IT ON RENT
A VIABLE WAY TO AUTOMATE YOUR
BOOTSTRAPPED OR
SMALL BUSINESS

IT solutions are no longer the prerogative of large enterprises. Even small organisations with modest IT budgets can think of automating their management processes, by switching to the affordable pay-as-you-go model.

To thrive in this competitive world, every organisation needs to build its brand name, capture market share, and grow at a pace than is reasonably faster than its competitors. All this requires access to a realtime view of a business' health as well as the market trends.

But there are small many organisations, especially those with modest budgets that still function the good old way and perform tasks like maintaining data, preparing business reports, and so on, either manually or via disparate software solutions. Such firms find themselves playing catch-up, and discover that their bigger competitors are far better equipped to identify and tap market trends.

Since department heads in such organisations keep grappling with the issue of managing processes and information, they invariably fail to concentrate on market trends and other such key areas. As a result, they either lag behind or grow at a very poor rate.

How IT can help?

The solution lies in transforming the organisation's way of functioning so that there is a seamless flow of information across the organisation. Also, it is important that the key decision makers in the organisation have access to organisation data, MIS (management information system) reports and insights, in realtime. All this and a lot more can be achieved by switching to IT solutions, which can help firms to integrate operations, ensure transparency across the organisation and also forecast market trends.

"Some of the challenges small businesses face today are the changing forces of competition, changing workplace requirements, and the need to focus on core competencies. Thus, these small firms need an efficient IT solution to support their growth," observes Ramshankar N, head, Strategic Programs, RODE (Ramco OnDemand ERP), Ramco Systems.

But organisations that are bootstrapped or are still small, despite

Ankit Tuteja | BenefIT Bureau

knowing the merits of adopting IT, sometimes hesitate because of the associated costs. If you too have long wanted to adopt the latest IT tools but have resisted doing so because of budget-related issues, there is a way forward.

Switch to 'Web-based' or rental business IT solutions

With the availability of IT solutions like the ERP (enterprise resource planning) system, CRM (customer relationship management) solutions and the like, at affordable rates via the pay-as-you-go or subscription-based model (also called the SaaS or software-as-a-service model), you too can think of automating your business and putting its growth on the fast track. Adopting IT solutions that are available on rent, facilitate the hassle-free operations of a company, allowing it focus on its key area of business and operational areas, resulting in improved business performance at a lower cost.

Before going any further, let's first understand what the term 'rental' or 'Web-based IT solution' (or 'SaaS') means. In simple words, Web-based IT solutions are managed and provided to organisations over the Internet by a services provider or vendor, on a 'per month, per user' basis. Here, organisations are saved from a sizable up-front investment on the hardware and software installations normally required if an organisation opts for an on-premise solution. In an on-premise solution, the software is installed and run on the organisation's own servers. In this case, the organisation owns the software and hardware infrastructure within its premises. A rental Web-based solution proves very cost-effective as an organisation pays just a per-user monthly rental, which is quite manageable.

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Switching to a Web-based subscription model is a better option than the on-premise model of IT implementation as it reduces the hassles associated with maintaining a complex IT infrastructure and allows firms to achieve the larger objectives in an affordable way, affirms Gaurav Jain, head, Business—Europe and India (North), Novoally Software.

Apart from this, implementing the right IT solution helps establish transparency across an organisation and helps people get access to information—at an affordable cost. This helps start-ups and small businesses save precious management time and focus more on the market and on how to serve customers far more efficiently, says Kumar Vembu, CEO, GoFrugal.

Benefits derived

There are multiple benefits of opting for a Web-based or subscription-based solution. They allow organisations to try IT solutions that only large organisations could afford earlier, without making a huge upfront investment. The capital expenditure required to be made at the outset in the on-premise model is replaced by the much lower subscription that the company pays per month. This makes it easier for organisations to manage their cash-flows. Besides there is no need for an

expensive IT team to maintain the IT solution, says Prakash Kandaraj, head, Sales and Marketing, BIRetail.

We turned to a few organisations that are currently using such solutions to learn about the benefits they have derived from them:

Cost-effective: These solutions are available at an affordable price and add value to your business. Gagan Gandhi, director, My Kido, a retail store that deals in kids furniture, says, "We opted for TruePOS, a subscription-based retail POS solution. If we had opted for an on-premise model, we would have paid Rs one lakh to set up the entire infrastructure. Further, it would require IT personnel to maintain it, which would have been another monthly expense for us. Thus, we opted for a Web-based solution. We paid Rs 30,000 in the beginning to implement the TruePOS solution, and now every month we pay Rs 500 per user as a subscription fee." Victorinox India, another retail company that sells products like pocket multi-tools, fine cutlery, time-pieces and travel gear has also been using the BIRetail solution for a year and a half now. C J Chandhoke, COO, Victorinox India, says, "We bought the solution for 20 users and paid approximately Rs 2 lakhs to set up the infrastructure in the beginning, and now there is a monthly outflow

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"Adopting an integrated Web-based retail management solution has also helped us keep a record of employees' productivity on a daily basis."

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of around Rs 35,000." There are also solutions like EazyCRM that are available for free for a limited number of users but a company can upgrade to a paid account if the number of users increase beyond two. For more users and for premium features, our packages cost anywhere between Rs 400 to Rs 1000 per user, per month, tells Kunal Singhal, director, Singhal Systems.

The monthly subscription model makes it easy for us to take out cash from our business. Also, the implementation went live in a few weeks' time," says Rahul Singh, MD, B2B Retail. "As these solutions are cost-effective, we were able to take the plunge. We could not have taken the risk of opting for an on-premise model, hence, we went for the trial version of the software first, to ascertain its effectiveness. We eventually got the Web-based EazyCRM solution for 6 users at a cost of Rs10,000 for three months," says Swati Goel, office administrator, SN AquaSystem Inc.

No maintenance costs: Since these solutions are available on a monthly subscription basis, there is no need for the organisations subscribing to them to worry about issues like software upgrades, data back-ups and recovery, security, and so on. It is the service provider who ensures this. Ramshankar explains: "The customer does not have to pay for maintenance or upgrades in the software-as-a-service model . The monthly subscription costs cover maintenance, monthly feature upgrades, new releases and so on."

Data management becomes easy: With Web-based IT solutions, where the service provider maintains your business data in a structured manner, you can easily have access to your data archive as and when you want. For small organisations, it is difficult to manage data in such an organised way, considering their limited expertise in IT and also because their core competencies lie elsewhere. Gandhi, who is also using NetSuite, an integrated Web-based business software suite that includes applications like ERP and CRM software, since the last 2 years, explains the benefits, "When data is managed by a single person (the data operator), it becomes difficult to search, retrieve and structure the entire data, especially if this person leaves the organisation. But, having the company data managed via a vendor with a state-of-the-art infrastructure, can help an organisation manage data without wasting any time. Retrieving data also just requires a few mouse clicks."

Access data from anywhere, anytime: As these solutions are Web-based, they let you access data from anywhere, anytime. "Having implemented the solution, I can at any time get data on my iPad. From anywhere, I can get to know the realtime sales figures for different outlets, and many other details like what is coming in and going out of the retail store, the profit margins and so on," says Gandhi. Singh agrees with Gandhi and adds, " Since I can access my reports from anywhere, I don't need to be in my office all the time, to know what is happening there. Moreover, the dynamic reports generated by the

system allow me to identify problem areas on a daily basis, and hence find solutions on-the-fly."

Helps in monitoring employees: These IT solutions help you keep a detailed record of transactions. Gandhi explains how IT helped in automating the business and making business processes transparent. This also made it possible for the company to keep a fair track of employees' contributions to assigned tasks. "Earlier, we had to hire many data-entry operators tor feed in information, create Excel sheets and maintain a database. To ensure productivity, we also had to keep an eye on them. But when business expanded, it became difficult to keep a strict vigil on employees and track their output. Adopting an integrated Web-based retail management solution has helped us not only in managing and monitoring inventory, but also to keep a record of employees' productivity on a daily basis. Now, it is possible to know who is selling a particular product, and in what quantities. The solution definitely helps us in keeping an eye on employees, from anywhere." says Gandhi.

Helps prevent pilferage: IT solutions, once implemented, streamline the work flow and help in keeping a record of every business activity. These solutions help organisations to keep a complete record of their goods, thereby reducing the chances of pilferage. Gandhi agrees: "We have witnessed a reduction in pilferage. The solution keeps a proper record of all transactions. There is no scope of employees to commit any malpractice. Thus, we do not need to keep a strict eye on employees, and can focus on other important tasks," quips Gandhi.

User-friendly solutions: Being Web-based, these solutions are

easy to use. Chandhoke shares: "In the beginning, there was some resistance from the employees' side, but we took about a week to get the IT solution integrated with the organisation's work culture. The solution is so easy to operate that our sales team and store managers have grown fond of working on the application and are mostly found hooked to it. This in turn, has helped us save on the salaries of coordinators who used to focus only on data compilation, sorting and stock reorder management." Goel agrees and says that even in his organization, it just took three to four days to train employees to use the EazyCRM solution that they have subscribed to.

Increase efficiency: Armed with a Web-enabled solution that provides "any-time any-where" access to an organisation's data such as stock levels, companies can run their businesses at the maximum levels of efficiency from a costing, operational and profitability standpoint. For instance, warehouses can be set up at inexpensive Tier II and Tier III towns, while distribution networks can be established far and

wide to enable greater market reach than before, says Ramshankar.

A manageable operational expense: Unlike an on-premise model that is a capital expenditure for a company, Web-based solutions can be subscribed to without spending a hefty sum of money. "Like every other small organisation, when we started our operations, our focus was only on monitoring our profit and loss statement.. Over a period, the need for superior, flexible and customised reporting evolved as our retail stores increased from one to 10 in number. But, I was never prepared to invest Rs 25 to 30 lakhs on deploying an on-premise business intelligence solution—just to serve our reporting needs, as it would dilute the company's return on capital employed (ROCE), at least in the initial years. I rather preferred to open a new store with the available funds. As we could not afford poor ROCE, we preferred to manually compile data in Excel sheets, till as long as we could manage it. Fortunately, we came across a cloud-based business intelligence solution for which we would be charged on a monthly or quarterly basis. This seemed quite

A few best practices

To make the most of Web-based IT solutions, here are a few best practices that organsiations should adopt before and after the implementation of these solutions:

1. **Conduct a thorough research prior to making a pick:** Every organisation is different, and so are its requirements. Therefore, it is imperative to undertake a comprehensive market survey before you opt for any business IT solution. There are many factors that need to be considered before you subscribe to any Web-based solution, such as the reliability of the vendor, data security, cost advantages, good on-going support, etc. However, factors that may determine the buying decision of one company may differ from that of another.

Chandhoke agrees and says that it is important that an organisation assesses its requirements and expectations from an IT solution, clearly. "When we were on the look out for a business intelligence solution, we had five factors in our mind that would drive our decision—cost, speed of implementation, customisation, ease of use and data security," he shares.

Gandhi also shares the considerations that helped his company ascertain which solution would be best for his business, "When we were looking out for a retail solution, we had primarily one thing in mind—data access from anywhere so that I could keep an eye on my business from anywhere, anytime. I undertook a market survey for two to three months, and finally opted for TruePOS."

Value-addition to business, speed of implementation and reliability of the vendor were some other factors that Singh took into account, before he opted for the BIRetail solution.

2. **Get IT customised:** Although companies build these solutions in a way that they can be configurable without any customisation and may work for most organisations, yet some amount of customisation is always required, based on the niche requirements of a business. This customisation is usually to the tune of 10 to 15 per cent.

Most solutions providers, typically, provide a set of customisation features, product extensions and configuration tools to meet customers' needs, thus removing constraints like vendor rigidity and inflexibility.

3. **Keep user passwords secure:** It is necessary to keep user passwords secure as an organisation's data can be misused if someone obtains access to user passwords. In such a case, a company might suffer huge losses. The ideal practice is to change passwords, regularly "If someone leaves the organisation, we immediately change the passwords for that user account," tells Gandhi.

4. **Keep in touch with your vendor:** After implementing the solution, organisations should use the IT solution to the maximum possible extent, and cover as many operational and management aspects as possible. They should also engage with vendors on a continuous basis to make sure they share their feedback and suggestions with the former, thrash out doubts and bottlenecks in the system and communicate with the vendor on a regular basis to ensure the continuous improvement of the system. This will help organisations to stay ahead of the competition and leverage a solution to extract the maximum business benefit from it. This will surely result in higher productivity and a higher ROI, says Vembu.

5. **Involvement of both IT professionals and management:** To make an IT software implementation succeed, it is essential to ensure its widespread adoption across the organisation. To do this, there should be commited involvement of both the management and IT professionals throughout the process and its implementation. As a result, more complexities can be addressed, and it will become easier to implement and use the solution, effectively.

6. **Training:** Organisations should ensure that their employees are trained in a proper way so that they can get the benefits of these solutions to the maximum extent possible. There will always be some initial hiccups when a new system is implemented. Employees usually tend to lose their patience and discard the new software, at this early stage. Thus, employees' queries should be patiently addressed by trainers, says Singhal.

manageable and hence we opted for it," shares Chandhoke.

Flexibility to scale up and down: The biggest benefit of a Web-based IT solution is that you can scale up and scale down the use of the solution, based on your company's requirements. If your employee headcount increases, you can buy a few more user licences, and if the number of employees decrease, it is easy to unsubscribe a few licences. The on-premise model does not offer this kind of flexibility. Apart from this, based on the users' and organisation's requirements, it is possible to add more modules and features or reduce them, in your subscription-based IT system.

Measuring the ROI

On the subject of the return on investment, Chandhoke says, "It is difficult to monetise the return at this stage, but for sure, there are many qualitative and holistic benefits that we are experiencing. Overall, I can see our turnover has increased by two to three per cent due to better information management."

Gandhi also feels that his company has been experiencing many tangible and intangible benefits. He adds: "Firstly, the percentage of sales has increased. If I had not opted for the Web-based solution, I would have been selling 20 to 25 per cent less than what I am selling now. Besides, data is now more structured, and employees have become more efficient. Most importantly, we can easily get to know about customer preferences, which is crucial for survival, in this business."

Though Singh finds it difficult to quantify returns, he firmly believes that since the cost is so low, and the benefits to his business are so obvious, returns would definitely be multiple times worth the investment. ● ●