



Distribution One White Paper

Leaving Your Legacy System

5 Reasons to Upgrade

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Abstract

“If it’s not broke, don’t fix it” doesn’t really apply to legacy software. Consider the irony of implementing software to address a distribution problem but then not keep that software up to date which, in turn, leads to more problems. With that in mind, let’s explore the **5 Reasons to Upgrade Legacy Software**.

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5 Reasons to Upgrade

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Executive Summary

“If it’s not broke, don’t fix it” may be a good general rule for cars or appliances, but this mindset certainly doesn’t apply to legacy software. Consider the irony of implementing software to address a distribution problem but then not keep that software up to date which, in turn, leads to more problems. Slow processing, out-of-date features, weak security: why settle for substandard software when your company’s success is on the line?

The main reason for implementing ERP software is for improvements like enhancing employee productivity, simplifying data access, reducing costs, etc. The goal is to keep moving forward, not take a step back. With that in mind, we’re exploring the **5 Reasons to Upgrade Legacy Software**:

- Expanded Deployment Options
- Return on Investment
- Streamlined Implementation Timetable
- Scalable to Company Growth
- New Features

Upgrade Reason 1: Expanded Deployment Options

Software deployment includes all the activities and procedures that make software available for use. In ERP, the categories for modern deployment generally come in three flavors: On-Premise, SaaS, and Cloud ERP. Because the type of deployment drives so many factors throughout implementation, it's important to understand the benefits and considerations of each option.

In addition to the standard On-Premise model, distributors can opt for ERP software deployed via the Cloud on a SaaS basis. Compared to On-Premise, Cloud-based distribution software provides a lower initial investment compared while delivering expanded software access and data security. Cloud-hosted ERP also reduces the burden of maintaining on-site ERP servers.

Cloud ERP deployment is red hot. With growth of market revenue of \$18.52 billion in 2016 to a forecasted estimate of \$29.84 billion by 2021¹, distributors are making educated decisions involving Cloud versus On-Premise ERP deployment. Due to innovations within ERP deployment, distributors are able to manage expectations and compare apples to apples when it comes to crucial topics like security, server and IT management costs, and data access measured against the total software investment and the basic question of ROI (Return on Investment).

(1) Cloud ERP Market: Global Forecast until 2021, December 2016
www.reportlinker.com/p05586855/Cloud-ERP-Market-by-Component-Function-Deployment-Mode-Organization-Size-Vertical-And-Region-Global-Forecast-to.html

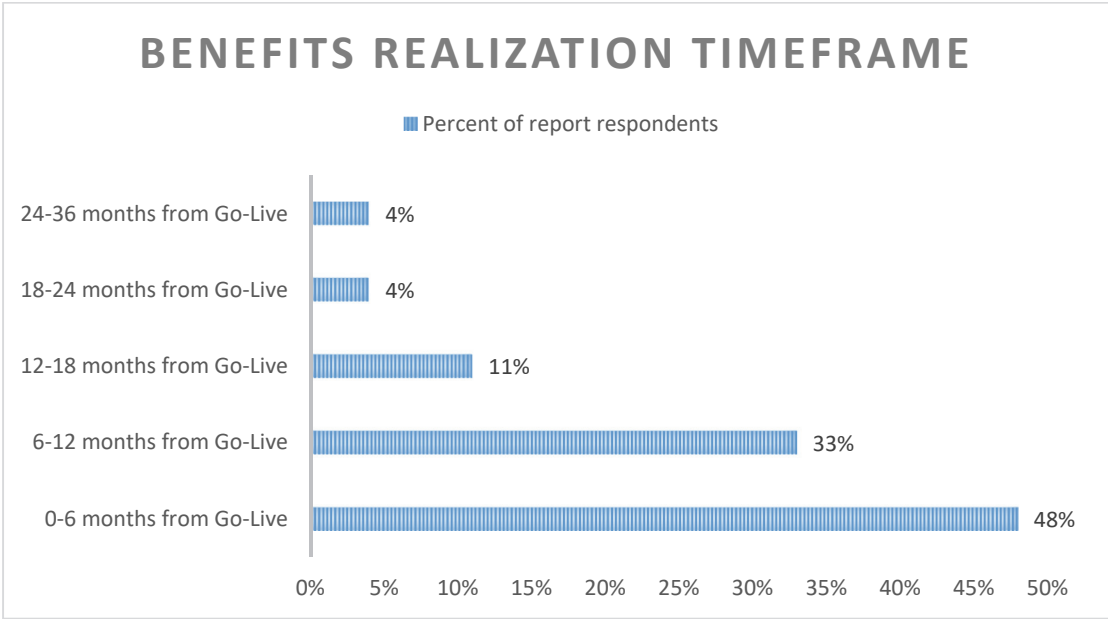
Upgrade Reason 2: Return on Investment

One of the biggest differences between Cloud ERP and On-Premise deployment involves upfront investment. Compared to On-Premise deployment, Cloud ERP provides the fastest path to implementation while avoiding the need of managing physical on-site ERP servers with dedicated IT support. A 2017 report by Nucleus Research¹ found that Cloud ERP customers experience 43% faster ROI while expending 50% less on personnel. Additionally, Cloud customers spend one-fifth as much on consulting compared to On-Premise customers.

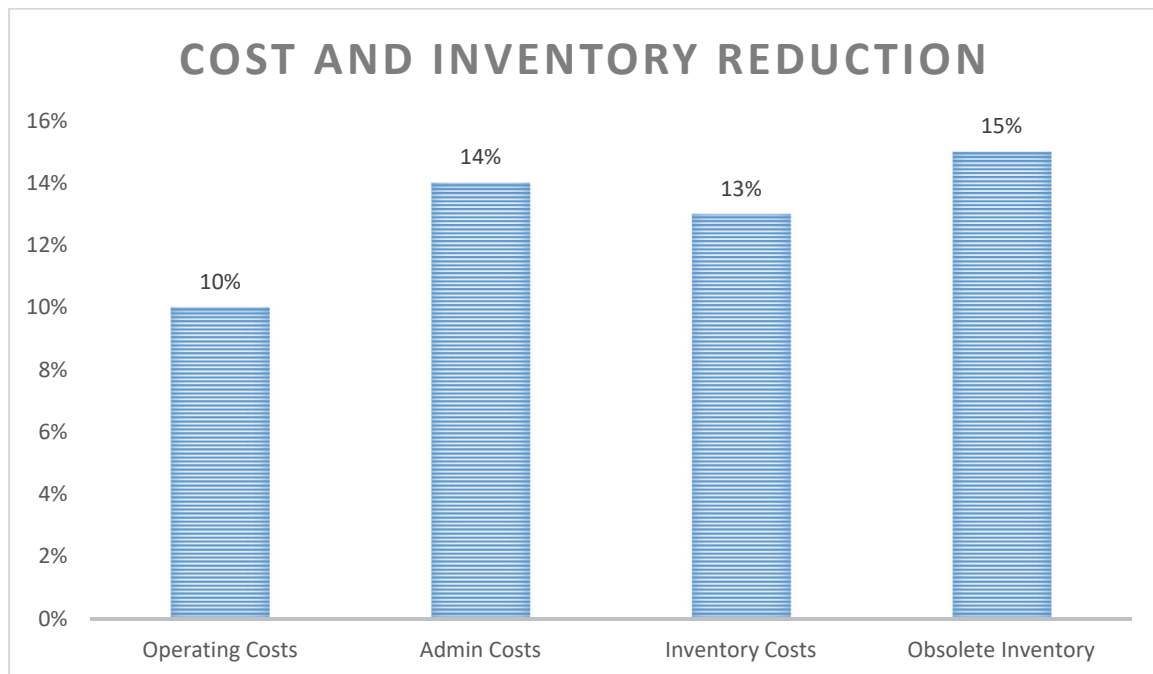
Why? Because the primary responsibilities of keeping the servers running, software updated, and data secure are handled by the Cloud vendor and not the individual distributor. By implementing Cloud ERP, distributors have the benefit of paying a fixed monthly management subscription instead of the large upfront capital outlay required with On-Premise deployment. These savings allow companies to allocate funds toward other key company initiatives like acquisitional expansion, growing the workforce, or any of the other hundred items on the budgetary wish list.

Furthermore, a second Cloud ERP report² found that the ROI of Cloud deployments relative to On-Premise ones in the last 2 years has increased by more than 50%. “Today, Cloud deployments deliver 3.2 times the ROI of On-Premise ones.”

The biggest question surrounding ROI involves the benefit realization timeframe. A 2017 ERP Report³ shared that “48% of respondents realized business benefits within six months of go-live,” a 13% increase over 2016.



These numbers, however, tell part of the story. Research by Mint Jutras highlighted the “Cost and Inventory Reduction Since Implementing ERP⁴”.



These results demonstrate the powerful relationship between ERP and inventory cost savings. As a basic example, consider a mid-size distributor carrying one million dollars of inventory. Using the information from the graph, a 13% reduction in inventory saves \$130,000. Certainly, this is the kind of result every distributor would welcome.

- (1) Nucleus Research: Cloud ERP Gets 43% Faster Payback, June 2016
https://www.siglobal.com/share/4882_1_Nucleus-research-June-2016---Cloud-ERP-gets-43-percent-faster-payback.pdf
- (2) Nucleus Research: Cloud Now Delivers 3.2 Times More ROI, December 2017
www.oracle.com/a/ocom/docs/dc/cloud-delivers-three-times-more-roi-4415981.pdf
- (3) Panorama Consulting Solutions: 2017 ERP Report, July 2017
www.panorama-consulting.com/wp-content/uploads/2017/07/2017-ERP-Report.pdf
- (4) Mint Jutras: The Cost of Doing Nothing in Wholesale Distribution, November 2017
oasisky.com/wp-content/uploads/2017/11/report-mint-jutras-wholesale-distribution-cost-of-doing-nothing.pdf

Upgrade Reason 3: Streamlined Implementation Timetable

Companies that rely on legacy software become unintentional prisoners of time. Legacy software operates in a perpetual stagnant state locking a company in outdated processes. This forces companies to rely upon a patchwork of expensive 3rd party customizations to utilize newer technologies like E-commerce, mobile applications, shipping integrations, etc.

Not only does this method force employees to toil away within the confines of outdated systems, but it also keeps alive the memories of any issues or frustrations faced during the original implementation process. Modern ERP, fortunately, has continued to evolve.

In the past five years of innovation, ERP providers have enhanced the software to deliver a more user-friendly, interconnected, and feature-rich experience. Furthermore, the process of implementing modern ERP has been redesigned as well.

At the start, an experienced software vendor must provide a skilled project manager who will work with the customer to build a detailed roadmap that includes assigned tasks, weekly milestones, continual communication, and process training. Completing such meticulous planning goals ensures that any production interruptions will be kept within the planned minimum. This careful planning also keeps the project on track budgetarily. With such concerns alleviated, distributors can focus on incorporating the broader ERP process functionality that their legacy system lacked.

The benefits of implementing new technology cannot be overstated. In the age of mobile point-and-click ordering and 2-day deliveries, customers expect differentiators. Distributors need to demonstrate competitive pricing, item availability, and rapid fulfillment all without error. Companies running legacy software to save money now end up losing the long game to competitors utilizing newer ERP solutions that deliver more functionality and higher efficiency at lower operational costs.

Upgrade Reason 4: Scalable to Company Growth

One of the biggest limitations of legacy software is that it doesn't adequately keep pace with company growth. Scalability in ERP software is the capability of a system to process an increasing amount of distribution data while keeping pace with the demands of new users. Being scalable is crucial given that ERP helps a company generate growth through lower operational costs and maximized employee productivity.

Unfortunately, software scalability isn't a characteristic on which companies initially focus because the need for scalability isn't apparent on Day 1. Why? After go-live, the primary attention of a business is building software proficiency to streamline operations company-wide. Improved data access and accuracy drives a company's ability to weed out wasteful spending and manual processes, provide competitive pricing, generate increased orders, and turnover products more quickly.

Ironically, the best way for companies to understand scalability is to experience the limitations of legacy software. Slow processing speeds, spotty application interconnectivity, expensive 3rd party system workarounds, the inability to integrate modern tools like wireless warehousing and analytic dashboards, etc.—these are the biggest impactors to growth moving forward.

Successful scalability originates from interconnected applications of modern ERP. Solutions that employ separate CRMs, inventory systems, and those that rely on simple spreadsheets are at a distinct disadvantage as a business grows. If data cannot flow smoothly across departments, bottlenecks form which have direct impacts on productivity, inventory amounts, turnaround times, and profitability.

Having 100 or 1000 customers should have no bearing on the software's ability to handle the flow of more data. When the need arises for additional users, the request can be quickly resolved through the acquisition of supplemental site licenses. Designed to drive and support business expansion, modern ERP software truly removes the limits on growth.

Upgrade Reason 5: New Features

The pace of technology doesn't slow. Think about how much cars have changed in the past 10 years and how much those enhancements have improved the driving experience. Gone are cassette and CD players replaced by Bluetooth and USB connectors. Handheld navigation units are now built-in, and some cars can now parallel park and drive themselves.

Through technological improvement, ERP distribution software has enjoyed its own dramatic evolution to further streamline productivity and expand sales opportunities. Comprehensive ERP systems built on 64-bit architecture deliver substantial speed improvements over legacy systems. In addition, they feature interconnected applications with simplified user interfaces to ease on-screen entry and data access.

When it comes to company-wide improvements, these changes are just the tip of the proverbial iceberg. Warehouse and inventory employees can utilize barcode scanning and wireless warehousing to facilitate activities like Item Counts, Wave Picking, Located Items, and more. APIs (Application Program Interface) offer expanded functionality like shipping integrations while business intelligence dashboard analytics aid in identifying issues and forecasting demand.

Extending productivity beyond company walls, Mobile Applications equip sales teams with crucial tools to manage selling opportunities through programs like Mobile Order Entry, Mobile CRM (Customer Relationship Management), and Mobile VMI (Vendor Managed Inventory). Other mobile tools can confirm mobile deliveries and support counter sales with signature capture functionality.

ERP also utilizes EDI (Electronic Data Interchange) to propel E-commerce initiatives and support supplemental connectivity to Amazon's Seller Central. EDI services can also drive streamlined reporting and reduced monthly fees from credit card processing services by providing additional transaction information.

Taken individually, such features represent a true gamechanger for companies mired by legacy software. As a whole, however, they equate to dropping a cinderblock on the accelerator of any distributor's engine.

Conclusion

For distributors, running legacy software is an existence of struggle and frustration making it easy to forget the euphoria gleaned from the initial cost savings and productivity gains. Consequently, the decision to upgrade does not come easy for some. Investment, planning, implementation, training... each of these can cause hesitation if viewed only through this blurry legacy lens. In fact, some may believe that no further company improvements can be obtained by moving to a new solution.

Fortunately, modern ERP proves this notion false. The advantages to upgrading distribution software are vast: further streamlined productivity, data access and security, cloud services, inventory cost reductions, simplified user interfaces, comprehensive distribution tools, expanded mobility, scalability, etc. Taken as a whole, the cumulative benefits of upgrading to a modern ERP solution will again ignite the company-wide transformative changes started so many years ago.

ERP-ONE+ Functionality

ERP-ONE+ from Distribution One is a powerful interconnected ERP solution that encompasses all of the points outlined in this white paper. The 64-bit On-Premise and Cloud-enhanced ERP software provides all the features needed to correctly and accurately handle the entire distribution process:

- Full integration with all in-system applications
- Cloud, On-Premise, and SaaS Deployment Options
- Intuitive User Interface
- Sales Order Entry
- Financial Management
- CRM (Customer Relationship Management)
- Inventory Control & Warehouse Management
- Serial and Lot Control Tracking
- VMI (Vendor Managed Inventory)
- RF Scanning
- Purchasing
- Wireless Warehouse+
- Dashboard+ Data Analytics
- Management Reporting
- Kitting & Assembly
- Mobile Application Suite (Order Entry, CRM, VMI, Delivery, and Signature Capture for Counter Sales)
- E-Commerce & Amazon Integrations
- Shipping Integrations
- Credit Card Processing Integrations
- EDI (Electronic Data Interchange) and API (Application Program Interface) Integrations

About Distribution One

Distribution One is an industry-leading developer of innovative customer-focused Enterprise Resource Planning (ERP) software designed specifically for the needs of wholesalers and distributors. Formed in 1996 and headquartered in Mount Laurel, New Jersey, Distribution One operates a network of ERP specialists in eight states across the country. This team of 40+ skilled professionals thrives on providing solutions and live US-based support to customers across the United States, Canada, and into Europe.

Distribution One's comprehensive, interconnected ERP-ONE+ software delivers intuitive functionality that improves the entire business process from Order Entry, Financial Management, and Purchasing to Inventory & Warehouse Management and CRM activities. ERP-ONE+ also provides frequently requested features like Quality Control Tracking, RF Scanning, VMI (Vendor Managed Inventory), Lot Control, and supplemental components like EDI (Electronic Data Interchange), API (Application Program Interface), and BI (Business Intelligence) dashboards and reports. Moreover, the release of a suite of Mobile Apps provides customers with quick access to critical business functions from the convenience of a laptop or handheld devices anywhere business is being conducted.

Distribution One's 8000+ customer users operate in a variety of industries worldwide from fasteners, adhesives, industrial distribution, and food service to electrical, retail, hardware, and janitorial supply to name a few.