

Sage X3 Buyer's Guide

*A step-by-step guide to replacing
your legacy ERP solution*



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Replacing legacy ERP to support digital transformation



Technological change dominates business thinking. It's survival of the fittest—customer expectations have evolved so much that businesses need every edge to secure growth, improve products and services, and increase efficiency.

Even if a business doesn't have its own digital transformation initiative, the competition very well may. Digital transformation is a complete reimagining of how businesses work, enabled by the transformative technology of today—such as the cloud, mobile, and big data.

According to Forrester Research, 38% of business and IT decision makers believe technological change, such as digital transformation, would have the greatest effect on their business decisions over the next 12 months.

It's digital transformation that can provide the edge; an opportunity to rewrite the rules of business. Digital allows your business to shorten the distance between what your company wants and what it gets.

Replacing your Enterprise Resource Planning (ERP) system will play a significant role in digital transformation, particularly when it comes to back office functions such as finance, inventory management, and accounting. This could particularly benefit businesses in industries like manufacturing and distribution.

5 factors to consider when replacing your ERP solution

1. Your business requirements

In replacing legacy ERP, it's important your business decision is made collaboratively with departments, managers and IT support. This means identifying weak points in your organization and opportunities to optimize. You must look at your strategy, including the goals of individual departments, and note all likely requirements.

2. Overall cost and implementation complexity

As far as it's possible, your business should analyze the cost effectiveness of any planned software deployment. This includes the current and future costs, as well as resulting effects. Get estimates of a project's profitability and the payback period, and evaluate effects not directly measurable such as transparency, flexibility, and customer and employee satisfaction.

3. Flexibility and adaptability to meet future needs and technology

A legacy ERP replacement must be able to change as the corporate environment changes. Mobile access is important, allowing more users across an organization to interact with data in more ways than ever before. Can it help with new ways of doing business and does it offer you access to emerging technology, where there is a need to reach customers in new ways?

4. A need to make better decisions from your data

A legacy ERP replacement could have business analytics and dashboards that can allow users to make informed, predictive decisions based on data. Without flexibility and access to timely information, business leaders won't be able to make agile decisions to grow a business, maintain efficiency, and grow profitability.

5. The ability to customize specific tools to meet your business requirements

Many businesses are calling for replacement technology to legacy ERP solutions that are more modern, usable, flexible, and effective. Modern solutions can be more user friendly for the end user, with industry-specific functionality supporting manufacturers by accessing useful data. Together, these allow for more efficient, agile, and automated processes.

5 reasons to replace your ERP solution with Sage X3

Simplify your operations

You'll accelerate your supply chain with the integrated management of financial, procurement, warehousing, manufacturing, sales, and customer service processes. You'll also get real-time visibility across the global supply chain to ensure transparency for all stakeholders—from suppliers to customers.

Speed up your processes

You can flexibly manage production processes, from planning and scheduling to quality control. You'll also reduce risk with the extensive traceability of material and ingredients, from suppliers and sub-contractors to the final goods, delivered to your customers.

Ensure compliance

You can manage real-time intercompany movements and international transactions. You'll also be consolidating foreign operations, compliance and financial reporting in one cohesive global system.

Gain actionable insights

You'll consistently monitor performance and costs across the entire business, with powerful analytics in real time from multiple data sources or systems. You'll also want to accelerate reporting, communications and decision-making.

Adapt to changing business requirements

In business, change is inevitable. Sage X3 can adapt to new business models, product lines and regulations. You'll need to accommodate unique rules and processes, and Sage Business Cloud technology supports scalability.

Sage X3 is ready for your industry

Businesses looking at a replacement for their ERP systems need to make sure it will fit their industry-specific requirements. For example, in manufacturing, there are important processes such as customization and demand planning that have specific technology needs. ERP is complicated, and 'generic' forms of ERP won't do the job—often businesses can only choose add-on software integrations to support industry-specific processes.

Sage X3 includes functionality that's ready to use for different industries, with flexible web service technology that allows easy access of complimentary solutions when necessary.



Wholesale and distribution

Accelerate your supply chain and reduce costs.

- Wholesale trade
- Retail trade
- Transportation
- Logistics



Discrete manufacturing

Gain visibility and control over your business, improve customer satisfaction, and enable growth.

- High-tech
- Industrial equipment
- Medical devices
- Metal fabrication



Process manufacturing

Minimize waste, reduce risks, and ensure compliance.

- Chemicals
- Cosmetics
- Food and beverage
- Nutraceuticals
- Pharmaceuticals



Services

Be more responsive, retain customers, and control costs.

- Advertising
- Consulting
- Engineering
- Equipment
- IT/software
- Maintenance and repair

Your ERP replacement company strategy checklist

Sage X3 will grow with your business as it becomes more complex. Make sure you consider the capabilities, scale, global presence, and expertise of vendors.

- ✓ **International**
Are you currently active nationally and internationally and do you intend to be so in the future?
- ✓ **Sites**
Do you maintain several national sites with, for example, independent subsidiaries? Should these be integrated? If yes, how?
- ✓ **Structure**
How should your future organizational structure be built?
- ✓ **Positioning**
Are you planning a restructuring or new positioning?
- ✓ **Sales**
Are you considering using new sales channels and addressing new markets?
- ✓ **Network**
What is the current position with your partner and supply networks? Would you like to include these in your ERP solution?
- ✓ **Growth**
What plans for growth do you have over the next few years?
- ✓ **Expansion**
Would you want to expand your business vertically?



Ensure your ERP replacement is cost effective

In replacing your ERP system, it helps to identify your return on investment (ROI) expectations—an economic and temporal comparison of the investment costs and actual benefits.

You can:

- Roughly estimate the investment costs and anticipated benefits—for example the process costs saved through anticipated turnover and profit.
- Determine the costs incurred through use of the software.
- Calculate how much consultancy service, adaptation work, maintenance and operation will cost.
- Understand what additional hardware is required.
- See if the software is already technologically current, or if there is a technology upgrade in the future.
- Find out about new releases, whether there is adaptation to new releases without major outlay, and if additional service expenses are incurred.
- Understand whether the new system will allow adjustments to be carried out by the company itself, rather than by engaging expensive suppliers.
- Calculate maintenance costs in the long-term, in comparison to current ones.
- Investigate whether there are extra costs for scaling the software in the future, if requirement arises.

If overall costs exceed the measurable commercial value, the project implementation is not viable from an economic point of view.



Business leaders are advised to include all anticipated benefits in their decision making, even those that aren't directly measurable.



It's important to consider more than profitability when making the cost decision for your ERP replacement. Enterprise software can provide improvements that cannot be directly translated in monetary terms and which can be set against investment cost, such as increased transparency, and better employee and customer satisfaction.

For example:

- If a business gains a better overview of the status of orders, each sales representative can view customer histories, allowing them to respond quickly and accurately to customer requests.
- If a manufacturing business can respond more quickly than competitors to new market requirements and meet these, it has the competitive advantage that cannot be directly measured in pure financial firms.

Case Study: Southern Silicones

Process Manufacturing

Southern Silicones supplies industrial, food, and cosmetic grade silicones from its US manufacturing plant to customers all around the world. The company's largest market is the automotive care industry, where it supplies washes, protectorants, and tire shine products.

The Challenge

As a young company, Southern Silicones' management team wanted to invest their available capital and limited time in the operation, not on a lengthy implementation of a complicated ERP application. Sage X3 deployed in the cloud provided the broad, industry-specific functionality and scalability Southern Silicones needed.

The Solution

Sage X3:

- Was live within just a few months, yielding a rapid time to value.
- Deployed in the cloud with the same rich process-manufacturing functionality of an on-premise deployment.
- Included customization capabilities.
- Is scalable to meet the needs of a growing operation.
- Needed low initial investment and minimal IT requirement, freeing vital resources.
- Is accessible from any device, including desktops, laptops, tablets, and smart phones.

“With Sage X3 in the cloud, we are able to invest our time and resources into building this business. We don't have to worry about servers, data security, and backups—that's all handled by the experts.”

Grant Morehead, CEO and CFO, Southern Silicones

The characteristics of a good ERP solution provider

Industry-specific experience

Find out what references the provider can provide and look at its customer list for information about its industry-specific experience. This information can show you the potential supplier's knowledge of your industry-specific processes and requirements.

Investment security

Your supplier should be well-established in the market and likely to remain so in the future. They need to be economically stable for you to be partners well into the future. Scrutinize the financial situation of the supplier and investigate takeover rumors.

The culture of the provider

Make sure the provider is a good fit in terms of company culture, and that it understands and responds to your needs. You need to cooperate with the provider's management and people, so the chemistry is right and that your working relationship remains on an equal footing.

Service

Make sure you look closely at the provider's:

- Service and maintenance model.
- Availability outside normal business hours.
- Additional costs for hotlines.
- Additional costs for maintenance, servicing and customizing for on-demand solutions.
- Version updates—are they free of charge or are there hidden follow-up costs?

This information will provide valuable insight into the cost-benefit ratio of the service and its flexibility. Detailed analysis and comparison is important, as you need to be clear about exactly what you're paying for.

Future proofing

You want this new ERP solution to work with your business in the long-term.

Find out:

- How the provider responds to current ERP trends.
- Whether the provider can handle cloud computing or mobile devices.
- Whether the provider can integrate technological process into its solution, and if it allows users to make use of these benefits.

Case Study:

Avis Fleet Services

Services

In 1980, Avis Fleet was a fledgling company with only a few vehicles and a promise to deliver exceptional fleet products and solutions. It has grown to become the largest fleet management company in Southern Africa with over 3,000 customers, 300,000 vehicles, and operations in eight African countries.

The Challenge

Avis Fleet Services started the search for a new financial management platform as part of its growth and expansion strategy. It sought a solution that would provide it with better financial visibility in monthly reporting and would enable it to move towards more automated and streamlined processes.

The Solution

The company selected Sage X3 after evaluating several business management solutions. Sage X3 stood out for its attractive price point, ease of use, and rich feature set.

The financial team at Avis Fleet Services is realizing the benefits of:

- Integrated and standardized processes, including improved functionality for daily tasks such as reconciliations, accounts payable, and accounts receivable.
- Real-time financial reporting and intelligent dashboards that provide staff with decision-making data.
- Support in helping Avis Fleet Services create a best practice foundation to support future growth and expansion.

“We evaluated numerous leading-edge solutions before agreeing that the ease of use, agility, and functionality offered by Sage X3 made it perfect for our needs.”

Mike Re, Chief Information Officer, Avis Fleet Services

A step-by-step ERP vendor evaluation process

1. Specification and selection

- Draw up your specifications (objectives, strategy, functionality and model).
- Perform market research to reduce the number of potential candidates—important factors include the security of your investment, international capabilities and industry-specific focuses.
- Look at available case studies and reference installations.
- Use freely-available information, attend fairs and roadshows, and try to meet providers personally.

2. Invite candidates to discuss the application

- Give remaining candidates detailed specifications, which include key business processes and project requirements.
- Ask candidates to provide concrete proposals for a solution and first offer—this should produce adaptation requirements, as well as expected maintenance and service charges.
- Compare offers—take the most promising candidates to the next step.

3. The final presentation

- Evaluate the actual performance of the candidates, rather than the claims.
- To gain insight in an acceptable time, divide tasks between participants—this could include complex and key business processes that have been mapped in the software.
- Ask for the results in the form of a presentation, which makes the provider focus on your best interests.
- Consider supplementary workshops with the best candidates.

4. Make the decision and choose your partner

- Check soft factors such as industry-specific experience, service, implementation design, and investment security of the provider.
- Assess the solution, performance and competence of the providers.
- Make your final decision in consultation with the representatives of the business areas affected.
- Make careful preparations before implementation, such as joint workshops—detailed planning lowers risk of unwanted surprises.

Case Study:

Shire Pharmaceuticals

Distribution

Founded in 1986, UK firm Shire embarked with a mission to “enable people with life-altering conditions to lead better lives.”

With a deep understanding of patients’ needs, Shire develops and provides healthcare in the areas of behavioral health and gastrointestinal conditions, rare diseases, and regenerative medicine.

The Challenge

Shire is one of the fastest growing pharmaceutical companies in the world, with \$5 billion in annual revenues, and more than 5000 employees in 50 countries around the world.

Shire continues to experience rapid growth, primarily through acquisitions. The company required a business management solution that was fast to implement, easy to learn and use, offers broad flexibility, and can scale to accommodate growth.

The Solution

Shire uses Sage X3 as the backbone of its financial services for its European subsidiaries, supporting operations across nine different countries. There are plans to roll out Sage X3 out across additional sites.

With Sage X3:

- New acquisitions are up and running quickly and cost effectively, on a common platform with a consistent chart of accounts.
- Fewer personnel are required, and controllers can focus on their mission.
- Daily tasks are simplified and streamlined, freeing staff time for strategic initiatives.
- The common platform facilitates personnel sharing across the enterprise.
- Reports can be generated centrally in a consistent format. Software maintenance costs are lower.

“Sage X3 provides clear and consistent formats for accounts, meaning software maintenance is easier, and teams are leaner across countries due to standardized processes. Headcounts are the same, but teams are freed up to focus on more value add.”

Helen Mullen, Shire Pharmaceuticals International Finance and Business Services Team

Transitioning to a modern ERP solution

Replacing your ERP solution is both a technical and people challenge, as it will involve commitment on the part of participating employees. Your new ERP solution provider should give you a detailed introduction model that will help with implementation.

There are usually three phases—planning, implementation and use.

Planning

- Initially involves a quotation with subsequent procurement, establishment of a project manager, creation of a rough concept, and a milestone plan. In parallel, the supplier will order the hardware and software.
- A concept phase where the project is analyzed, potential issues raised, project plan created, and project organization and strategy defined.
- The application concept is where the functionality checklist is drawn up, and deviations from the generic design as well as functional descriptions of missing features are noted.

Implementation

- There is an introduction preparation stage that begins with the hardware and software installation.
- A system test follows, which is seen as an acceptance test.
- If data conversion is needed, the data is transferred.
- If additional software enhancements are required, a detailed design for the programming must be created.
- Following a successful conversion and program installation, there is a further acceptance test.
- The implementation strategy is fine-tuned, and system customized.
- The customized system is accepted by means of an acceptance report.
- If the customization has been carried out properly, the supplier can commence test operation using test data and begin training users.
- Implementation entails the conversion of real-time data and commencement of real-time operation.

Use

- Support and further training of the users in real-time operation is only necessary in the initial period, so the scope of the software can be fully exploited and examined.
- The system and business processes can be further optimized in this phase until it runs as required.

Case Study: Belmont Meats

Food and Beverage

Established in 1966, Belmont Meats is a manufacturer, processor, and distributor of quality meat products.

The Challenge

The company's burgers and steaks are sold in restaurants and stores of some of the biggest names in business. It has annual revenues exceeding \$100 million and an unmatched reputation for quality, value, and service.

The Solution

Sage X3 was selected for its reputation within the food industry, its ability to support both the company's process manufacturing and its yield-based production models. The product's ease of implementation, its value proposition, and the availability of a talented local support team were also major considerations in Belmont Meats' selection of Sage X3.

Belmont Meats went live with Sage X3 in just four months. The solution supports:

- The company's varied manufacturing models.
- Complex product costing matrices.
- Multiple distribution channels.
- Lot tracking, including forward and backward lot traceability, which is fully supported, as is expiration date control for perishable inventory.
- Exception reporting helps staff solve potential problems quickly.
- Reliable production data challenges allow staff to seek efficiencies and build better workflows.

“Sage X3 is a strong application, well suited to the food manufacturing industry. It is quick to implement, easy to use, and the support from both Sage and our Sage business partner is superb.”

Ryad Ali, Director of Finance and IT

Why Sage X3?

Sage is the global leader in business management with:

- Over 3 million customers active in 25 countries.
- More than 30 years of financial software experience.
- Dedicated success coaches and online customer community.
- A global partner network and dedicated success coaches offering world-class support.



Contact us for a business review:

<https://www.sage.com/en-us/sage-business-cloud/sage-x3/>

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