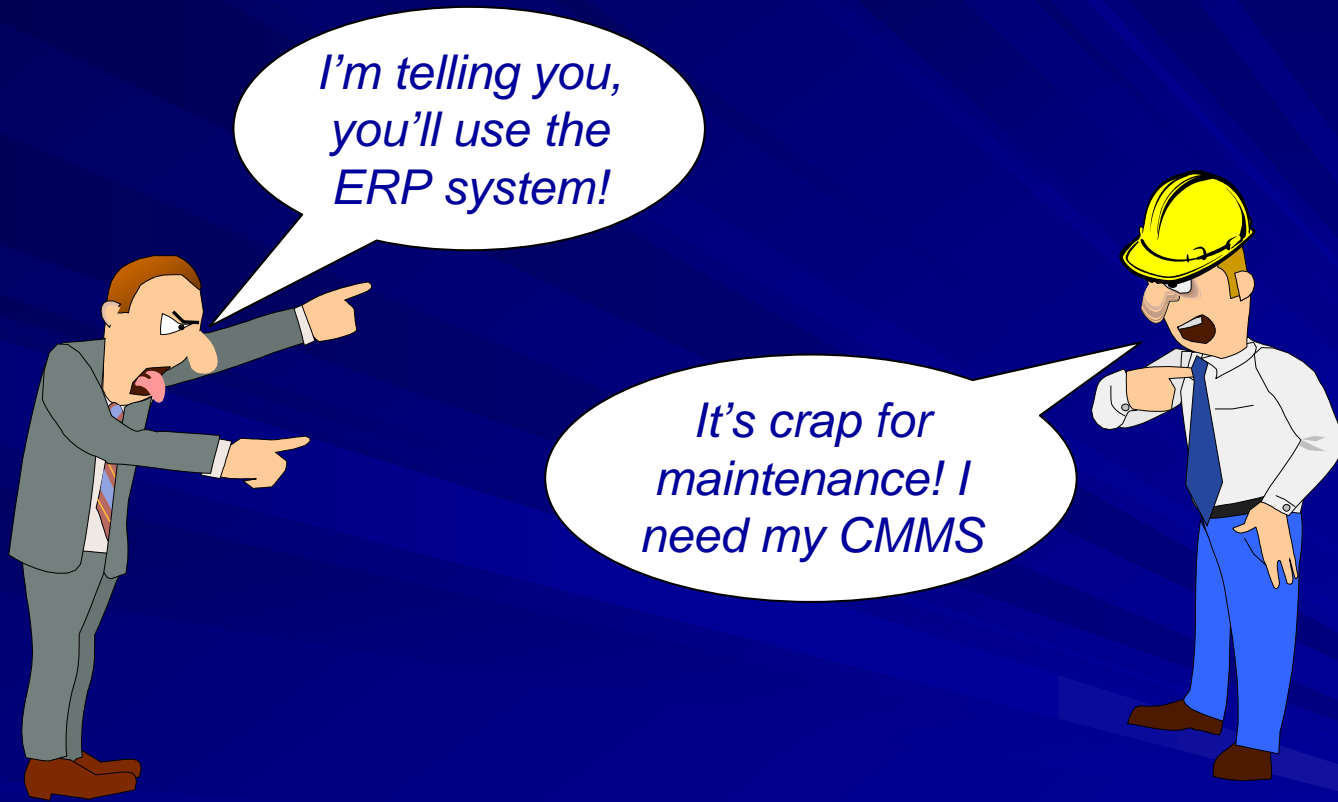


# ERP Asset Management systems versus best-of- breed CMMS



# ERP versus CMMS

## *Needs...*

- The Engineering Manager seeks to streamline maintenance activities, automate admin tasks and access comprehensive decision-making, problem solving, planning and control information
- Senior management seeks integration of the enterprise with consolidated financial reports

# ERP versus CMMS

- CMMS is primarily a forward-looking, technical management system. It addresses practical, real-time maintenance needs in the workplace. It is an essential tool, aiding increased effectiveness and efficiency of work management and asset care. It drives more and better quality output, regulatory compliance and optimal operating costs
- ERP is primarily a backward-looking, financial management system. It is concerned with enterprise overview and business process integration - *human resources, payroll, inventory, financial management and supplier collaboration*
- The advantages offered by the two systems are very different and, by and large, mutually exclusive

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- The advantages offered by the two systems are very different and, by and large, mutually exclusive
- **The net effect on the bottom line is what matters**

# ERP advantages

*There is ONE...*



# ERP advantages

*There is ONE...*

**Enterprise integration!**



# ERP disadvantages

*There are many...*

# ERP disadvantages

*There are many...*

- Creates complexity and rigidity
- Clumsy usability impedes and slows down users - especially maintenance users doing critically valuable work. *Google it and read about their misery!*
- Unsuitable for smaller companies where flexibility, agility and slick administration are vital to competitiveness
- The initial and on-going cost of ownership is huge

*more...*



# ERP disadvantages

- Heavy customisation is necessary to shape them to an organisation's needs – the changes are usually complicated and costly
- Upgrades are complex – because the system's '*source code*' often has to be changed
- Consultants are usually involved – their fees are high and they're notorious for not transferring know-how to their customers
- The aggregated costs in ERP systems disallow proper detailed analyses of activities and events. There is inadequate support for continuous improvement initiatives

*more...*

# ERP disadvantages

- They're not intuitive, easy to pick up, or user-friendly. This demoralises users and fosters resentment – *which can cripple the system implementation and totally defeat its purpose*
- Additional resources have to be be invested in 'driving' the system – *because an ERP implementation does not gather a natural momentum of its own*
- And finally, despite their popularity, few ERP implementations have proven to add net value to a business – *they've provided no positive ROI!*

# CMMS advantages

- Simple and flexible – provides users with practical help and workflow discipline without stifling them
- Crafted to fit precisely with the way engineers wish to work
- Easy to use and intuitive for the casual user
- Can be straightforwardly configured to the needs of individual organisations without changing the source code – *there's no need for expensive customisation*
- Low initial cost – *very, very low with FrontLine and Pirana*
- Low continuing cost of ownership

# CMMS advantages

- Upgrades can be installed simply, without the need for IT experts
- The cost information available in CMMS is much more detailed than in ERP systems. This enables powerful, forward-looking what-if analyses and targeted continuous improvement
- Morale amongst users is higher because the system is both user-friendly and helpful to them in carrying out their daily tasks

# CMMS advantages

- Less management effort is needed to drive the system because the users are not hostile – *they are much less likely to look for ways of minimising and defeating its use and so become more aware of its benefits and supportive of its purpose*



Engineering managers **ALWAYS** choose best-of-breed CMMS, whereas ERP maintenance systems are imposed on them from on high – *and against their protestations and better judgement*



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*how motivating is that!*

**Using ERP for maintenance is a bit like this...**



# Using ERP for maintenance is a bit like this...



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# The ERP decision

## *Driving forces*

Enterprise  
integration

ERP  
'kudos'

*Decision*

High  
initial cost

High  
on-going cost

Difficult  
to install

Difficult  
to upgrade

Frustrating  
to use

## *Restraining forces*

# The ERP decision

## Driving forces

Enterprise  
integration

ERP  
'kudos'

So and so's got one -  
so it must be good -  
so I want one too!

Decision

High  
initial cost

High  
on-going cost

Difficult  
to install

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## Restraining forces

# The ERP decision

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## *Restraining forces*

*Demoralising!*

# The ERP decision

*Hmm! What's the bottom line ROI and ROA for this ERP?*



## Driving forces

Enterprise integration

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High initial cost

High on-going cost

Difficult to install

Difficult to upgrade

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## Restraining forces

# The ERP decision

*Hmm! What's the bottom line ROI and ROA for this ERP?*

That may well be the right question! But it's necessary to seek out and weigh all opinion to ensure **fantasy** doesn't prevail over **fact**

## Driving forces

Enterprise integration

ERP 'kudos'

High initial cost

High on-going cost

Difficult to install

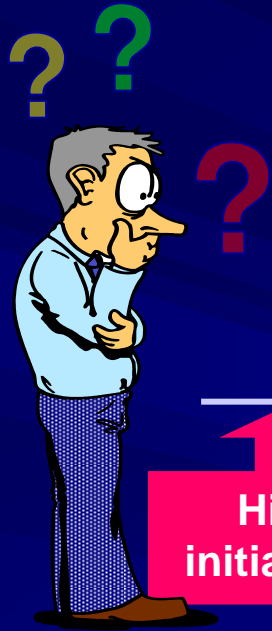
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# The ERP decision



## Driving forces

Enterprise integration

ERP 'kudos'

High initial cost

High on-going cost

Difficult to install

Difficult to upgrade

Frustrating to use

## Restraining forces

*From where I'm standing, the choice is obvious!*



# The ERP decision

*Logically, it appears that we should have both!*

## Driving forces

Enterprise integration

ERP 'kudos'

High initial cost

High on-going cost

Difficult to install

Difficult to upgrade

Frustrating to use

## Restraining forces



# ERP rivals – SAP, Infor & IBM



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- By producing their own PM system, SAP have bravely ventured into an area that their US-based rivals avoided
- In the USA, SAP rivals bought out best-of-breed asset management software companies to augment their ERP portfolios – **Infor** bought Datastream and **IBM** bought MRO Maximo

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- By producing their own PM system, SAP have bravely ventured into an area that their US-based rivals avoided
- In the USA, SAP rivals bought out best-of-breed asset management software companies to augment their ERP portfolios – **Infor** bought Datastream and **IBM** bought MRO Maximo
- **Who do you think got it right?**

# SAP PM



From published accounts, blogs and comments, as far as **usability** is concerned, many maintenance professionals see this particular ERP maintenance management system as a bit of a...

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# SAP PM



The evidence is  
right there on  
**Google™**



# Summing up...

- The maintenance process is a technical assurance process and fundamentally different from the supply chain, accounting and material transformation processes in an MRP-ERP system
- Whilst labour and material reconciliation may be important, its much less important than having a friendly, fast and agile technical management support tool
- CMMS is the practical and proven tool for supporting the Engineering Manager and the maintenance team in the workplace
- Maintenance system implementation is a maintenance project not a software project

# Summing up...

- Users will always recognise when a system is poor. And they resent doing things for which they see no value or which are clumsy, overly time-consuming and cause them grief
- If a system is uncomfortable and unfriendly, users will shun it. They won't make it work. They'll avoid using it
- When a system is painful to use, users will resent management for inflicting it on them
- If a system is complicated, learning continuously evaporates – *intuitiveness consolidates the learning curve*
- Customised software is difficult to upgrade and the cost of ownership is high

# Summing up...

- The most successful maintenance practices across asset-intensive organisations in many industries are incorporated in a standard best-of-breed CMMS. Maintenance add-ons to ERP systems are inferior after-thoughts
- Using the configuration features, standard CMMS software can be tailored to fit individual needs – there is no change to source code and future upgrades are unhindered and easy
- With standard, non-customised CMMS software the development cost is spread over thousands of users - the cost of ownership is correspondingly very small

# Summing up...

- Beware of abandoning the unique advantages of best-of-breed CMMS software in pursuit of the idealistic dream of having one system for everything. It won't work economically
- Asset-intensive organisations need ERP *and* CMMS because of their mutually exclusive advantages
- Select a standard CMMS that most closely mirrors your actual maintenance processes
- Don't customise software until you're sure that it really can't do as you need **AND** you're 100% certain the business benefits outweigh the considerable initial and on-going cost

# Summing up...

- Software for maintenance management, whether ERP or CMMS, isn't a 'silver bullet' – it's a practical tool – a means to predefined end
- Senior management must carefully define that end – the 'expectation' in terms of improved business performance - then ensure the software tool selected is the most appropriate one for the job
  - What are the added-value aims of the initiative?
  - How and where will the gains be made?
  - Are the goals fantasy or an achievable reality?

# Summing up...

- The actual savings and business gains from a computerised maintenance system depend entirely on the efforts of the Engineering Manager, his maintenance team and close collaborators
- With the right tool and on-going support, a competent and motivated Engineering Manager will deliver the gains senior management and the Board expects
- **Alienating the Engineering Manager and his team by imposing an unwanted clunky system is just not good business sense**



<End>

