

Finding the Right ERP Provider: Five Questions to Ask

INDUSTRY INSIGHT

Choosing a new enterprise resource planning (ERP) software provider is a consequential decision for local governments. Much is at stake, including the financial and resource commitment to initial implementation, as well as the day-to-day functionality of dependable, user-friendly software that is the backbone of a financial system.

Adding to the weight of the decision are the long-term commitment ramifications. As the Government Finance Officers Association noted in 2018: “It is expected that the government will become a partner with the chosen (ERP) vendor for the next 10-plus years. You want to make sure the partnership will last.”¹

Because selecting the right partner is paramount, a local government must base decisions on thorough reviews of potential providers. Below are five questions that should be answered as part of a local government’s process to select an ERP provider that will meet its needs now and in the future.

1. Stability: Will the provider be in it for the long haul?

As noted above, adopting a new ERP solution is a significant undertaking. Because of the multifaceted investment in purchase and implementation, it’s critical to know that the provider has a strong foundation and that an organization can count on the provider to meet expectations next month, next year, and beyond.

Warning signs of vendor instability include a recent history of being sold or radically restructured. The questions are simple: How will new owners maintain standards going forward, and do the new owners have deep experience in ERP for the public sector? Also, employee churn often follows a company’s sale or other uncertainties. Unfortunately, departing employees often include the most experienced workers who choose to take positions at more stable competitors.

To gauge employee stability, which is often a good indicator of a company’s health, the potential purchaser should ask about employee retention rates. Employee turnover impacts all aspects of the client experience, from the efficient resolution of IT issues to software quality control. In general, a voluntary average turnover rate of less than 10 percent is stellar, while a rate above 15 percent could be a sign of trouble. The industry average for the technology sector is 13.2 percent, according to a 2018 LinkedIn report.²

It’s also important to consider how long a provider has been in the public sector software marketplace. A company with multiple decades of experience in the public sector is usually an indicator of a solid foundation. Positive visibility in industry publications and at trade shows and conferences supports a company’s reputation of commitment to its products and clients.

Put simply: a stable company has more consistent access to resources to build upon its current offerings, support its clients, and innovate.

2. Deployment: How does the provider approach implementation?

No matter how you tackle it, the implementation of a new ERP solution is a significant undertaking. The good news is a deeply experienced provider will have established systems in place to minimize the pain. For starters, the company’s implementation team should hold change management certification, such as from the Project Management Institute.

An ERP provider with hundreds of implementations under its belt will be much more agile in responding to and solving inevitable issues. A valuable asset for implementation teams are workers with public sector experience who can help clients maximize the efficiency of their internal processes to get the most out of their ERP software.

Of course, the technical side of the implementation is just one aspect of the change. The education component is also critical. It’s essential to understand how the provider handles training. It should be much more than a documentation handoff and handshake. In-depth training sessions with easy access to experienced instructors will go a long way toward preparing staff for a new system.

To assess its implementation capabilities, it’s vital to look at past implementations and talk to current clients. If you want to understand a company’s core, it’s important to see how it performs with complicated deliverables and if it has a history of going live successfully on time and within budget.

Finally, implementation teams and clients will be spending a lot of time together. In-person discussions with potential providers will be invaluable in assessing how well the teams will mesh.

¹ Government Finance Officers Association. (2018.) Transparency: A Means to Improving Citizen Trust in Government. https://www.gfoa.org/sites/default/files/Transparency_April2018.pdf

² LinkedIn. (2018.) LinkedIn reveals the latest talent turnover trends. <https://news.linkedin.com/2018/3/linkedin-data-analysis-reveals-the-latest-talent-turnover-trends>

3. Support: What is the commitment to supporting clients — now and in the future?

ERP software and data integration are complicated. Questions and issues are inevitable. The key is how quickly and competently issues are resolved. Experience, resources, accessibility, and responsiveness are the building blocks of top-tier customer service for ERP providers. It's not just the number of people operating phones and handling email and message queries; what counts is the experience, expertise, and dedication of the support staff. Once again, discussions with current clients should provide useful insight into a company's support effectiveness and to see how promises and reality intersect.

Digging into client retention numbers is one way to gauge the quality of client support. Therefore, looking into a company's client retention rate is a cornerstone of a local government's fact-finding process. A rate of over 95 percent indicates a high level of client satisfaction.

Because of the pace of technological change, it's important to consider how a provider will support its products over time. Top providers continually improve technology and take an evergreen approach to updating products while also providing effective ongoing training opportunities for clients. It's important to ask a company how it keeps its products up to date and delivers those changes.

4. Proven products: What is the track record of product offerings?

The quality of the product itself is ultimately a core question. The challenge is to ascertain how road-tested a product is and to gauge its reputation with public sector peers. In general, a provider with a deep list of long-term clients (who are eager to offer referrals) is a company that delivers products that meet client needs, a clear measure of stability and product quality.

It's also important to have confidence a provider will continue to innovate and have a strong vision for the product's future. For example, forward-thinking providers are now developing software ecosystems that are eliminating data silos and ensuring information flows seamlessly between departments.

This connected vision can best be achieved through the selection of a provider who offers a breadth of products and services that are easily integrated. Choosing a provider with a comprehensive collection of ERP suites can aid in a simpler implementation process and provide data integration throughout an organization since the software modules are purpose-built for integrations. For example, mobile civic engagement, asset management, 311, cashing, and utility billing from a single provider simplifies the user experience and connectivity within an organization — in comparison to stitching together solutions from multiple vendors. A strong ERP candidate will be able to offer specific examples of success stories.

Finally, more local governments are migrating their software to the cloud to increase dependability and decrease resource expenditures

needed to maintain on-premises servers. Because of this trend, cloud capability experience is becoming increasingly crucial for ERP providers. This capability is a particularly important consideration for governments considering a cloud option. Companies with expertise in cloud hosting and software-as-a-service (SaaS) can usually deliver a more dependable, easy-to-deploy experience compared to companies new to the ERP cloud environment.

5. Knowing the market: Does the provider know the public sector and offer civic engagement tools?

A company specializing in the public sector already understands local government's unique needs, which include user-friendly software that facilitates civic engagement. The optimal ERP partner knows that a city, town, or county can't simply adopt software designed for the private sector.

Ideally, a company selling ERP software to local governments would have many employees with government experience, whether as engineers, finance officers, or city managers. For starters, these employees know the sector's unique needs, which include:

- Financial transparency requirements
- The challenges of building information systems that break down silos and ensure seamless data flow between departments
- State and federal reporting requirements

Equally important is the selection of an ERP company that recognizes community members are busier than ever and want convenient and easy access to government services. What community members don't want are long waits at city hall to apply for building permits, follow up on vendor payments, or pay utility bills.

Recognizing this need for connectivity, a full-service ERP partner offers robust civic engagement tools that enable constituents to pay bills online, report problems, contact officials, and much more.

Finally, an experienced ERP provider understands the importance of dependability and security. System downtime can paralyze a city or town, freezing permitting and inspections, or blocking citizen payments; therefore, the ERP provider must have the resources and expertise necessary to help local governments avoid disruptions and quickly resolve issues.

Providers dedicated to the public sector understand clients depend on their software to meet the needs of the community day in and day out. Successful ERP providers share this responsibility each day with their clients.

If you'd like more information about ERP solutions, contact us at info@tylertech.com or visit tylertech.com.