How to Choose the Right ERP Solution

The Ultimate Guide for Global Supply Chains in the Fashion Industry

Executive Summary

Businesses in the fashion industry need the utmost agility to respond rapidly to fickle consumer preferences in order to maintain a competitive advantage. Adapting quickly to marketplace demands means that your organization must be able to easily and quickly customize processes, launch new lines, and satisfy customer requirements.

Because traditional legacy systems and outdated enterprise resource planning (ERP) systems lack the integration and flexibility needed to achieve this level of agility, forward-thinking businesses are adopting the latest generation of ERP software. With such a system, your company can run its business efficiently and cost-effectively using software that unites processes and data. The result is smoother operations and better decisions that lead to higher levels of customer satisfaction and stronger revenues.

Unfortunately, many of today's ERP systems are designed to suit the lowest common denominator, leaving a lot to be desired for those in the fashion industry. Savvy companies are turning to advanced, flexible ERP systems designed specifically for fashion-related businesses, and in turn gaining the control and ease of use needed to realize stellar results.

This paper explains why legacy systems or outdated ERP software can limit your company's success, and how the right ERP system can help achieve streamlined processes and a single view of the business. It also highlights the key features to look for in an ERP system.

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The Move to Adopt ERP: A Strategic Imperative

No matter business size, all companies rely on a complex array of interconnected business processes across the organization and beyond. Some organizations in the fashion industry try to manage all of these processes and the related data using disparate legacy systems or outdated enterprise resource planning (ERP) software – and end up frustrated. To address shortcomings due to lack of integration, these organizations often resort to costly and time-intensive customization that eventually makes the systems unwieldy.

If your organization is one of these, it's likely losing revenues or profits as a result. After all, the ripple effect of this approach is that your organization is:

- Hampered by inefficient processes

- Basing strategic decisions on inaccurate or incomplete data

- Challenged to launch new lines and businesses in a timely manner

Thriving in today's cutthroat environment requires the agility and flexibility to change and grow your business as needed. It starts with the software underpinning your business.

Many savvy businesses are implementing next-generation ERP software to seamlessly connect and manage disjointed processes. Advanced systems offer a more flexible environment that can grow with you. In fact, "a well-managed ERP implementation can be a continuing source of cost savings and operational improvements which help companies survive and thrive in these troubled economic times. The strategic goals of standardizing and accelerating business processes and providing improved visibility are essential to improving business execution, which in turn supports the organizational goals of revenue and profit growth."[1]

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1. Aberdeen Group, Measuring the ROI of ERP in SMB, March 2009

Drawbacks of Legacy Systems

Not convinced your legacy systems are holding you back? Consider the following common scenarios that occur when using them.

- **Development constraints delay time to market:** One of the main disadvantages of legacy systems is that you need to continually customize them to keep pace with today's technological advances and changing business needs. The older your system, the more complex and time-consuming the programming needed to bring it up to date. After all, your programmers must grapple with a mix and match of business applications written at different times with different tools and languages. Not only does your budget take a big hit, you'll likely run into delays that impact your ability to launch new lines and businesses in a timely manner.

- **Functionality misunderstandings lead to user dissatisfaction:** Adding new functionality to older systems usually requires close coordination between a business user, a project manager, and the technical manager or programmer. The business user explains the desired functionality to a project manager, who writes the functional specifications. Those get translated into technical specifications, which the programmer works from to write code. Unfortunately, the programmer needs to work around the limitations and idiosyncrasies of your software. In the end, the code accommodates the system but often fails to deliver what the business user wanted.

- **Costly and/or painful version release upgrades:** Revenue growth and brand loyalty depend on your ability to satisfy whimsical market demands – and that requires the utmost agility. But your outdated systems only addressed your needs early on. Let's assume your software is still supported by the original solution provider. Frequent upgrades to access new features likely prove too expensive to implement. In fact, some vendors require you to undertake large and expensive upgrades in order to access new features. To top it off, you probably depend on others to schedule and implement the upgrades. More often than not, competing priorities lead to delays getting access to new functionality.

The ROI of ERP

ERP systems are a proven way to integrate and manage business processes. In general, your organization can expect to realize the following benefits by implementing an ERP system:

Cut costs: ERP systems unite key business processes, enabling you to reduce the costs of maintaining multiple disparate systems. Moreover, because processes are automated and streamlined, you'll realize cost savings across the business. For example, with tighter alignment between your supplier, warehouse, inventory and orders, you can ensure the right stock levels at all times with lower operating costs. Just as important, integrating your processes and data means your business can confidently plan for the future based on an accurate understanding of cash flow.

Improve efficiency: Rather than learn how to use a variety of software modules and get accustomed to a range of interfaces, everyone in your organization works from the same ERP system. With everyone using a single system – and source of data – employees can quickly access information needed to perform tasks and make decisions. This leads to earlier and better visibility into your sales pipeline and across your supply chain, enabling managers to detect and resolve potential problems early on.

Boost the top line: With better control over all processes and data, your business can avoid miscommunications and misguided decisions that negatively impact operations. For instance, the smooth flow of data from the time an order is placed until the product is delivered ensures better order processing. Plus, fewer inventory issues means you're able to fulfill more orders on time, as well as lessening the need to reduce sales. That means less need to reduce sales prices due to unplanned inventory.

Enhance customer satisfaction: When you deliver orders on time and error-free, your customers will take note – and very possibly increase their level of business with you. Moreover, with a firm grasp on all processes and related information, you can quickly respond to customer requests for order changes, inquiries about order status, and any complaints.

ERP systems are a proven way to unite disjointed business processes and data for improved operations.

How to Extract Maximum Value from ERP

That said, not all ERP systems are created equal. As you evaluate your options, look for an advanced solution designed to support the unique requirements of companies in the fashion industry.

Fast implementation and training: Some ERP systems can take a year or more to implement. Then you need to build in time to train your users, which often requires time-consuming classes and extensive documentation.

Look for a solution that can be implemented within a few months, and puts the power of data importing in your hands so that you can map and label data as desired. It should be intuitive to navigate, with standardized icons across all screens, to make it easy for users to get up to speed. Ideally, you want to work with a vendor who walks your implementation team through each process to refine the business workflow. That way, your team will be completely familiar with the system by the time it's launched, and can easily train others across the organization. Moreover, the vendor should provide at-a-glance "tip sheets" with each update, making it easy for users to quickly take advantage of new functionality.

Complete flexibility: Because many ERP systems are built to address companies in multiple industries, they require customization. Even systems that support the fashion industry are often limited. For example, with hardcoded software, sizes are in buckets; for example, the first size has to be size 4. Adding a size 0 or 2 is a nightmare. Furthermore, very few ERP systems enable you to change characteristics at the size level, such as specifying the weight for each size of a garment, establishing costs and prices for each size, or indicating that you can "sell off inventory but not produce any more" of a certain size.

Time-consuming and expensive customization impacts your speed to market and profitability – if you're constantly paying a supplier or contractor to make changes, it eats into profits. Figure 1 shows the differences in development time and cost in an environment using a legacy system, one using traditional ERP, and one using a completely metadata-driven ERP system.

What is Metadata?

Metadata is data about data, and is used by advanced ERP systems to define system behavior and dynamically deliver the desired business functionality and user preferences. For example, metadata determines which elements to include in a screen layout, where an element should appear on an order form, and the logic and parameters behind each input box and field. It even indicates the logic behind functions and calculations, such as 'If you enter an order by X date, it will ship by Y date.'
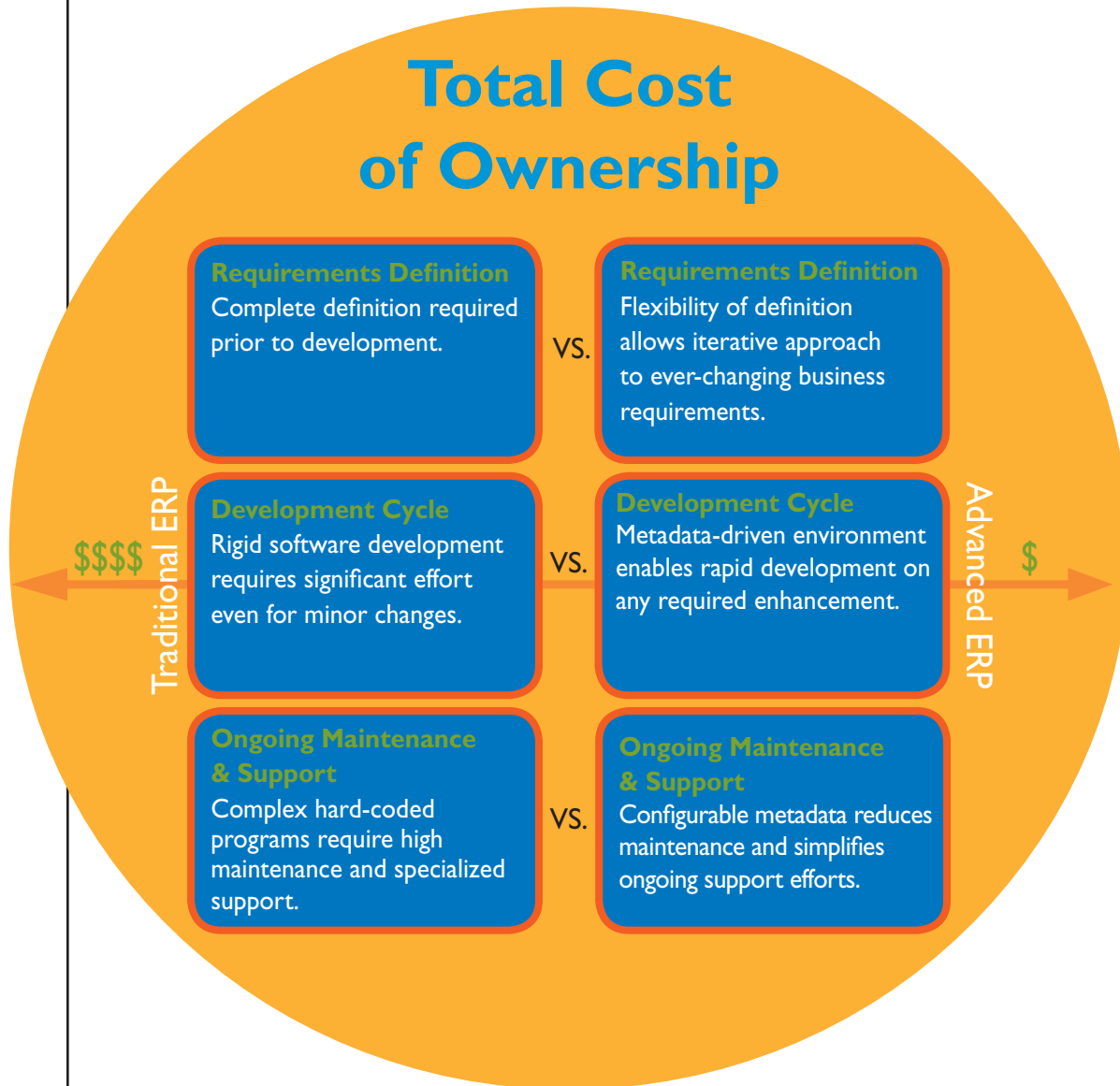
Total Cost of Ownership

Traditional ERP

$$$$

Advanced ERP

$

Requirements Definition
Complete definition required prior to development.

VS.

Requirements Definition
Flexibility of definition allows iterative approach to ever-changing business requirements.

Development Cycle
Rigid software development requires significant effort even for minor changes.

VS.

Development Cycle
Metadata-driven environment enables rapid development on any required enhancement.

Ongoing Maintenance & Support
Complex hard-coded programs require high maintenance and specialized support.

VS.

Ongoing Maintenance & Support
Configurable metadata reduces maintenance and simplifies ongoing support efforts.

Figure 1: An advanced, flexible ERP sytem can save organizations significant time and money

Furthermore, reliance on custom programming limits your business agility and discourages continuous innovation. Whether you handle customization in-house or through contractors, competing priorities too often cause a delay in addressing your requirements, resulting in costly missed market opportunities.

Look for a 100% metadata-driven system that empowers you to quickly make changes throughout the system without coding knowledge. Such a platform provides the flexibility needed by everyday business users to adeptly respond to customer and marketplace demands.

Solution Component	Traditional ERP		Next-generation ERP
	Traditional Coding	**Configuration Tools**	**100% Metadata Driven**
User Interface		✓	✓
Business Rules			✓
Data Schema			✓
Workflow Alerts			✓
BI/Reporting		✓	✓
Integration			✓

✓ = real-time configurable process

Figure 2: A 100% metadata-driven ERP system provides the needed flexibility and support

Master data management: The majority of ERP systems prevent you from changing critical data associated with master records such as style maintenance masters. Even when you can make modifications, most style masters are flat files, this critical data is often difficult to access and manage. That means the user must poke around to find the underlying data table – an often time-consuming and frustrating exercise.

Look for a system that lets you easily access and modify all critical master table data from a drop-down menu. Ideally the solution will offer simplified control for the average user, as well as advanced options for the power user. Plus, it should provide hyperlinks within the master management process, taking you directly to the underlying tables.

Embedded product lifecycle management (PLM) and warehousing (WMS) solutions: Most ERP vendors sell PLM and WMS as separate modules for an additional cost. Integrating these modules with all relevant underlying ERP reference tables is often time-consuming and challenging. Look for a system that fully embeds these capabilities and uses the same reference tables as used for all other aspects of the system. Advanced systems enable you to carry tech packs from concept to QA of an item, allowing you to attach them to work orders and any other part of your processes with the click of a button.

Integrated Digital Assets: When Digital Asset Management is not integrated throughout your ERP system, it can translate into higher costs and slower time to market. For example, suppose you've processed and invoiced a customer for a large order, but the customer refuses to pay, claiming that the label is wrong. If your system doesn't allow you to associate images at each stage in the product lifecycle, it can take substantial time to track down all the information needed to resolve an issue of this sort. In fact, it might be impossible. Choose a system that lets you attach images throughout your processes, including photos of product before it leaves your factories, the signed bill of lading once the shipper picks up the pallets, a crushed box that you received in your warehouse, and customer returns.

User-friendly screens: Let's face it –ERP screens are not always the most intuitive to navigate and use. Plus, most ERP systems require you to use the default screens that come with the software. Opt for a solution that offers a familiar and intuitive, Microsoft® Windows-type screen, ideally with embedded instructions that help users as needed. The solution should also empower you to customize screens at any time, including removing, hiding, and renaming fields.

On-the-fly reporting: Most ERP systems force you to use objects to build and modify reports. That means you need to carefully plan and map out the changes you want to make – and find all the relevant menus to make those modifications. In fact, the average business user can feel intimidated with the process, relying instead on IT to make the necessary changes. Seek a system that enables any user to change reporting formulas on-the-fly from directly within reports.

Figure 3: Advanced ERP solutions are intuitive to use and easy to customize

Accessible, affordable electronic data interchange (EDI): EDI makes it possible to transact business with a variety of customers and partners. But many ERP systems require you to translate between their systems and third-party EDI services. Plus they don't provide the raw data associated with EDI transactions. Disagreements about orders, shipment details, or invoices can be hard to resolve without access to this information. Choose a solution that requires no third-party translation software or services, and maintains a tie between the raw data and each EDI transaction throughout the life of an order. Ideally, all needed information will be accessible via a dashboard.

Allocation workflow: If there's a problem with a production or order run, you want to know about it as soon as possible. When you need to make order or production changes to address these issues, you want the ability to do so without the need to run SQL queries and pull data into a spreadsheet. Look for a system that can proactively alert you in real-time to potential problems. Advanced systems will enable you to make on-screen changes in seconds.

Granular security: Many ERP systems limit you to a broad-brush approach when it comes to applying security restrictions. For example, you can typically only indicate read-only or no-rights access at a high level for all users. The ideal system enables you to indicate security rights at the field level and by role.

ERP Checklist	
Fast implementation and training	❑ Can be implemented quickly ❑ Enables users to import, map, and label data ❑ Intuitive to navigate, easy for users to get up to speed ❑ At-a-glance "tip sheets" with each delivery or update
100% metadata-driven	❑ Empowers changes throughout the system without coding knowledge
Master data management	❑ Provides easy access to master supporting tables ❑ Quick links to all related data ❑ Simplified control for the average user ❑ Advanced options for the power user
Embedded PLM solution	❑ Fully embeds PLM processes ❑ Uses shared reference tables throughout system ❑ Easy access to tech packs from concept to QA
Embedded WMS solution	❑ Fully embeds warehousing capabilities ❑ Uses shared reference tables throughout system ❑ Complete visibility into all distribution center processes
Integrated Digital Assets	❑ Access into all digital assets throughout ERP, PLM, and WMS processes
User-friendly screens	❑ Familiar and intuitive, Microsoft® Windows-type screen with embedded help and tool tips ❑ Dynamic screen customization, including removing, hiding, and renaming fields
On-the-fly reporting	❑ On-the-fly new and customized reporting from directly within the integrated reporting tool
Accessible, affordable EDI	❑ Eliminates need for third-party translation software or services ❑ Maintains a tie between EDI raw data and EDI business data throughout the process ❑ Presents all necessary EDI exception management data in a manner friendly to business users
Allocation workflow	❑ Real-time alerts of potential order fulfillment problems with recommended action for resolution ❑ On-screen efficient maintenance processes delivered to all sourcing and customer service departments
Granular security	❑ Supports security rights at the business, division, field and role levels throughout the business

Choose an Advanced, Flexible System

Your success depends to a degree on the amount of control you have over – and flexibility within – your business environment. But reliance on legacy systems forces you to make unacceptable tradeoffs between the functionality, flexibility and cost of your operations. They only support your needs early on – frequent upgrades to access new features prove too expensive to implement and customization options are often severely restricted.

ERP systems are a proven way to unite disjointed business processes and data for improved operations. But it's critical to choose an ERP system that will support your needs today and in the future with the utmost flexibility and lowest cost.

If you're looking for an advanced, flexible system that addresses your unique requirements, Simparel has the solution. With it, you can focus on the business of selling your products – instead of on developing software and supporting your infrastructure – yet stay in control of day-to-day changes and optimizations that give you a leg up on the competition.

To learn how current Simparel customers are achieving ROI today (link to http://www.simparel.com/clients/success-stories.php)

Watch the solution in action (link to http://www.simparel.com/solution/video/)

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About Simparel

The Simparel ERP and PLM solutions are optimized for change in industries where efficient supply chain management is crucial, including apparel, accessories, cosmetics, toys, home fashions and footwear. The Simparel management team brings decades of experience with over 600 successful implementations.

For more information about Simparel, please visit www.simparel.com