

Competition

In many ways, competition is a wonderful thing. For the consumer, a healthy competitive market means that prices are held in check while quality and value increase. It also means technological innovation and more choice. Competition is at the foundation of the free enterprise system.

Competition can also mean bankruptcy, business failures, layoffs, downsizing, and lost markets. Innovations and market successes are fleeting. Complacency can be fatal.

The effect of competition is to keep us all on our toes. We must continually be watching what other companies are doing and striving to stay ahead of them. We must realize that every one of our products will be rendered obsolete. The best companies understand this and strive to be the ones to replace their own best sellers because if they don't, someone else will.

Competition drives us to become better. Without the challenge of competition, there would be little incentive to improve quality, reduce costs, or provide new and innovative service to the customer. Would PCs really be as inexpensive and powerful today if only one supplier produced them? Would there even be a Windows 95 if it were not for the Macintosh? Would we all still be wearing Keds canvas high-tops for our leisure activities without the Nike-Reebok rivalry?

Competition in the ERP market

Competition is certainly having an effect on ERP products. There has been continuing feature/function escalation since the early days of MRP and there's no sign of a let-up in the foreseeable future. The product just keeps getting broader, functionally richer, and more comprehensive (and complex) every year.

The good news is that there are more and more choices and there is more value in every offering. The bad news is that the choosing is getting harder.

It has never been a particularly good idea to choose an ERP system on the basis of features and functions. That may sound like heresy but it's a fact that ERP offerings are far more alike than different. Of course there are differences in features and functions and some packages may address the needs of a particular company better than others, but the differences in features and functions tend to be short-lived. As in any other competitive market, ERP software suppliers must match or exceed the key capabilities of their competitors in order to remain viable competitors.

This has been demonstrated over and over again. Five years ago, product configurators did not exist as part of an ERP package. Today, any ERP vendor interested in the make-to-order, or engineer-to-order market must have one. Advanced Planning capabilities are now going through the same growth process; several vendors added this capability and now many others are joining in. You can look forward to more significant additions

in the future including field service/warranty tracking, Sales Force Automation (lead tracking and sales management), enhanced engineering change control, advances in warehouse and transportation management, and more.

When choosing an ERP system, you are not just buying software. You are choosing a partner that will have a significant impact on your ability to compete in your own business for a considerable time to come. In addition to identifying a package with the

requisite functionality, you must choose a partner who is compatible; that is, one who has the same approach to business and similar values to your own. Some ERP suppliers are very formal and bureaucratic while others are more laid-back and informal. Some chase technology while others are more conservative in their approach. Some believe in a very close working relationship while others expect more self-reliance from their customers. There is no right or wrong in any of this. There is only compatible and incompatible.

It is also important to choose a partner that will be there to work with you through the long haul. This requires not only financial stability but also vision and technological know-how. Things move fast in the computer and software business and the company that has a solid vision and the wherewithal to follow it has a big advantage over another that lacks either of these resources.

There is a lot of noise out there in the ERP market. One challenge for the ERP shopper is to sort through the hype and identify those packages that truly offer the functionality that is required. This is the "short list" of prospective vendors. Next, it is important for the buyer to come to know the approach and "personality" of the vendors in order to identify compatibility with his organization's own approach and philosophy. Finally, check out the financial status, future vision, and technical capabilities of the ERP supplier to insure that the chosen partner will be able to survive in this fast-moving, highly competitive market. ♦

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