

Is it better to buy or build your next rental ERP?

When determining how best to equip their equipment rental business, many companies arrive at a crossroads: should they build or buy their ERP system?

This e-guide aims to highlight the key distinctions between those approaches.

The key differences between *building* and *buying*

- **Time** – Developing an ERP from the ground up requires dozens of developers and over 100,000 hours to complete. By opting to go with a pre-built system, companies can roll out the software their businesses need in far less time.
- **Cost** – Between initial development and associated planning and training efforts required to go live, homegrown ERPs can cost upwards of \$6 million just to launch. Factor in ongoing development and maintenance costs and that figure balloons even further. As a result, pre-built systems prove far more cost-effective, even over long periods of time.
- **Maintenance** – Most software vendors offer to take complete responsibility for all maintenance work, saving their customers from the burdens and costs of hosting, upgrades, etc. For an organization to cover such work themselves would require approximately 27,000 manhours (to the tune of approximately \$1.75 million).



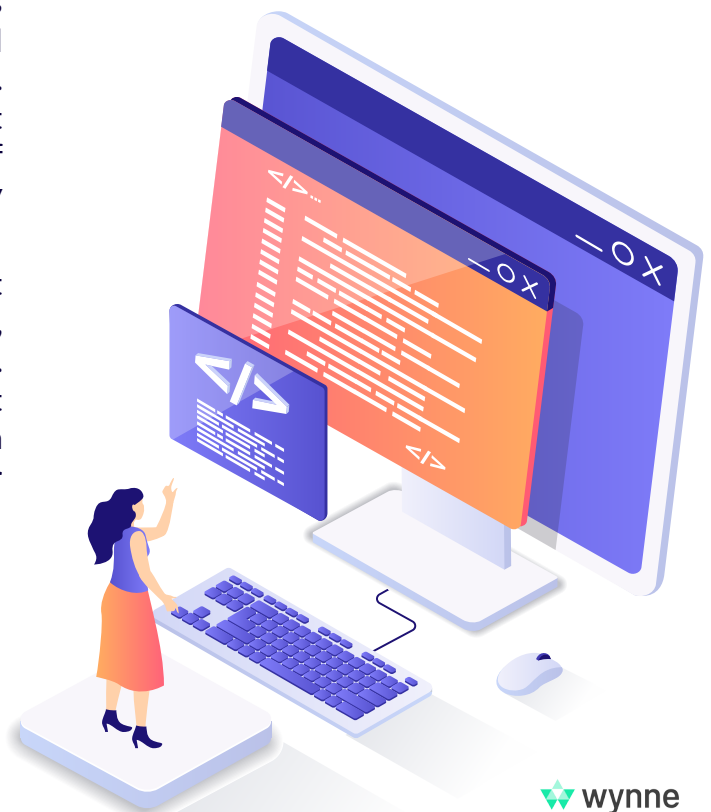
- **Scalability** – As businesses grow, their needs evolve in parallel. As a result, solutions that were once capable can become insufficient in time. Pre-built systems are better equipped to support growing companies due to their more robust development and support resources.
- **Integrations** – Establishing integrations between custom solutions and other applications takes considerable time and resources. However, this isn't an issue with pre-built systems. Because they need to support a large customer base, leading solutions boast hundreds of integrations to systems from Oracle, Salesforce, Microsoft, and more.
- **Security** – As high-profile breaches become more frequent, cybersecurity has never been more important. While in-house solutions certainly can be made resilient to attack, pre-built systems can often point to proven track records of following best security practices.
- **Risk** – Even with ample planning, due to their scope, it's not uncommon for in-house equipment rental software projects to run into several obstacles or even fail all together. By going with a pre-built solution, rental companies avoid such risks.

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Why buying software is *advantageous* for most companies

- **Easier deployment** – While ERP implementations are never “easy,” they still don’t come close to developing and rolling out a homegrown solution in terms of price, time to complete, and needed effort. By working with vendors with experienced implementation specialists and proven track records of successful projects, rental companies can get their systems up and running far more efficiently and effectively.
- **Faster time to value** – Due to the sheer number of developers and manhours they require, homegrown ERPs can cost upwards of \$6 million just to develop. As a result, pre-built solutions typically pay for themselves through increased productivity and reduced errors in far less time. Many vendors even provide ROI calculators that prospects can use to receive rough estimates of how long it would take for their solutions to fully recoup licensing costs.
- **Reduced Risk** – While they often employ brilliant and talented IT professionals, at the end of the day, rental companies are not software companies. Because of this, even well-planned development projects have the potential to stumble. Going with a solution from an established software vendor greatly mitigates such risk.

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- **Greater scalability** – Oftentimes, when rental companies develop their own software, they design it to meet their current needs. While this approach makes sense in the short-term, it can lead to long-term challenges when their organization outgrows their solution. Solutions offered by software vendors don't suffer from this problem as their products are required to support companies of all sizes and business needs.
- **Regular updates** – By going with a pre-built ERP, rental companies don't just receive the system they go live with; they also get the enhancements made to the software on a regular basis. As a result, organizations benefit from new features for years to come.
- **Access to support** – Leading software vendors understand how mission-critical their support teams can be when their customers need assistance. By being able to rely on their vendor's support staff, rental companies are able to divert their internal IT resources to other projects and rest easy knowing they're in good hands.



How to find the *ideal ERP* for your business

- **Step 1: Identify your organizations' goals and needs** – Before going through the effort of searching for the right ERP, it's imperative that your organization understand what it hopes to accomplish with its new software. By drafting a list of your business' goals and what tools would be required to realize those objectives, determining what solutions fit the bill becomes much clearer.
- **Step 2: Formalize a consistent evaluation process** – No two ERPs are exactly alike, which can make comparing the pros and cons of multiple systems difficult when approached informally. For that reason, rental companies would be well-advised to standardize the way they evaluate potential ERPs through formalized checklists, internally agreed upon by knowledgeable IT resources and key stakeholders.
- **Step 3: Explore potential solutions** – Once the preceding preparations are complete, it becomes time for your team to start reaching out to vendors, requesting RFPs, and viewing demos. There are a truly staggering number of solutions on the market, so to avoid becoming overwhelmed, organizations might consider prioritizing solutions well-regarded by your specific industry over broad-spectrum alternatives.
- **Step 4: Develop a list of final candidates** – And finally, after your team has done its due diligence, comes the phase preceding your ultimate decision. To help focus their considerations, many organizations develop increasingly selective lists of potential solutions, eliminating systems that fall short based on the previously established criteria. Once a final list of candidates is agreed upon, stakeholders can debate the unique merits of each remaining solution before ultimately selecting one ERP.



Interested in learning more about what Wynne Systems' rental management solutions can do for your business?

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