

Define the ERP Digital Transformation that is Right for Your Industrial Distribution Organization



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The ERP industry is always evolving and the newest industry trend is Cloud-Based ERP. Many large scale ERP providers have rushed Cloud-based solutions into the marketplace and are insisting that that Cloud is the only way to go for ERP implementation.

Capital equity firms, who own a number of top tier ERP software companies, have profits and appeasing investors on their mind and are pushing their customer base to “upgrade” or “lift and shift” from on-premise systems to the Cloud.

Cloud-Based vs. On-Premise ERP Software for Industrial Distributors

Eric Kimberling, an independent ERP consultant and CEO of Third Stage Consulting, produced a video titled *The Biggest Hoaxes in the ERP Software Industry* that addresses many of the industry myths.

Kimberling states that while Cloud ERP solutions are profitable for capital equity firm investors, ERP vendors, and implementation partners/system integrators, they may not be the right answer for your organization and he talks about the reasons that Cloud ERP may work for you. This is especially true for industrial distributors that provide value-added services.

Three Reasons Cloud ERP May Not be Right for Your Industrial Distribution Organization:

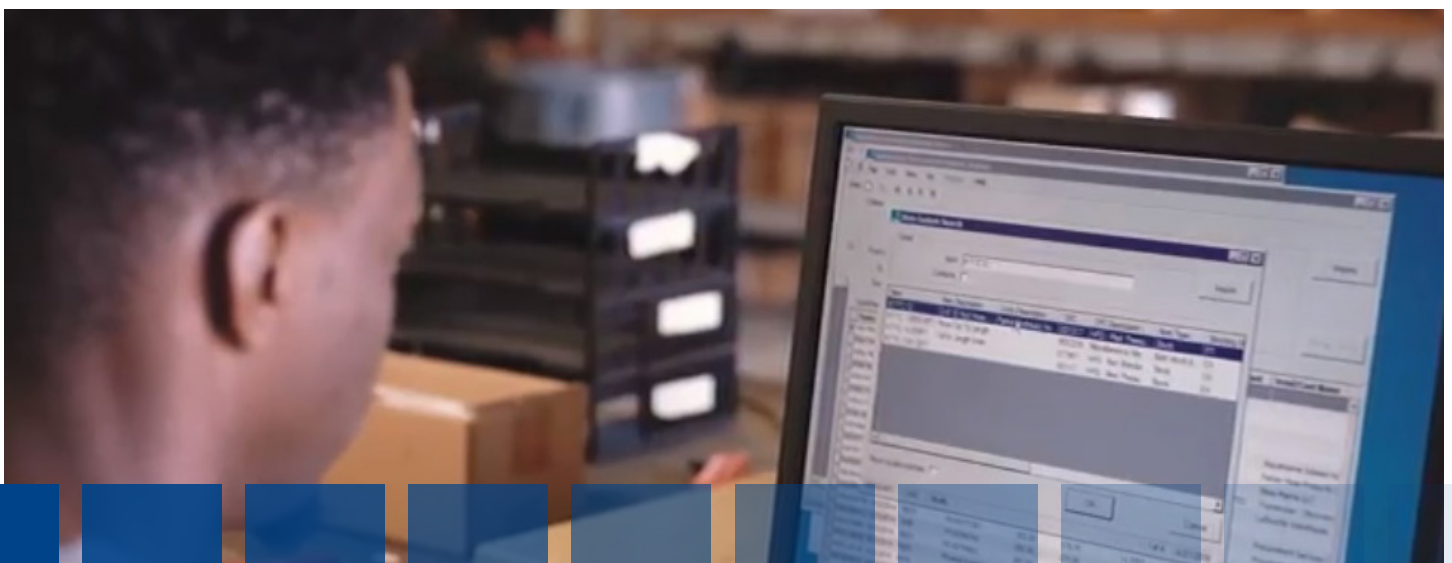
- 1. Cloud-based ERP software is not a Silver Bullet.** Cloud-Based ERP solutions are touted as such and claim they can reduce costs, introduce “best practices”, reduce IT support, among many other perks. And while that is true of many ancillary cloud products, the truth is there is no Silver Bullet in ERP implementations; they require effort and deliberation to do successfully. An ERP system cannot be everything to everyone and shoppers must do their due diligence in investigating all aspects of Cloud and on-premise ERP solutions.
- 2. Many Cloud ERP products have been rolled out prematurely and are half-baked.** Some ERP providers rushed to roll out a Cloud-based version of their beefier on-premise solutions and have provided a product that has significant gaps. They often have 2-3 year rollout of the ERP solution, which means that the Cloud-based version will not have many of the features you take for granted in the current on-premise version.
- 3. Industrial distributors moving to a Cloud ERP solution can experience a crisis in change management.** Your ERP system must be designed for your industry and help you do business better - not restrict the way you do business by limiting your capabilities.
 - **Organizations may have to change their business in way they may not be ready** to due to restrictions of Cloud-based solution. There’s less flexibility in a Cloud-based ERP solution especially in multi-tenant Software-as-a-Service (SaaS) solutions. This lack of flexibility does not allow you to create different ways to do processes that suit your business.

- **Organizations should figure out the longer term costs of Cloud-based software** with their longer term higher subscription fees or higher annual support costs. What may sound good pricing up front may turn out to be a higher annual cost down the line.
- **Most Cloud-based solutions don't have the LEVEL OF FIT that niche products have.** They are designed to address the needs of many different types of businesses and industries and therefore may not have the specific features designed for your unique industry - features which may make up the majority of your organization's daily tasks. This is why investing in an ERP software provider that has a long history in the industrial distribution industry and truly understands the unique needs of your business will provide the best outcome in an ERP implementation.
- **Cloud-based ERP solutions may not address your organization's future needs.** An ERP partner that services your industry-niche and keeps its finger on the pulse of that industry is better versed in what your future needs will be.



What should industrial distributors consider when investing in a new ERP?

- 1. Define the digital transformation that is right for your organization** - define what you want to accomplish with digital technology and how to address your company's future needs.
- 2. Conduct due diligence and consider the ERP's level of fit and your organization's future needs - don't limit your options.** Despite what many Cloud ERP proponents say, an ERP solution will not fill all the gaps in your technology requirements and choosing an ERP provider that partners with Best of Breed technology providers may be your best approach.
- 3. Forget "industry trends" and do what's right for you and your organization.** Don't feel pressured by your current ERP provider, consultants, or the media hype in regard to Cloud ERP systems. Make sure that the Cloud solution under consideration has all the features needed to run your business efficiently, especially your value-add services. You don't want to create more work or extra expenses in the long run. Don't limit your options, and investigate ERP partners that have a long history in your industry and that your peers recommend.



TrulinX by Tribute, Inc. has a LEVEL OF FIT to your business that is unmatched in our industry.

TrulinX is designed specifically for industrial distributors that provide value-added and fabrication services and continually evolves to meet the need of your industry through input from customers, manufacturer partners and changing technologies.

We believe that our ERP solution is the primary tool in your technology toolbox, but not the only one, so we partner with Best-in-Breed solution providers, from e-commerce to inventory sharing, to provide you the maximum in features and flexibility.



Tribute has been in the business for 36+ years and the sophistication of our software and the knowledge of our staff demonstrates that. We continually seek input from our customers, many which are leaders in our industry, to stay at the forefront of the industrial distribution technology industry.

TrulinX by Tribute, Inc. is the best choice for industrial distributors in the fluid power, motion control, industrial hose, fluid handling, fluid sealing, process control, automation and pump distribution industries.

Article Sources:

Eric Kimberling, Independent ERP Consultant, CEO & Founder, Third Stage Consulting

The Biggest Hoaxes in the ERP Software Industry -
https://www.youtube.com/watch?time_continue=590&v=zMxoQL1CUFQ

<https://www.thirdstage-consulting.com/how-erp-software-industry-hoaxes-lead-to-erp-failure/>

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