

Renting your ERP does work

Remember ASPs (application service providers)? You rented rather than bought ERP, and there were choices around where the system resided and who looked after it? Well it seems that a small company in Southampton is confounding the critics and helping manufacturers to get good business and production control for what amounts to a very small monthly fee. It's developed its own software – and it can sit on your own server.

The firm is Rent IT, and two companies that swear by it are industrial radio telemetry equipment manufacturer Pacscom, in Southampton, and textiles and packaging contract manufacturer Jarvis Manufacturing in Eastbourne. Both have achieved good business improvements as a result of improved production controls, information visibility and the rest, as well as reducing costs following stock accuracy improvements and reduced admin. They've also done so cheaply and in timeframes that many will find enviable.

Back in 1998, £5m Pacscom had attempted a conventional ERP implementation, spending around £35,000, but failing in the end to complete the project. Software manager Roy Deabill concedes that the firm hadn't understood the commitment it would require.

Thus burnt, when in August last year the firm came across Rent IT, it asked rather more questions, and Deabill professes himself impressed at the straightforwardness of its functionality and the price. In September Pacscom went for a 25 user system at a price of £250 per month for the first licence and £30 for the rest. Project planning was on 10 October, he remembers, and go live was on 1 November.

A real no brainer

Although it's not a big system, general manager Brian Cole makes the point that it includes sales order processing, purchasing, invoicing, contract manufacturing management, all the bills of materials and production planning and control, with MRP running every day. "And there was no capital outlay and we were going to get all the upgrades included in the price."

For him it was a no-brainer: it was going to be easy to learn, implement and use; it was low cost; the support was local; and it would deliver the originally looked for benefits. And it has. Manual processes, like reports across the board, have been automated using the sys-

If you still haven't got integrated business and manufacturing IT, and can't afford to get it, renting is looking a better option. Brian Tinham reports

tem with Access and Excel, so that real time visibility is there. For example, he says group cost roll-ups can be performed every day based on complete cleaned bill of materials, showing margin per line item. Manufacturing and contracting are also now more disciplined – the system shows all products affected by component obsolescence. Next, shop floor data will be connected to close the loop, and the system is also already being used for quality procedures and management.

Jarvis, meanwhile, came across the system late in 2000. Robin Hawgood, one of the firm's partners, says he'd been looking at ERP systems costing around £25,000 all up – and wasn't keen on the outlay. He also freely admits that they're not IT literate so needed a system that would be easy to set up and maintain. The firm went for a seven-user system in April 2001, and after installing a new network, started implementation in July, going live in September.

Stock control went first and Hawgood says improvements were immediate. "We have around £100k of stock at any one time and it used to be out by as much as 20%... Stock errors are now less than 5%." And stock checks are now annual, rather than monthly. "Once you have accurate stock information it has a knock-on effect of speeding up other processes," he adds. Indeed, the system now covers all business data.

As for manufacturing, since Jarvis runs a contracting service, it has thousands of products, and the whole quoting mechanism, which used to be very time-consuming (involving pulling together data from different offices), has been transformed. "As the information is on the network, building quotes and giving delivery times is quick and accurate," says Hawgood. "Half of all our production is outsourced to machinists [and] the system provides us with stats on 'time per part' giving us an accurate picture of cost and profitability."

Customer response time has also been improved: sales orders reach the shop floor within 24 hours, not two to three days. Four people now manage work previously handled by six, and at that, with an increase in order volume of around 20%. Food for thought? ■



Business Benefits

- All the benefits of integrated SME ERP for a monthly fee
- Hugely improved stock control
- Estimating and quoting online