WHITE PAPER

Implementing ERP in Vietnam

11 things You Should Consider Before You Invest in an ERP Solutions

Introduction

While choosing an Enterprise Resource Planning (ERP) solution is never quite simple, companies in Vietnam face more challenges than most in this regard.

ERP is a relative new phenomenon in Vietnam, and buyers often have difficulties figuring out the market for these systems and related services.

In order to get you started down the right path we have compiled a list of 11 things you should consider before you choose and ERP system and an implementation partner in Vietnam. While the list is by no means exhaustive, it should help you avoid the worst pitfalls.

1. The Solution Must Be VAS Compliant

Full compliance with the Vietnamese Accounting Standards (VAS) is an absolute necessity. This includes a number of requirements for the way you record your financial transactions and a number of reports that must be submitted to tax authorities at regular intervals.

2. Support for HR Management and Payroll

Many Vietnamese companies have a large number of employees and it is therefore important to choose a system that has good Human Resource Management and payroll features.

In Vietnam, companies are required to submit a number of payroll related reports and compiling them can be quite laborious if you have more than a handful of employees. As these reports are specific to Vietnam and are generally not supported "out-of-the-box" by brand name ERP systems, be sure to choose and implementation partner that has done the necessary localization.

Due to the large number of employees, manufacturing companies will also want a system that allows them to collect attendance information at the gate using RFID employee cards or a similar system.

3. Support for Vietnamese Characters

Make sure that the system you choose supports Vietnamese characters, as companies in Vietnam are required to submit a number of reports to authorities in Vietnamese. If you choose the right solution, you will be able to pull many of these reports from your ERP system.

4. Choose a System from a Reliable Vendor

You want to make sure that a strong, reliable company is behind the product you buy. Implementing ERP is expensive and you don't want to see you vendor to go out of business after a few months, leaving you without bug-fixes and support.

Even if the vendor is reliable, you should avoid immature systems and systems that have only recently been extended to fit your industry. You don't want to act as an unpaid beta tester for your ERP vendor.

Finally, it is important that you choose a vendor that has a presence in Vietnam and is committed to adapting the solution to the local market.

5. Find a Solution That Matches Your Business

You would be hard pressed to find a solution that covers all your needs "out-of-the-box", but you should make sure that the solution you choose provides adequate support for the business processes that are important to you. A surprisingly large number of companies and up with ERP solutions that aren't really suited for their business.

Be on the lookout for things such as: Financial consolidation, project accounting, service management, production planning, and materials requirements planning. Beware that smaller accounting packages are usually not suitable for foreign companies in Vietnam as they often lack support for basic features such as multiple currencies, Vietnamese characters or customizable reports.

6. Choose a Customizable Solution

You want a solution that's customizable. Not just because you will want to create additional reports, but also because systems that can't be customized tend to be too generic to be truly useful in the long run.

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When it comes to ERP solutions, one size does not fit all – especially not as your company changes and grows.

7. Availability of Implementation and Support Services

Make sure that implementation and support services are available locally for the product you choose, and sign a contract with an implementation partner before you go ahead and pay for the software. Implementing ERP packages is difficult, and you don't want to buy the software just to realize that you are on your own when it comes to the implementation.

Think twice before you fly in consultants to undertake the implementation. Who will provide support services when they are gone?

8. Go for Quality Services

Don't be too cost conscious when you buy implementation services. It is estimated that around 80% of all ERP implementation in Vietnam fail, so it pays to go with a partner who has proven track record of successful implementations. Be sure to ask for references, preferably from your own industry. Also make sure that the partner has a good relationship with the vendor and has access to 2nd line support.

If the partner you prefer is too expensive for your budget, consider reducing the scope of your project rather than looking for a cheaper alternative. Not only will you be working with a good partner, you will also further increase your chances for success by simplifying the project

Keep in mind that a successfully implemented ERP solution will pay for itself many times over, while you lose your investment entirely if the project fails.

9. Plan for Maintenance Up Front

You also need to make sure that you have the necessary personnel to maintain the solution when the implementation is done. If you do not have in-house IT staff, you need to find a service provider who can do it for you.

While there are a number of companies that provide IT services in Vietnam, most are lacking in terms of professionalism. You also need to make sure that the service provider understands how to make backups of

your ERP system – both the data and the application – and restore it if disaster strikes.

The best solution is to go with an implementation partner who can also maintain your solution after implementation, or to avoid the problem entirely by buying a managed solution that runs on servers in the service provider's data center.

10. Plan for Training Up Front

How will your people learn to use your new ERP system after implementation? And how will you train new staff in the future? Is material available that can help you and your staff to learn how to use the system, or are you 100% dependent on the implementation partner to teach you how to use it?

Ideally, you would want to go with a system where both materials and training is available from the vendor or 3rd party sources as well as your implementation partner.

11. Take a Close Look at the Licensing Model

Make sure the software licensing model suits your business. Systems that are licensed per user are often the best choice, because the licensing cost scales linearly as your business grows. Alternatively, you could "lease" a solution and pay for the software as you go.

Be on the lookout for Human Resource Management and Payroll solutions that are licensed per employee record, as these can be prohibitively expensive in Vietnam where companies typically have a large number of employees.

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About Votiva

Votiva is Vietnam's leading Microsoft Dynamics Partner and offers implementation services within Dynamics AX and Dynamics CRM throughout South East Asia. We also provide customers in Europe and the US with a number of Microsoft Dynamics related offshore services.

We are proud to have played a key role in the introduction of Microsoft Dynamics AX to the Vietnamese market, and as a trusted Microsoft partner, we continue to work closely with Microsoft and to localize and adapt Microsoft Dynamics AX to local Vietnamese regulations and standards within Vietnamese Accounting Standard, Vietnamese Human Resource Management, Payroll and Time Attendance as well as for Vietnamese Language.

The founder of foreign owned and Danish managed Votiva headed the first major Microsoft Dynamics AX implementation in Vietnam. The solution remains the single largest Dynamics AX installation in Vietnam and is among some of the largest system implementation in South East Asia and is today still serviced by Votiva.

Since then, Votiva has been engaged by a number of companies in Vietnam and other South East Asian countries, and has built a team of highly skilled Vietnamese consultants, who are all experts in the Microsoft Dynamics product range. Votiva's clients appreciate the fact that projects are overseen by European project managers and principal consultants with an impressive track-record of successful implementations.

As a member of AxPact - a strategic alliance between leading Microsoft Dynamics AX partners from around the world - Votiva also takes part in global delivery a large scale Dynamics AXT solutions for international corporations.

About Microsoft Dynamics AX

Dynamics AX is an affordable, yet highly sophisticated ERP system from Microsoft. The solution comes with a wide range of modules that makes it suitable for most industries, including large manufacturers.

For more information, please visit us online at www.votivasoft.com or contact info@votivasoft.com