

Four Hidden Costs of Using ERPs and CRMs for Crisis and Critical Event Management



IT still controlling software purchasing – too often, for the worse

When it comes to enterprise software, IT and CIO bosses still control the purchasing agenda. Towards which solutions do they gravitate?

According to the data, IT, despite rapid innovation in the space, still prefers legacy Enterprise Resource Planning (ERPs) and Customer Relationship Management (CRMs) platforms (Gartner).

To be sure, these platforms, often procured for IT service management, have their use. Unfortunately, though, their applicability is being stretched far beyond recognition – many times to the crisis and critical event management use case where they are an especially poor fit.

What do crisis teams, senior leaders, and other business decision makers think about this trade off? They're being left to bear the brunt of having to use shoe-horned solutions that cost far more than IT thinks.

And that's because IT often neglects total cost of ownership.

The total cost of ownership of ERPs and CRMs adds up fast

The total cost of ownership (TCO) is the estimate of all company resources and expenses associated with purchasing, deploying, using, maintaining, changing, and retiring a given asset – in this case a legacy ERP or CRM platform.

The TCO isn't the quoted vendor price. It factors in both direct and indirect expenses, in addition to any other intangible costs to which organizations can assign monetary value.

Why does the TCO of using ERPs and CRMs for crisis and critical event management matter?

Well, it's in calculating the TCO that buyers find themselves left paying outsized costs without measurable returns – much higher costs than procuring organizations have budgeted for.

What are the hidden costs that matter? In this guide, we lay out the four key costs of using ERPs and CRMs for crisis and critical event management; decision makers would be well advised to keep reading:



Start-up, support, and change-management.

A traditional frustration with deploying ERPs and CRMs is their lengthy implementation cycles. Cycles often take upwards of a year before users can finally deploy.

And those are for systems that already come with hefty price tags, without mentioning the development and deployment resources they pull from overburdened IT.

Nor are start-up costs the only hidden costs of using ERPs and CRMs for crisis and critical event management. Developers of these legacy solutions often take a “take it or leave it” approach to additional changes, too. As a result, customers can't make necessary customizations to their legacy ERPs and CRMs without shelling out more time and money.

Some customers are even forced to onboard external development teams to tailor their legacy solutions to unique business needs, processes, and risks.

As risks increase, though, needs get more extensive – with sudden changes in legislation, regulation, user requirements, and business processes happening all the time.

Procurers of legacy ERPs and CRMs are then left with the bill. The type of development, change management, and support their ERPs and CRMs demand presents stark administrative challenges, too, particularly during critical events.

Remember, those are the times when organizations can least afford to wait to change processes.



A tax on users.

Usability challenges impose similarly high (hidden) costs. ERP and CRM users often complain that their platforms lack basic usability. They feel stiff, even painful.

Why does it matter? Well, research suggests that it's not a specific feature set but great user experience that drives software adoption.

Conversely, poor user experience lowers adoption. And where there is adoption, it's unwilling – use is grudging, users less willing to engage.

As a result, users come up with effortful workarounds (enter Shadow IT, Excel, Word, and emails), meaning work is duplicated, security is compromised, and investments are sunk further.

There's also a steeper learning curve for new users – another hidden cost.

What's more, new workers, thanks to the Great Resignation¹, are cycling into crisis and critical event management operations.

These users will have to get up to speed on the new company's legacy ERP or CRM. And here, poor user experience only makes the training lift that much harder, even if the staggering increase in critical events means new users need to be getting up to speed faster than ever.



Yesterday's best practices.

There's also the opportunity cost of lost innovation.

Companies often find themselves purchasing legacy solutions for IT service management, then stretching their applicability to fit under-budgeted crisis and critical event management programs.

The thinking is the deployment will save money; the same goes for procuring modules by legacy vendors marketed to penetrate business buyers outside of IT.

The reality, however, is quite different. These purchases often serve to increase TCO when compared to procuring fit-for-purpose disruption management solutions.

That's because the latter offer access to the latest best practices, devised by communities of experts who've learned from the COVID experience and the generalized rise in other critical events (More below).

Without access to such a comprehensive library of solutions, templates, and well-considered modules, ERP and CRM buyers only limit their organization's base of knowledge, stymie their own resilience goals, and increase the time needed to get up and running with the latest best practices.



Designed for and operated by IT.

Many of these hidden costs can be explained by an honest analysis of ERPs and CRMs.

Within the limited confines of IT-centric incidents and disruptions, such as helpdesk support and troubleshooting procedures, these (often ITSM-based) solutions excel, laying out clear processes and actions, through well-articulated workflows.

Outside of those narrow confines. Not so much.

Indeed, such legacy solutions have nothing to say about the management of critical events that emerge outside of IT, e.g., workplace accidents, natural hazards, as well as reputational and physical security threats – even those non-IT incidents that eventually impinge on IT services.

Non-IT business owners are thus hit with the highest costs when using these legacy products developed specifically for IT operations.

Disruption management solutions to help address the challenges of crisis and critical event management

Indeed, business decision makers and their teams will struggle to get the requisite coordination, visibility, and situational-awareness-enhancing capabilities from ERPs and CRMs for crisis and critical event management.

The inevitable question then is, towards which solutions should stakeholders turn, instead? That's where innovative SaaS products come in.

Purpose-built disruption management solutions, in particular, have been designed to address the most significant crisis and critical event management challenges.

Those challenges include:

- Getting timely information to all stakeholders during an incident
- Providing a centralized location for critical information, such as impacts, responses, and key messages
- Going beyond routine IT systems-support to help the rest of the organization
- Following the flow of relevant information that's scattered across emails, meetings, documents, calls, and chat
- Providing consistency in key-communications methods and content
- Coordinating between different business units and management levels
- Gaining situational awareness to manage natural hazards and other threats
- Enabling crisis and executive team collaboration
- Enabling the identification of affected workers and providing communications to reach them
- Providing consistent messaging to customers, investors, workers, and the wider community

The value of a purpose-built disruption management solution

What do purpose-built solutions offer? Well, like specialized physical equipment and/or vehicles, these solutions have been tailored to specific use cases, rather than one-size ERPs and CRMs that are more akin to generic machines (poorly) adopted to fit custom use cases.

As a result, users of these innovative disruption management products won't have to compromise on functionality and usability – as their procured solution has already been designed with specific customer problems foremost in mind.

Specialization also means that customers can use these innovative solutions to target challenges more effectively, increasing productivity while ensuring better incident response.

Another thing: besides getting a more streamlined user experience, customers also benefit from the fact that these disruption management solutions align more closely to desired business processes as well as best-practice standards in the field.

Other advantages of purpose-built disruption management solutions for crisis and critical event management include:



Improved usability. These solutions boast clean user interfaces that scale seamlessly to provide a consistent, easy-to-use experience on any device. Flexible workflows, forms, wizards, and dashboards also make it simple to guide users through any business process. Rounding it all out is responsive, mobile-first design, with modern auto-scaling cloud architecture to meet demand.



Best-practices out of the box. Established from years of consolidated customer knowledge, these solutions also come with a library of solutions and templates, based on the latest ISO standards. Not just that, the solutions themselves are aligned with numerous best practices as well as international standards.



No-code customization. Rather than having to tailor business needs to the ERP solution, these innovative platforms are easy to configure, thanks to no-code customization.

For those who have their own crisis and critical event management processes down pat, the platforms let you build out your own solutions easily, with drag-and-drop designers for data models, forms, screens and dashboards, workflows, charts, maps, and more.



Easy integrations. Speaking of integrations, the genius of these solutions is that they also offer a full range of integration options that make it easy to connect and synchronize data and plug in customer systems, e.g., single-sign on, messaging, and mapping.

Don't want to ditch any of your existing platforms? You won't have to. These solutions integrate with existing platforms easily.



Offering critical event management-as-a-Service. Fully cloud-based, the solutions don't have to be installed. And as they're architected for high availability, you don't miss out on service when demand is high – as it so often is during a critical event.



For any risk or hazard. These complete platforms don't stop there; they offer integrated messaging, tasking, workflows, data analysis, and mapping, as well, for improved business enablement.

The net-result is that customers can manage any type of crisis and critical event risk, hazard, or incident in a single, integrated solution, whose component best-practice modules and parts are all fit for purpose.

ERPs and CRMs Versus Next-generation Disruption Management: Where they stack up for work safety and crisis management

	ERP	Next-generation disruption management
Start up	<ul style="list-style-type: none"> • Long implementation cycles 	<ul style="list-style-type: none"> • Gets you up and running quickly with out-of-the-box access to multiple solutions, 250+ best-practice module and 20,000 items
Change management and configurability	<ul style="list-style-type: none"> • Limited to no configurability • Belabored change management, necessitating vendor support • Increased vendor cost or cost of external development resources 	<ul style="list-style-type: none"> • No-code customization which enables customers to tailor solutions easily or build their own, using drag-and-drop designers
User experience	<ul style="list-style-type: none"> • Painful and effortful 	<ul style="list-style-type: none"> • Clean user interfaces • Consistent user experience on any device • Flexible workflows, forms, wizards, and dashboards make it easy to guide users through any business process • Responsive, mobile-first design, with modern auto-scaling cloud architecture
Expert knowledge	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • Comprehensive library of solutions and templates, based on the latest ISO standards
Total cost of ownership	<ul style="list-style-type: none"> • Unpredictable pricing from extensive hidden costs 	<ul style="list-style-type: none"> • Transparent pricing • Increased ROI from a full range of integration options and easy integration capability

Finally, IT has dominated software purchasing, rewarding incumbent vendors even if their legacy solutions don't address business risks, processes, or the bottom line.

Things wouldn't be so bad if costs weren't out of whack. But as this guide has sought to demonstrate, hidden costs accumulate when organizations use ERPs and CRMs for crisis and critical event management.

The biggest cost, of course, is the price of business recovery when caught unprepared for a major crisis.

Fortunately, purpose-built disruption management solutions, like Noggin, give your executives, crisis teams, and other stakeholders the tools they need to collaborate, consistently respond to customers, and share information during any crisis – not just an IT incident.

And so, our counsel is this: don't miss out on innovation, leave yourself unprepared, while eating high hidden costs. Instead, invest strategically in disruption management platforms that give you more bang for the buck with all the tools and information needed to stay ahead of disruption.

Sources

i. Juliana Kaplan and Madison Hoff, *Business Insider: Americans are still saying 'I quit' in near-record numbers, showing that the Forever Resignation is sticking around.* Available at <https://www.businessinsider.com/americans-quit-at-near-record-rate-great-resignation-forever-resignation-2022-6>.



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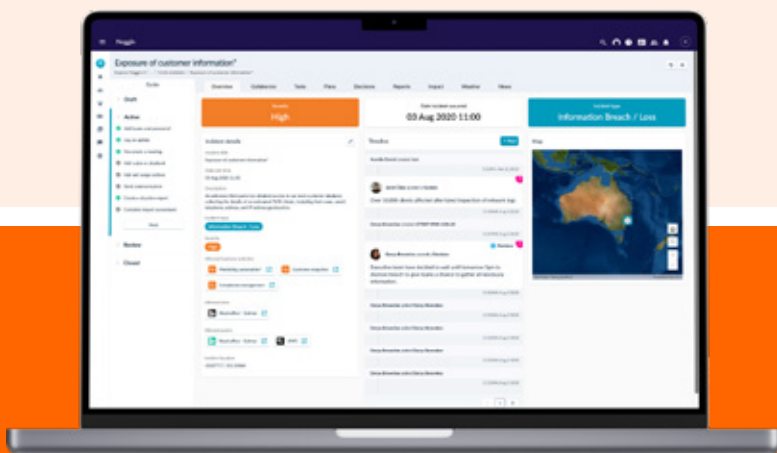
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noggin for Crisis

Meet the next-generation tool for corporate crisis and business continuity management teams to collaborate, plan, track their response, and share information. Built on the Noggin Core platform, Noggin Crisis gives response teams and decision makers the tools to know what's happening, collaborate quickly and effectively, make better decisions, and enact the right plans to take action when it counts the most.

The Noggin Crisis solution pack is backed by the Noggin Library with hundreds of plans and best-practice workflows, out of the box, and installed in minutes.

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