



Rethink Using Your ERP for Asset Management

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Many times, when I ask someone what they use for managing physical assets, their answer is simple: we use our ERP system. For most of us, this doesn't come as a surprise. An ERP is the integral system for managing core business processes within an organization – so why wouldn't this be used for enterprise asset management?

Well, if asset management isn't your day-to-day job, you're probably convinced that Fred down the hall is using that ERP successfully to track the entire lifecycle of your assets. But if you're Fred down the hall, then this is probably quite a different story.

The thing is, while ERP's are great for tracking the financial information when it comes to asset management, they are typically lacking when it comes to the actual lifecycle management of assets.

"An ERP's greatest strength (in) its ability to standardize how different types of corporate assets are bought, distributed and accounted for becomes a weakness when it comes to the complex, dynamic and demanding world of [asset management]. The unfortunate result is that the bottom line can be compromised due to overpayment for and under-utilization, mismanagement and incomplete accounting of assets." – a White Paper from Hewlett Packard

To explore the difference between ERP and EAM systems, let's walk through what you should look for in your ERP to ensure you have the right tools for asset management.

Acquire Assets

ERP's tend to focus mostly on financials, starting at asset acquisition. While recording purchasing information is critical and the information should be in an Enterprise Asset Management (EAM) system, you should assess how to enter the location, owner, condition, usage and barcodes in the ERP system.

- Is it easy?
- Can the system generate barcodes with an alpha-prefix so that you can easily print and affix to assets?

Deploy Assets

A user needs a way to easily assign an asset to a custodian or location on a permanent or temporary basis. For most ERP's this will come down to entering the custodian or location into a data field.

An effective asset management software system should have a way to not only easily find the asset, and identify where/who they would like to assign them to and decide whether it will be on a permanent or temporary basis.

- For temporary transfers, can you establish a due back date?
- Can you automatically remind the custodian before the due date?

Audit Assets

Often, when it comes to audits, ERP users are forced to resort back to printing list of assets from spreadsheets, walking around checking items off and noting corrections, and then entering changes into their system. For some “lucky” users, a barcode scanner can be attached to a laptop.

- To maximize time efficiency, modern web-based systems should be paired with a mobile app.
- A complete asset management system will have a mobile app with offline sync so that users can scan assets to audit them even when without data connectivity.

Report Assets

Your asset management system should have the ability to generate standard reports, while also offering ad hoc reporting.

- For standard reports, what formats can you export to and how easy is it get these reports to the people who need them?
- Do users have the ability to create/modify reports?
- Can they be easily exported to excel, or CSV?

Dispose Assets

When it comes to the end of an asset's lifecycle, users should be able to easily remove the item from their inventory and denote that the item is retired. This seems simple enough but for many organizations, identifying how an asset was retired and ensuring the correct business process was followed is a must. For example, if selling a laptop, was the software uninstalled, has all data been scrubbed, has the laptop been destructed? Is there an audit trail to review who and when the item was prepped for disposal?

- A proper EAM system will have configurable workflows so that organizational business rules are woven into the system.
- Users are guided step-by-step through each process, data validation rules ensure records are complete and accurate, and system administrators have complete visibility of transactions: asset history reports should show transaction date + time stamp, old value archived, new value recorded, user name noted. Creating accountability is crucial for asset management.

Pre-Integrated Admin Tools

ERP's are notoriously inflexible systems. This means that if you want to make a change you have to reach out to the vendor, invest more money, and then wait (typically a long turnaround) for them to make the changes to the system.

“The average annual costs of maintaining ERP systems and meeting changing business needs are up to \$1.2 million, but in the extreme, they can exceed \$4.1 million per year.”

As we've moved from an industrial economy — built on repeatability of process over flexibility — to an information-driven economy, the need for quick adaptability and flexibility in processes is business critical. The pace of business change has accelerated, yet most IT systems remain difficult to modify and change to meet these new business and technical requirements.

The reality is enhancing and updating the ERP system generally requires 3rd party assistance or dedicated staffing. This is almost always expensive, and rarely addresses the needs of team members responsible for managing the lifecycle of the asset inventory. Modern asset management software is designed to be highly flexible - giving stakeholders the ability to independently and without expense make necessary changes on their own.

Asset managers are at a disadvantage when their system does not enable them to: customize role permissions; add, remove, or replace fields throughout the system; and easily create reports and notifications. Having these capabilities off the shelf will save the organization a significant amount of time and money in the long run.

Best of Both Worlds

For many, integrating an EAM with an ERP is the most ideal situation for asset management. This was the case for Connecticut State Colleges and Universities (CSCU). In less than 10 months, E-ISG transitioned 17 colleges and universities from using their ERP system to the eEquip! Enterprise Asset Management system. E-ISG integrated the eEquip! system with CSCU's ERP system Banner.

Having a tight integration will allow the financial information to flow to the EAM and the lifecycle information to flow to the ERP – thus providing users from every department with the tools and information they need day-to-day.

When we look at asset management in this light, it's easy to see that ERP's and EAM's are not competitors but rather partners. If an organization wants users to efficiently and accurately manage their assets, they need to realize this paradigm and begin to utilize both systems to achieve desired results.

About E-ISG Asset Intelligence

E-ISG Asset Intelligence provide out-of-box software solutions eEquip! and implementation services for managing enterprise assets. The eEquip! software can be installed on premise or delivered as Software as a Solution. The eEquip! software is **Flexible, Extendable and Mobile**.