

# A Proof of Concept Analysis

*Based on Microsoft Dynamics 365 Business Central.*

## What if you could spend £100,000 and get £5M back?

Many companies are unaware of the tremendous potential of a well implemented ERP solution. Before you commit to such a project, you need to be able to answer several essential questions:

- What is the expected Return on Investment? X5 or 50?
- What is the payback time? 6 Months or 3 years?
- What are the risks?
- Can it even be done?

A Proof of Concept (PoC) will help you answer those questions

### What is included?

A Proof of Concept (PoC) Analysis includes the following elements and is described in detail below:

- Up to 5 Discovery Interviews with key employees.
- Up to 4 written user stories.
- A Demo in Business Central for each of the user stories.
- A structured cost-benefit analysis.

### A Proof of Concept Interviews

We start analyses by interviewing a number of your key employees to learn more about how you run your business, what vision you have for the future and what operational issues you are facing on a day-to-day basis. Typically, we look to interview people such as your Managing Director, Finance Director, Sales Director, Operations Manager, etc. Usually, a total of 5 interviews will be enough, but we will conduct more if needed. An interview lasts between 30-60 minutes.

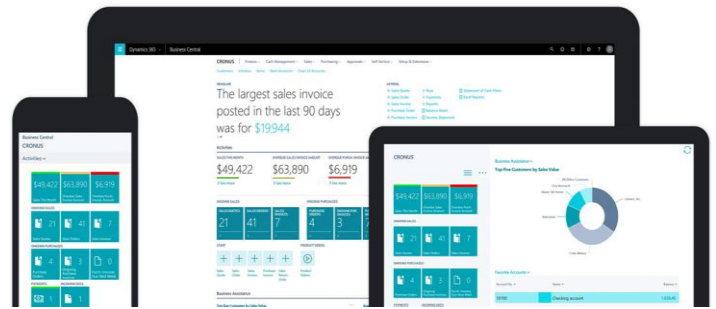
### User Stories

Once we have a good understanding of your company, any problems and potential, we will compose one or more User Stories to base the demo on. A User Story is usually a “Quote-to-Cash” story that describes a typical order flow through your company with all the complexities you experience daily.

The purpose of the User Stories is to set the stage for the demo and could start for example with: “*Jamie from Sales receives a request for a quote to deliver 90 bespoke Beluga Tables in 6 weeks...*” and end with: “*...Caroline automatically exports the payments from the bank and updates Business Central.*” A good User Story takes us through the areas of Finance, Sales, Purchase, Warehouse, Manufacturing, etc.

## Demos

Once you have verified that the User Stories portray your company well, we will go away and set up Microsoft 365 Business Central to support those user stories and present the demo to you. If the demo raises more questions, we will adjust the User Stories and re-do the demos. We will also record the demo on video, so you can re-watch it and share it internally and get feedback from the rest of the organisation.



## Cost / Benefit Analysis

The final element of the Proof of Concept (PoC) is the Cost/Benefit analysis, which consists of several different factors. First, we will make a list of all relevant activities in your organisation. In the finance department, this could be activities such as “Prepare VAT”, “Pay Suppliers” and “Depreciate Fixed Assets”. In the warehouse, it could be activities such as “Picking” and “Receiving”. Next, to each event, we will estimate the number of hours you spend per month and try to determine how many hours you could save by implementing Business Central. Finally, we will calculate the GBP value of those savings across the lifetime of the new ERP system (Business Central).



It is not rare to see that the payback is enormous - often 40-80 times the initial investment. Saving just 4 hours on VAT reporting per month alone typically represents a value of £21,600 (4 hours/month, at £30 for 15 years).

## What should you do?

The only thing you do is to allow us to interview you, 30-60 minutes per key employee - we will do the rest.

## Duration

A Proof of Concept Analysis does not have to take long. Typically, we can complete it in 2 weeks – from the first interview until you have the User Stories, the Tailored Demo and the Cost/Benefit analysis.

## Outcome

Once finished, you will have the information that makes your decision easy: Go ahead with a Microsoft 365 Business Central implementation or not.

## Fixed Cost Implementations

Our unique offer includes:

- Fixed cost implementations;
- Unlimited “super user” training;
- Solutions and support for an unlimited number of Business Requirements;
- Unlimited solution iterations on each Business Requirement;
- Pay on delivery;

When implementing ERP, you fundamentally have three kinds of risk: Financial, Operational and Educational.

1. Financial Risk referred to the total project cost. The implementation price can change with new requirements from the customer, and it might exceed your budget. Our unique offer includes fixed cost implementation; this way you are guaranteed that the project cost is in line with your budget.
2. Operational Risk is the risk that the system will not be able to support your business. Our unique offer includes an unlimited number of business requirements and an unlimited number of iterations on each proposed solution.
3. Educational Risk referred to the lack of training to your users to operate the system. Our unique offer includes unlimited “super user” training.

## Success Stories

### **How one manufacturer experienced a productivity improvement worth 1M.**

The manufacturing manager was convinced that some of his workers only worked 2-3 hours a day and wasted the rest on unproductive activities, but he was stuck in his office and had no way of knowing. We introduced time registration along with a requirement to register at least 7 hours a day on the system. Suddenly, he had employees coming to the manufacturing manager asking for work, to meet their 7-hour quota rather than avoiding it. This change was expected to bring in more than 1M across the following five years in productivity improvements alone ( $\text{£}23/\text{hour} \times 3 \text{ Hours} \times 15 \text{ Workers} \times 260 \text{ Days} \times 5 \text{ Years} = \text{£}1,345,000$ ).

### **£840,000 saved in the Warehouse.**

A wholesale company was able to save £840,000 by implementing a warehouse management solution. Their prior system printed out one pick ticket per sales order, which made it difficult to pick more than one order at a time resulting in wasted time bringing goods from the shelves to the dispatch area. Also, each SKU had one designated shelf in the warehouse resulting in significant amounts of wasted shelf-space when the inventory level was low for that particular SKU.

With the new solution, a pick ticket could cover as many as 20 orders in a single pick trip, which, combined with new trolleys and an optimised picking route, was able to bring the picking time per order down by 30%. The company also replaced the designated shelf system with a floating bin system, allowing a SKU to be stored anywhere in the warehouse and making use of the otherwise free shelf space. Finally, an incentive pay model was introduced. The result was a 40% increase in productivity per employee, worth across ten employees totaling £840,000 ( $\text{£}136/\text{Day} \times 40\% \times 10 \text{ Employees} \times 260 \text{ Days} \times 6 \text{ Years}$ )

### **Accounting Department saves £800,000.**

In one finance department, the following activities were fully or partially automated with the new system leading to a cost saving of £800,000 across five years in the seven departments:

- VAT Reporting
- Vendor Payment Suggestions
- Continuously updated Profitability Analysis
- Bank Reconciliation

- Export of BACS payment file
- Fixed Assets Depreciation
- Commission Calculations
- WIP Calculations
- Customer Statements
- Sales Invoices

- Group Consolidation,
- Continuously updated Budget vs. Actual
- Cashflow Analysis
- EC Sales Reporting
- Intrastat
- Currency updates



# 365Solutions

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