.

It is split into two parts – the first part explains the most important and basic aspects of ERP from an introductory point of view. The second part presents five of the most prominent online ERP providers. The information provided is based on the content of http://blog.megaventory.com and as such each section is self-contained. Free to share it with anyone you think might find it useful and can benefit from it.

Hopefully, this e-book can provide you with helpful information and ultimately show you how to make your operations more efficient.

Part I

The basics

What is ERP really?

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So, ERP (or Enterprise Resource Planning), is basically software that manages whatever resources you have available for your business and makes this information available in reports - simple as that. When you're just starting off and you're on your own or with just a few employees, running your company is quite straightforward; even pen and paper will do. *But once business picks up and the customer base increases, you start expanding, hire more people, develop a broader range of products or services, etc, then things start getting complicated.* Complexity can actually escalate pretty quickly and you need to be systematic and thorough to avoid mistakes and taking a loss - or worse.

The most immediate solution that people think of to solve this problem is to use a spreadsheet. Much as it is flexible and popular, a spreadsheet is simply not designed for this type of work and you will very quickly see its shortcomings. It takes a lot of time to do a simple job (especially given the repetitive nature of certain tasks), automation is limited and data entry errors start to become quite common. Also, connecting of the various spreadsheets between them can only go so far and it's generally hard or expensive -or both- to make a spreadsheet talk with the rest of the world. Even if somehow you can manage with the above, keeping all people involved synchronized and the business data updated is hugely impractical.

Since it soon becomes quite a feat to handle everything simply by throwing spreadsheets at it (let alone pen & paper), a number of software solutions have been developed to help businessmen and employees save themselves time and avoid making mistakes. It is these solutions that are the ERP and they come in all shapes and sizes primarily depending on the target business size, complexity and industry. Some are broad and can cover all needs a large corporation might have (including direct monitoring of a factory plant, for example) while others are limited and can support only basic functions - which can still make a huge difference for the small enterprise though. Some are specialized for particular industries while others are generic and can work for many businesses with minimum customization. The field is only a couple of decades old but has evolved considerably both in breadth and width; the literature and experience available out there is immense.

Why do you need ERP for your business?

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So, what can an ERP solution help you with? What problems can it help you solve and what does it allow you to do practically? To begin with, it will allow you to *properly keep your books in order*. Hugely important and something every business needs to address from day one, getting your business financials straight is essential. That includes general budget uses, paying your employees their salaries and covering their benefits, managing your cash and assets, to name a few. Whats more, all this is laid out and organized to include all the best practices and industry and regulation standards - so that you don't have to implement them on your own.

Other than that, ERP can *help with the manufacturing aspect of your business*. Taken in the most broad sense this means the entire process of taking one set of components, using tools or machines and/or labor and turning them into a finished product. ERP can be there for you regardless of whether you're making and selling shoes or microchips. It can handle work order, bill of materials, general inventory management, placement of orders and purchases, supplier interaction and many other things along those lines.

Core business aside, ERP can *greatly simplify interaction with the customers and improve the sales process*, including marketing, promotion, following up and processing leads etc, In addition to this, it can do that seamlessly either on the retail/B2C level (end users) or on the B2B level (affiliates, suppliers etc). At the same time ERP makes it easy to *understand what's going on in your company* - what's collectively called Business Intelligence- by allowing you to create reports, enable alerts and perform simple or complex data mining. It can let you assign metrics to actions and assets and to generally be able to better judge what works well and what doesn't, which could be a hugely important advantage for your business.

So, having this advanced level of organization is definitely crucial - but how does one select which solution is best for them? Again there is considerable literature on the subject out there but we'll give our version in the next section.

What's cloud ERP and why it's better than traditional ERP? (1/2)

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Once you're in the market for an ERP solution for your business sooner or later you're going to have to choose whether to have one installed in your offices or whether to use the more modern subscription based Software-as-a-Service (or 'in the cloud') approach.

The *traditional solution* means finding and approaching vendors who'll make you an offer in order to install and customise their desktop based (mostly PC-based) solution for your particular business needs - usually charging per user or installation plus monthly or yearly support fees. Once there, you'd have to devote (your or your employees') time to learn the new way of handling things and later spend more for maintenance and extensions to it. You do keep the significant advantage that all your data and its handling is in your hands instead of an external party. However, that may also become a disadvantage: you're the only one responsible if something goes wrong or you have to call external help to handle it.

The past couple of years the tables have turned and it's much easier, more flexible, cheaper and generally more efficient to allow your business to benefit from improved organisation. These days the *sensible thing to do is to look for a cloud-based ERP solution*. This practically means that you don't install anything in any of your company's computers but rather you buy a subscription-based license to run an already installed package running securely somewhere on the internet. Moreover, the software runs from any web-browser so you can even access it from your smartphone or tablet device.

Without going into too much technical detail though, it most importantly means that *somebody else takes care of pretty much everything non-core*. All the installation, customisation and maintenance troubles go away which is a huge gain as it allows the employees to focus on work itself and not the tools. And - assuming your cloud ERP vendor has built an intuitive and quick to learn system, all you have to do is just choose a vendor and import the company's data (also a largely automated process).

What's cloud ERP and why it's better than traditional ERP? (2/2)

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Overall cost is much lower this way and you get 'for free' what is complicated and expensive in the traditional method: the capability to use the ERP regardless of your physical location. So if your business has a number of venues spread across the country or countries, e.g. a number of shops with separate warehouse locations, you can benefit from a cloud based ERP for a fraction of the cost you would need with the traditional approach.

How would you choose ERP for your business? (1/3)

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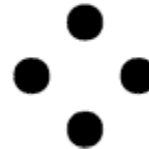PO Box 170436 Austin

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Having asked 'What is ERP' and having shown what it can do, the question that comes naturally is how to select *which solution is right for my small business or organization*. The options are numerous and there is in fact an entire business ecosystem around this specific question (consultants, resellers and companies that help you decide and/or implement the solution for you). It's a huge subject but we'll try to cover the basis to get you started. Regardless of the specific nature of your small business, there are a number of criteria that you need to consider and apply in pretty much all cases. So here's what you should take into account as a small business owner.

Features: Obviously whatever you choose *needs to cover the basic aspects of your business requirements*. Your choice will be different if you want to make your inventory management more efficient compared to handling better your customers and sales leads - or if you want to improve how you work on both fields. It is important to *prioritise your goals* as most of the best solutions out there -targeted to small and middle size business- also focus on doing one or two things well. So, the feature set they offer should match your goals as closely as possible. Note that having more features than needed might sound like a good thing to have but, in reality, it adds unnecessary complexity and increases the learning curve which means that it drives hidden costs higher.

Data visualization & export: Can your ERP generate a printable report of all interactions with customers, suppliers, affiliates etc.? How about aggregate data graphs or end of month/year reports? What level of detail can the ERP provide in how your business works? Again, *simplicity but also completeness in data visualization is key to understanding your business with a snapshot*. Can you easily share this information among employees? Also, if you decide to change systems in the future is your information locked in the current ERP?

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Usability: Perhaps a make-or-break aspect is *how easy it is to understand how the software works in a glance*. Do you and your employees have to undergo lengthy training to learn and change the way they work? Or is the solution so well designed that you'll hardly ever need a manual? The abundance of solutions out there makes this particular criterion potentially the decisive factor: The ERP with the shallower learning curve usually prevails over the ERP with the most features. This is true especially in very small businesses.

Security: You're trusting your crucial business data somewhere that at least initially feels foreign and you should be sure that *proper encryption and security measures are in place* where necessary. At the same time, security should be as much as needed, it shouldn't get in the way of usability and you should 'buy' to the extent that you need it (e.g. there's more reason for it if you know that in the past a competitor has been after your data)

Data import: It's important to consider - especially if your business has been running for a few years now - how and to what extent *will you be able to import your existing information into the new system*. This is a function of what format your data are in currently, how well organized and easy to process are and to what extent you'll need to manually edit in order to be able to start to actually work with them.

Maintenance: Once the system is in place, it's not the end of the story. You will not to consider who and how much it will cost to maintain it and in what way it can be upgraded to include further features or needs that will arise in the future. Also, consider hardware equipment and additional licenses you might need as well as what the backup scheme in case of disaster. Hosted or *Software-as-a Service solutions usually offer this out of the box* so small business owners do not have to deal with upgrades, maintenance and installations. All is needed in the latter case is a web-browser and a good Internet connection.

How would you choose ERP for your business? (3/3)

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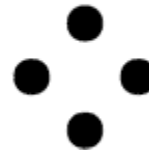PO Box 170436 Austin

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<u>Miscellaneous</u>**:** Apart from the above points there are *a number of other details* that are easy to forget but can hugely limit your solution if left unchecked. Most likely the system needs to support multiple currencies (e.g. in its reports) or have product tracking capabilities. Furthermore, there might be industry- or business-specific individual needs that must be covered in your particular case. Finally, government or institutions might require that certain regulations are met and a system that doesn't support them is of little use.

<u>Cost</u>**:** Of course, once you have an idea of what you're after, then comes the issue of what it costs both to begin with but also in the long run. Usually the core spend is a function of the users (or machines) the software will be installed for but other costs may also be involved.

Part II

The main solutions

So far we have covered the business software basics and we can now see how some online ERP software stack up against those criteria. That should help you decide which solution is the right tool for your business or organization

For the sake of argument let's assume you run an imaginary company, MegaComp Corporation, a 9-employee company in the apparel industry spread in 4 locations within North America with worldwide operations. Your MegaComp Corporation has not been around that long but it's enough to start feeling the pain of holding it all together using Excel or Google Docs. As such, you are on the market for a solution to organize your business primarily in terms of inventory & order management.

megaventory.com – the no-hassle SaaS ERP (1/2)

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Features: Megaventory lies in the sweet spot between features and usability. It is not SAP, Oracle or Netsuite both in terms of features and complexity. Large ERP are designed to cover large enterprises with hundreds of different operations. A small businesses has completely different needs: it needs a set of features to run MegaComp Corporation effectively but not such a heavy set that will distract the users from getting the job done. The features should primarily aim at tracking the flow of inventory and the changes from sales and purchases. All interactions between MegaComp Corporation and your clients and suppliers should be handled and logged in a simple and easy manner. At the same time, a good reporting tool will give insights about which products sell best or worst, their availability and total inventory value - to name just a few of the figures you, as a manager, might need.

Data visualisation & export: Megaventory provides a pleasant and helpful platform where you and your employees can easily understand and follow through on what's going on in the company at any given time. Obviously, the data should also be easily exportable in all common formats for use outside the application, for example by collaborators.

Usability: Megaventory has put a lot of effort to keep the learning curve of the software at minimum. This is achieved with a design that is simple and subtle so that it doesn't get in the way. Explanatory diagrams are important in the layout and bring to life what's going on when someone performs an action. Online help tips provide on the spot clarifications eliminating almost any need to contact support. The initial set-up tutorial of megaventory is self descriptive and -at the same time- explain the basic functionalities of the software. However, we've found that the dashboard needs some significant improvements to arrive in the standards of the the competition.

Security: The industry standard is present in megaventory.com with 128-bit encryption being used for login and data transfers while daily & weekly server backups provide insurance against disaster. All in all, megaventory addresses most concerns a small business owner might have for his business data.

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Data import: The usual approach of uploading a CSV with the various company data is available while megaventory also offers spreadsheet templates which make data import as effortless and fast as humanly possible.

Maintenance: Since megaventory.com works purely on the cloud it takes all of your maintenance worries off your mind since everything is handled in the background - including hardware and software upgrades, repairs and backups. Other than that, there is email support for those rare times that something does go wrong or needs clarifying – and of course megaventory's staff is available on the company's blog and Twitter account!

Miscellaneous: Megaventory gets extra points for supporting partial shipping and receiving of sales and purchases. Full activity logs per sale or purchase makes tracking of errors an easy task. It is also worth mentioning that megaventory supports 8 languages other than English and can be seamlessly used from a tablet platform such as an iPad.

Cost: Pricing is probably the sweetest asset of megaventory.com with starting packages going for as little as USD29/month for 5 users & 5 locations making it ideal for your MegaComp or any other small and medium business. That is as low as 6 dollars per user per month. You simply cannot get a better deal than that.

Megaventory scores high in all major points! It offers a feature-set that covers most needs of a typical multi-location small business while at the same time enabling a super rapid adoption due to the expertly designed user interface.

ERPLY

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Another business software candidate for a suitable platform for the example company MegaComp, a business with 4 locations and 9 employees in the apparel industry described in the previous section is **ERPLY** at erply.com.

Features: Simply logging into the service it's clear that ERPLY is a feature-rich service which can cover Point of Sale (PoS), CRM, quoting, invoicing, making payments and purchases, handling inventory. Adding all these modules in a single interface surely needs a bit of effort which has not been done in ERPLY's case; the result is somewhat crammed and counter-intuitive. The capability to have an integrated POS (Point Of Sale) interface with just a click of the button is definitely a big plus for MegaComp and something we feel has been a huge driving force for ERPLY's adoption and hype.

Data visualisation & export: Reporting is another section where it does well if you're interested in having every possible feature available for MegaComp. However, the resulting output is -as far as we could see- entirely unstyled for our taste and simply lays out the data - one would expect something just a bit more fancy. Talking about data, the ability to import your business email in the platform makes for an important step towards integrating everything at a single point - definitely a step in the right direction.

Usability: We've found the interface overwhelming and hard to navigate. The design should help make sense of the numerous features but it ends up being simply like a spreadsheet with a few cells removed for clarity. On-site help and/or tutorials could have made a difference but they're not there. On the other hand, the recently launched credit card reader for the iPad POS version takes the service and this particular user scenario to a whole new different level of quality.

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Security: Security and backup is something ERPLY takes seriously by owning various servers across the world under specific protocol and surveillance. The various levels of security covering issues from credit card information storage to customer data being accessed only via ssh and https protocols are more than enough to relax even the most paranoid businessman - although there probably aren't that many of those in the small and medium business tier (or if there are, their number is decreasing).

Data import: The data seem to be importable by the regular CSV method; we had to verify that by a Google search instead of seeing an option somewhere on the interface. We should also mention of course that ERPLY integrates with established e-commerce platforms (e.g Magento, Opencart, etc) which makes it very appealing if you've already invested in them or you are looking for alternative sales channels.

Maintenance: Support-wise there are adequate options in the shape of email, phone and a (rather sparsely populated) zendesk installation. As usual though, having a dedicated team protecting your data and handling all the platform maintenance issues (instead of you managing servers, software etc) removes a huge worry off your mind - especially when backed by a professional solution like erply.

Miscellaneous: We were pleasantly surprised by the fact that erply.com supports multiple languages and is partly localized to even include Greek company types in its categorization – although we're not sure erply.com is as impressive in other languages. We bet that the extensive localization lies on the fact that ERPLY started in Estonia and the founders understand that there is a significant non-english speaking market for ERP SaaS offerings. Also, the capability to work offline is another serious plus especially if you want to take the POS module in an expo or generally in the field.

ERPLY

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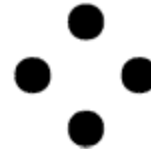
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Cost: MegaComp -a 9 employee and 4 locations company- would have to pay 225USD/mo. That can be too much if the business is basically only now starting. On the other hand, the single location, 2 user version works with 50K product codes for 70USD/mo - a quite good value for money option.

In short, ERPLY is a feature-rich, very decent solution. One might say it is too rich in features and focuses less in the usability; its user interface is counter intuitive for the average employee who wants to get the job done instead of getting lost in the tool. If you are specifically looking for a POS software, then you should definitely consider it. But even if the POS is not your basic criterion, erply.com is a major player in the market and should be given serious thought.

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Next on the list of online ERP providers for small and medium businesses is myERP.com - always with an eye to cover the needs of your fictional MegaComp.

Features: Following the very positive and minimal first impression of myERP, you can see from the main menu that it address many of the most common everyday issues of a small business. From project management/time logging to CRM and from product/service to vendor management it has split all its tasks to intuitive commands allowing easy creation and viewing of business data. myERP also allows tracking of the company's financials as well as report creation (P&L, Ledger, Balance, etc). On the cons, there is no manufacturing module.

Data visualisation & export: Visualisation is simple and effective: pretty much everything is either in table or form format, inviting the user to familiarize themselves quickly - also to bore themselves a bit too. Export capabilities include the usual CSV and aesthetically laid out PDF files - always a plus to grab straight from the printer without embarrassing yourself to a collaborator. Also, the myERP API is still in development at the time of writing.

Usability: The most notable feature of myERP is its minimalism and its innovative interface which on the one hand resembles the Google homepage and on the other invites you to type natural language commands. This is impressive and appealing in the beginning but at the end of the day you keep using the main menu and the search bar kind of gets in the way of navigation. Although no help tips or a tutorial is available within myERP there is a separate community site dedicated on handling issues that may arise.

Security: Your data in myERP is as reasonably secure as you'd expect. It supports the expected encrypted user authentication and database isolation and also the databases are backed up daily in Amazon S3. In general, myERP offers the levels of security, certification and redundancy offered by Amazon and its AWS given the entire infrastructure is on Amazon.

Data import: Nothing extraordinary or innovative here but the expected method of CSV, while also Quickbooks importing is also supported. It is however worth mentioning that there is some amount of integration with Google Apps if you already keep customer and supplier data there.

Maintenance: As mentioned, there is a medium-size community built around myERP with this and a blog being the primary method of support for any issues that arise. This should be adequate given that most of the problems that one might have with a traditional ERP are handled internally in the case of the Software as a Service myERP. For all other cases, themyERP staff should be standing by.

Miscellaneous: Preset options in many of the fields indicate that myERP taps on the industry's experience in operations and can probably save you from some trial and error if you're not from a relevant background. Our data integrity testing was not fully successful though; the gross profit report figures were not correctly updated after the deletion of some items in a document. That can be a quite serious glitch in the system.

Cost: Being free for two users and with any additional users meaning 29 USD per month per user, it's quite a good bargain - especially given that you can experience the full suite of features before signing up even for a trial account. For MegaComp however, a 9-employee company, that would cost 203 USD per month so it can get quite expensive as users add up. The fact however that myERP is location agnostic helps in keeping costs down.

Overall, myERP is a solution to definitely consider. With a few tens of thousands of users from a 100+ countries and USD 4M raised there is bound to be a level of quality behind it. Polished as it may be though, we find the interface too bold for our preferences and would prefer a more traditional optional alternative. Unless of course myERP is preparing a voice operated version in which case we'll wait for that...

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Brightpearl is an online ERP and inventory management provider which could cover many of the needs of a small or medium business, much like MegaComp.

Features: Brightpearl will be able to cover a wide range of functionality for MegaComp and to varying degrees. Accounting, contacts and customer support (all falling under a broad CRM suite of products), inventory management, point of sale (POS), quotes and invoicing all are included in the offering. At the same time reporting is provided for all those features and to top it all off, if MegaComp has been left without an e-shop (or needs to update to a more modern or quick and dirty solution) Brightpearl can even provide a e-commerce solution. That has considerable customization capabilities which however are no match for its other operations.

Data visualisation & export: In terms of reporting and presenting the data, Brightpearl despite its heavy feature set is simply decent with definite room for improvement. In fact, data visualization is a point most providers we've used are found to be lacking. The majority of online ERP providers simply dumps the information in a printout without putting the effort to create something more pleasant or exciting - and Brightpearl is no exception. To be fair, that is a minor point given the rest of the features and as long as the basic export capability (CSV, PDF, print) is there, we shouldn't complain.

Usability: The very large number of features, modules and sub-modules in Brightpearl makes for a daunting task to organize its capabilities in a way that makes sense. And although the team has put in a brave effort a by-product of trying to do everything is that your MegaComp employees will have to spend some time to learn the service and get basic stuff done. To Brightpear's defense, they have all the nice ideas (help tips while working, quick tutorials when first logging in and clever color coding) but the sheer amount of information to be processed can be overwhelming.

brightpearl.com – the all round SaaS ERP (2/3)

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Security: Brightpearl is built on Amazon Web Services - something which alone provides a minimum of security and quality in its services. The usual characteristics apply: SSL encrypted connection, a dedicated database per client and each accessible through certain IP addresses. User permissions are granulated enough for each employee to only have access to what they need to know and backups take place nightly - but only go back 7 days.

Data import: Importing your information from one or more established platforms is something that is lacking in Brightpearl, contrary to what you'd expect from such a complete service. They do offer the usual methods though (CVS, VCF, Outlook) and then some (Sage, MYOB). The strongest feature of Brightpearl when it comes to importing though is that once you have imported your products they are also easily available in the integrated e-commerce platform it offers.

Maintenance: A number of ways to solve your problems exist - a dedicated support portal, video tutorials, a telephone line and a blog are all channels of keeping in touch with their customers. Furthermore, they offer consulting and training courses for those inclined and we have to admit we were pleasantly surprised with their follow up call when we signed up for a trial account. Their email 'course' they send on regular intervals once you've signed up is also helpful.

Miscellaneous: A number of other complementary issues are there to make the experience better, such as integration with Mailchimp for your email campaigns, a POS solution if your business requires it and an API for more advanced users of Brightpearl and even SMS messaging.

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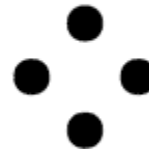PO Box 170436 Austin

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Cost: Pricing is somewhat complicated - as you'd expect from so many features - but if you want inventory management for MegaComp, and five terminals (Brightpearl charges for *concurrent* users not just for separate accounts) the price tag will be USD199,00 per month plus USD120,00 if you want them to do your e-commerce. Not a small amount of money for a beginning company - but there's always the alternative of packages without inventory management starting from USD59,00 per month. We've found this whole pricing per concurrent users too confusing; It does not help in minimizing costs as we believe it's impractical for employees to have to cooperate to minimize concurrency - MegaComp will have to buy all white collar staff an account.

Brightpearl is an important player in the industry and a solution to consider. Special attention should also be given to whether the many features it offers are all necessary (as they increase complexity, extend and steepen the learning curve) and whether the corresponding cost makes sense. A company realistically expecting to rapidly grow will probably need the power but for a smaller shop with linear expected growth it's probably an overkill.

erpnext.com – the open source ERP (1/3)

The last of the best and most popular online ERP vendors for our imaginary MegaComp company of 9 employees and 4 locations is erpnext.com.

Features: Quite feature-rich itself, erpnext offers a lot of services a business may need and it is clear the focus is on the business instead of a particular set of functions - we're not sure whether that lack of 'doing one thing well' is a good thing though. In particular, they can help with accounting, sales and purchases and inventory management but also throw equal weight on human resources, project management, even manufacturing. They also offer a bit or CRM focusing on after-sales and of course business analytics and reporting. A wide range of functions to be sure.

Data visualisation & export: erpnext is quite versatile when it comes to manipulating data in order to extract some conclusions regarding your business - it essentially allows you to create SQL queries just by filling in appropriate fields allowing for considerably detailed reports. Data are then exportable in CSV and HTM format - nice and simple with no frills. Employees are then left to their own devices to create a graph or a chart for presentation purposes - although the dashboard does offer a somewhat better visualisation.

Usability: Given the wealth of features erpnext struggles a bit to fill most of the information in a couple of drop down menus. Each menu item leads to a number of tasks an employee might need and the corresponding reports for that menu item while on the sidebar further tools provide additional functionality per menu item. That may seem concise but given the amount of menu items the information an employee has to master quickly adds up - and you're probably better off with a seminar of sorts for a group of 9 employees to become adequately familiar with erpnext. Lack of (or minimal) on-site help (hover panels, tips, etc) does not alleviate this.

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Security: erpnext is deliberately secretive regarding their security measures but we've seen things we like regarding the issue - such as the email informing their clients whenever engineers have to access their data and the NDA erpnext staff signs. Other than that, regular Amazon S3 multiple backups are there as expected, granulated permissions for your employees, multiple encryption layers and last but not least the fact that their entire code base is open source, in theory at least, provides an additional level of overall quality.

Data import: Although not very intuitive to find the standard data input via CSV is available with a number of parameterizations that should be able to make the first dip in erpnext easier to manage. Other than that, there are no pleasant surprises to be found here such as integration with existing platforms or other file formats - but erpnext can't be blamed for simply following the industry standard, or can it? The fact that the platform is open source though means it is also expandable to accommodate such features if any of your employees are technically capable and can be spared to develop a plugin (or if you can afford to outsource it).

Maintenance: A number of channels exist for supporting once you've chosen erpnext. From phone to live chat and from community discussion boards (both user and developer) to a manual (or should we say.. blog) there are probable ways for your employees to relatively directly address any issues that may arise. The open source community behind it is probably the best characteristic on this front and something that competitors should envy.

Miscellaneous: The open source nature of erpnext is probably the most striking feature along perhaps with the cost - see below. Although we couldn't find any data on usage the site itself admits to ~50 companies using the platform for their operations which is nice for a start - presumably this doesn't include independent downloads and installations.

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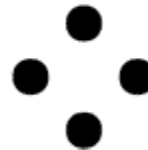PO Box 170436 Austin

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Cost: The pricing is very straightforward for erpnext.com and very cheap too: at just 7 USD per user per month - that's probably the killer feature of this solution. Although to properly understand the value of the price tag you really have to take the service for a spin for some time, you'd think it'd be hard to find something cheaper in the industry. For the case of MegaComp erpnext would cost USD63,00/month.

Overall, erpnext offers a lot of bang for the buck and can be one of the best options out there provided it fits your requirements and your standards. The expandability that comes together with the openness is a huge asset as well as is the fact that you can download an install your own implementation of erpnext in an environment you fully control.

Part III

A Glimpse In The Future

The future of ERP (1/3)

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Let's take a look at how the ERP industry will shape itself in the coming months and years. How will the *pricing* industry standards evolve? What *characteristics* will business software have in the next iterations vendors start offering in 2012 and onwards? Will there be *any radical changes* in an industry that innovation is not the first thing it's associated with? And, most importantly *will ERP ever be fun* to use?

ERP will be cheap, even free.

Traditional desktop based ERP has always been extremely expensive software. There is no good logic behind that but it all starts because the cost of failing to deliver can be much, much worse.

It goes into the psychology of the 'you get what you pay for' so, if you were a manager you wouldn't run a billion dollar company with a software that costs a few hundred dollars would you? And, if you are about to pay millions for a piece of software you might as well ask the software vendor for any customization that comes to your mind.

No matter how crazy the demands, the vendor's sales people always say yes and then, one thing is for sure: those customizations make the software more complex and difficult to work with. Your employees will complain and fail using it, the ERP will fail to deliver and the manager will run back to the vendor to buy some expensive after sales support. This deadlock process was -and still is- feeding dollars to huge companies such as Oracle and SAP. This IS their business model. This IS changing.

Business software such as ERP is getting "consumerized".

What does that mean? In a few words, it means that the software is getting simplified both in terms of user interface and operational complexity so that it can be used out-of-the-box without any training whatsoever by non-experts.

The future of ERP (2/3)

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Social:

This trend was set by web 2.0 pioneers such as (37 signals) and ingenious -consumer driven- hardware such as the iPhone or the iPad from Apple. Facebook has also helped by getting online software into nearly every home on the planet so people became subconsciously familiar with the Software-as-a-Service (SaaS) concept.

Fewer and fewer pay thousands to buy complicated software that needs dedicated servers, runs on the desktop and requires 6 months of training to get things rolling; the SaaS model with its zero hardware requirement and online support communities will continue to push prices down.

How low can the prices get? They can get even down to a zero cost from those cloud ERP vendors that will be able to offer "freemium" plans. However, not all vendors will afford to offer a free -limited feature- plan to their user base.

The "consumerization" of business software means that the software will also work better on consumer devices (hardware). The concept of a bulky computer running heavy software is dying with the rise of the cloud-based ERP.

What we will see in the coming years is a transition to using ERP in hardware devices that are otherwise designed for the consumer. The iPhone/iPad or any mobile/tablet device for that matter, will be the ideal device for transforming physical business operations into bits and bytes. Point of Sales systems (such as the one offered by ERPLY.com which is covered in this e-book) is one great example of that trend.

ERP will be social.

Yes, I know everyone is talking about this but, the truth is, no-one has really implemented that feature as of yet. Yammer is on its way of doing a great job by building a social communication platform that can integrate data coming from multiple business software on a single feed/timeline.

The future of ERP (3/3)

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Social:

This is the beginning of a whole new concept in business; social entities will not just be confined to communication messages but operational information will get their place in the social feed/timeline. Manufacturing processes, sales events, inventory alerts, EDI (electronic data interchange) alerts etc can get a social substance and be distributed to the correct people inside, or even outside, the organization. This social trend can get *really* interesting when a user -or a group of users- will be able to *act on intra/inter-organization operational information from their social feed/timeline.*

Imagine for example that, as a user, you maintain a 'friend' status with your supplier so you get to receive -in your social feed- all those actions of your supplier that are related to your company. So, the moment that your supplier invoices you, you receive that invoice information in your social feed/timeline and you click to see and verify the correctness of the invoice. Then, when goods physically arrive, you click to log this invoice in your sales software to receive the invoiced items in your warehouse automatically. It is an EDI system on steroids!

Adding operational info in one's organization social feed/timeline will bring collaboration to a whole new level introducing significant improvements both in terms of optimizing processes and minimizing mistakes due to miscommunication.

ERP will be fun to use.

Business software makers have already began looking into concepts that exist for years in the gaming industry. By implementing user interfaces that dynamically interact with their users to offer virtual rewards under certain condition (for example if specific key performance indicators are met), the otherwise boring business software can instantly get more interesting and fun to use. If users are happy using a software, their productivity will increase as well.

So, what is the future of ERP? Couple the gamification concept with easy-to-use consumer devices and a social software infrastructure and you will get an idea how business software is going to look in the next years!

About

Megaventory.com is the intuitive and feature-rich online ERP already successfully being used by a large number of small businesses around the world!

Megaventory.com is ideal for managing and making the most of your inventory, your sales and purchase orders, your manufacturing needs, your reports, making sense of your business indicators and generally handling most of the everyday issues your business depends on.

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