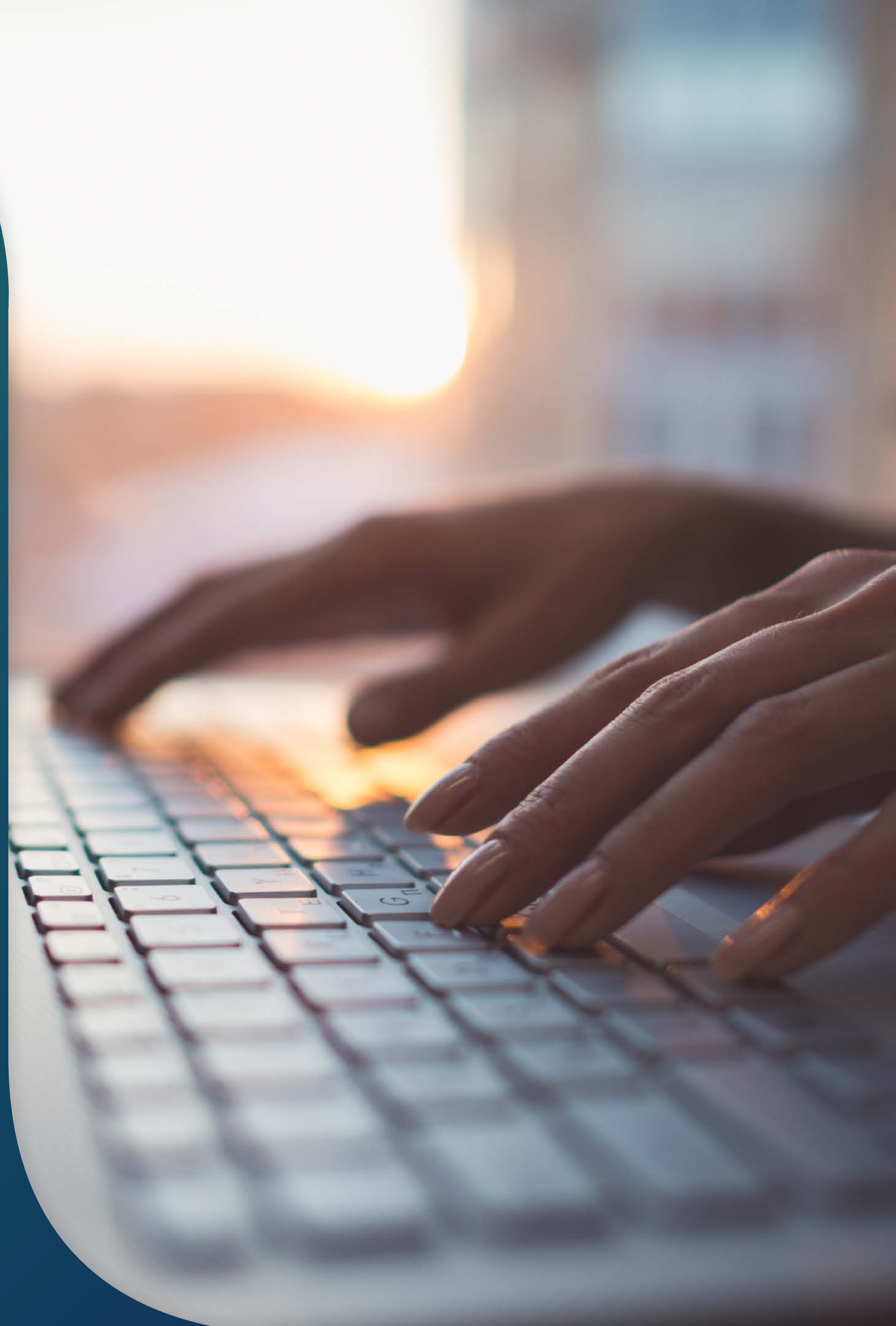EBOOK

A government contractor's guide to building an ERP business case

Unanet™

Executive Summary

Do you think it's time you upgraded the way your GovCon business operates and potential software to help streamline, automate, and connect financial, resource, project, and contract management? An enterprise resource planning (ERP) system may be the right solution for you. However, many people struggle to explain what an ERP is and how it might impact their company.

This book is for you.

We'll explore what ERP means for GovCons, why it matters, the common challenges and risks involved with implementation and change management, how to plan for success, and some metrics for the value you can achieve.

INTRODUCTION

Justifying ERP investments to stakeholders is one of the most significant challenges executives and leaders face today. Concerns over costs, disruptions, and elusive ROI metrics can stall progress before it even begins.

But here's the reality: A modern ERP system acts as more than a mere tool. It also serves as a foundation for driving operational resilience, productivity, and growth in today's competitive market. Without the proper infrastructure, organizations risk falling behind.

This guide will provide you with actionable strategies to justify an ERP investment and gain stakeholder support. From mitigating risks to projecting ROI, these are the steps you need to transform resistance into buy-in and move your business into the future.

Why ERP systems are essential

Imagine this: A government contractor with a $10M contract backlog is using spreadsheets and disconnected systems to track financials and project costs. When a DCAA audit request comes in, they scramble to gather documentation, uncovering billing inconsistencies that cost them thousands in penalties.

This example isn't an isolated case. Many GovCons struggle with outdated systems, leading to compliance risks, inefficient operations, and lost revenue opportunities. This is where ERP software can have a huge impact. An ERP can act as the central nervous system for government contractors, integrating financials, human resources, procurement, and project management into a single, automated platform.

Without an ERP, GovCons can risk project delays, mis-allocated costs, and compliance violations that could jeopardize contract eligibility.

The key benefits of an ERP:

Optimized efficiency – Automates financial workflows, reducing invoice processing time while minimizing errors so you can keep indirect costs down and profit up.
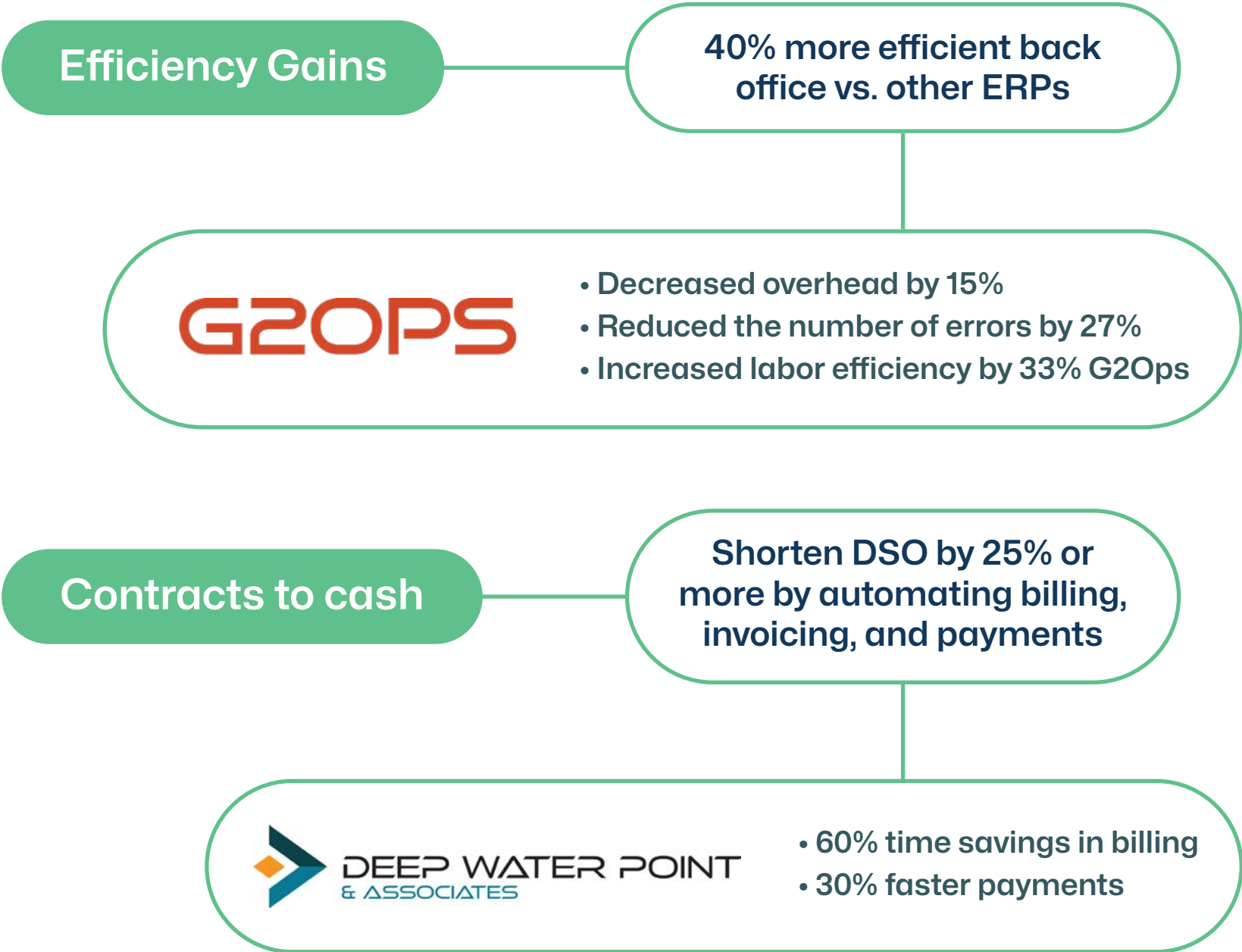
Regulatory compliance – Ensures adherence to GovCon regulations like FAR, DFARS, SCA, DCAA and more through automated tracking, logs, and user guardrails

Financial and project visibility – Provides real-time dashboards for monitoring contract burn rates, labor costs, and indirect expenses

Scalability for growth – Standardized, compliant procedures scale easily to hundreds or thousands of employees and subcontractors so you can adapt to more contract types, services, products, and advanced compliance standards.

PASS AUDITS IN **HOURS, NOT DAYS**

27% of customers grow >2x within 3 years of joining Unanet

Efficiency Gains

40% more efficient back office vs. other ERPs

G2OPS

• Decreased overhead by 15%
• Reduced the number of errors by 27%
• Increased labor efficiency by 33% G2Ops

Contracts to cash

Shorten DSO by 25% or more by automating billing, invoicing, and payments

DEEP WATER POINT & ASSOCIATES

• 60% time savings in billing
• 30% faster payments

For government contractors, the right ERP can help you do more than simply stay ahead of your competitors. It can help them take the lead. Without a modern, integrated system, inefficiency and compliance risks can threaten long-term sustainability.

Overcoming Common Objections

Despite the clear benefits of ERP, many organizations hesitate to move forward. **Why?** Because an ERP investment represents more than a simple budget approval. It also demands **organizational change, a shift in workflows, and a clear return on investment.**

Top 3 barriers to ERP adoption

1. Lack of consensus among stakeholders

OBJECTION: *"Using an ERP affects too many departments, making consensus difficult."*

REALITY: While ERP adoption does impact multiple teams, a well-structured business case can align all stakeholders by demonstrating how ERP benefits **each department's priorities** — from financial compliance to operational efficiency.

Without a unified case that addresses everyone's concerns, ERP projects stall before they even begin.

SOLUTION: Build an ERP business case that speaks to each stakeholder's needs and aligns with overall strategic goals.

- **Executives** want a system that aligns with *growth and financial health; as well as visibility and insights from data across the business*
- **Finance teams** focus on *cost savings and compliance automation.*
- **IT departments** need *scalability and cyber security.*
- **Project managers** seek *real-time labor and cost tracking.*

2. Fear of costs and change

OBJECTION: *"Implementing an ERP will be too disruptive to our operations."*

REALITY: A **phased rollout** minimizes disruption by addressing the most critical needs first, such as **financial tracking and compliance**. GovCons that adopt a **step-by-step implementation** see a **30-50% faster adoption rate** with fewer workflow interruptions.

ERP implementation has a reputation for being costly and time-consuming. Decision-makers often ask:

- *"How much downtime will this cause?"*
- *"What if employees resist the change?"*
- *"Is the ROI worth the risk?"*

SOLUTION: A phased ERP rollout and structured change management plan can minimize disruption while demonstrating early wins.

3. Uncertainty in measuring ROI

OBJECTION: *"An ERP is too expensive, and the ROI is unclear."*

REALITY: The cost of not upgrading an ERP system is often much higher. **Manual financial tracking increases compliance errors by 40%**, and inefficiencies can lead to *25% higher administrative costs*. ERP automation **cuts invoicing errors, improves DCAA compliance, and accelerates cash flow**.

Stakeholders often ask, *"How do we know this investment will pay off?"* The challenge is that ERP ROI helps save money, but it can also increase efficiency, reduce risk, and make it easier to maintain compliance.

SOLUTION: Unanet has an interactive ROI calculator that provides a clearer picture of the potential value you may achieve from an upgrade. To learn more, schedule a **free consultation** with a Unanet expert who can help you understand the ROI of using the right ERP.
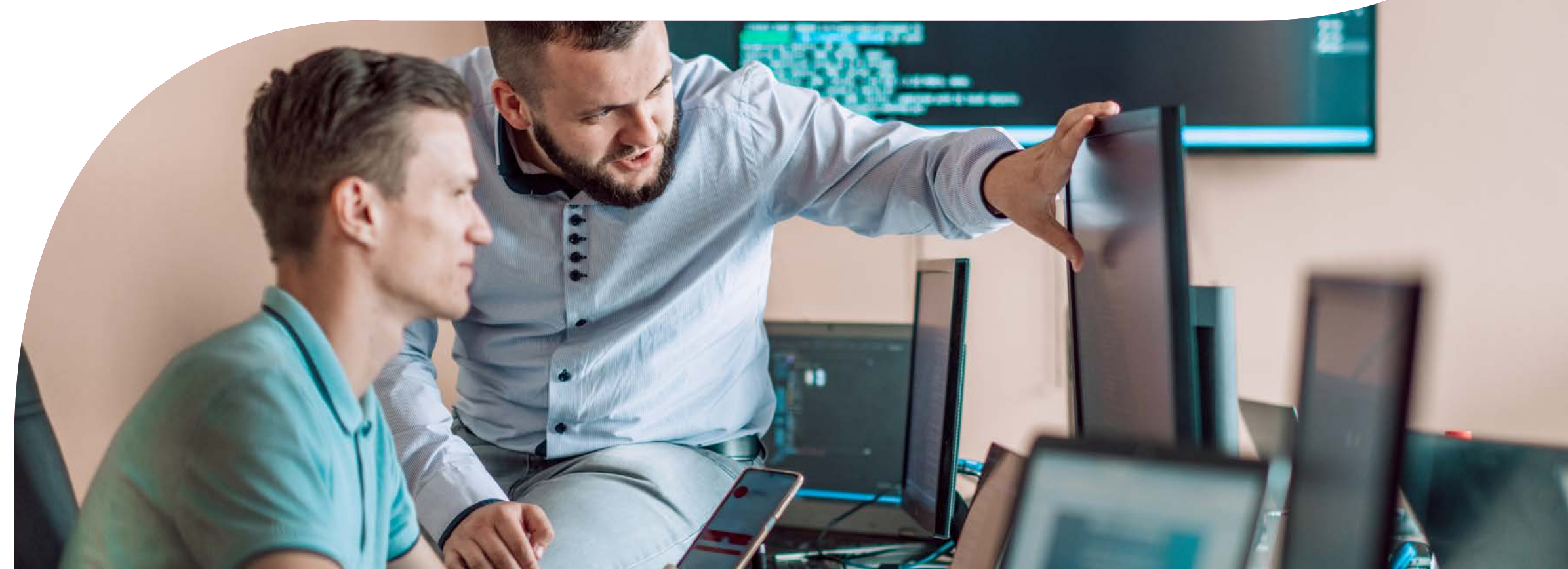
Actionable strategies to build a compelling ERP business case

Implementing a new ERP system is not just a technology upgrade — it's a strategic shift that impacts every corner of the organization. But even the most robust and feature-rich ERP won't get off the ground without leadership buy-in and cross-functional support. In the world of government contracting, where budget scrutiny is high and compliance is non-negotiable, it's not enough to say, "we need a better system." You have to prove it.

In this chapter, we'll outline a step-by-step approach to help you craft a persuasive, data-backed case that drives decision-maker alignment. From pinpointing organizational bottlenecks to modeling financial impact and overcoming objections, these strategies are designed to transform interest into investment — and help your organization move confidently toward ERP adoption.

STEP ONE Align your ERP's goals with business priorities

Some common organizational pain points that an ERP can assist with include:

- **Slow billing approvals and cash flow** – An ERP can streamline workflows, cutting processing time by 50%.

- **Inaccurate financial reporting** – Tapping into automated DCAA-compliant tracking ensures audit-ready records.

- **Resource mismanagement** – The use of real-time dashboards provide contract-level budget visibility.

Using the right ERP allows your GovCon to enhance its **organizational growth, compliance, and cost savings.**

STEP TWO: Quantify the risks of doing nothing

Delaying ERP adoption comes with hidden costs:
- **Missed revenue opportunities** due to slow project approvals.
- **Increased compliance risks** from manual tracking errors.
- **Higher labor costs** due to redundant administrative tasks.

Example: A government contractor using outdated systems lost $500,000 due to billing errors in a compliance audit. After implementing ERP automation, they eliminated errors and recovered lost revenue.

STEP THREE: Build an ROI-based business case

Stakeholders need data-driven projections to justify investment. Use these calculations to show measurable value:

- **Time savings** – Automating approvals and invoicing can cut labor costs by 30%.

- **Error reduction** – Automated reporting can prevent costly compliance fines.

- **Profitability gains** – Better project tracking leads to higher billable utilization.

To calculate your return on investment, start with our business case **TEMPLATE HERE**

STEP FOUR — Address stakeholder concerns

Tailor messaging for different audiences:

- **Executives** → Focus on long-term business growth, competitive advantage, and real-time visibility across the organization.

- **Finance Leaders** → Emphasize cost savings, scalability, ROI, and risk reduction.

- **Operations Leaders** → Show workflow automation and efficiency gains.

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Our goal is to be a billion-dollar enterprise. With Unanet, we feel like we have a system that will grow and scale with us. It's a big win.

— **Robert Richards**, CFO, Blue Halo

STEP FIVE — Offer a phased implementation plan

Don't try to tackle too much at once. Mitigate resistance by proposing a step-by-step ERP rollout:

Phase 1: Finance and compliance automation
Phase 2: Project tracking and resource management
Phase 3: Full operational integration

Your ERP investment isn't a move to keep up with technology for technology's sake. it's about future-proofing your GovCon business against inefficiencies, compliance risks, and preparing for growth.

By framing ERP adoption as a strategic necessity, not just a software purchase, you can transform hesitation into action. You can do this by demonstrating an **ERP's long-term value with a structured rollout plan** – and leadership can confidently support the decision to make the investment.

What to look for in a GovCon ERP

Selecting the right ERP for government contracting involves investing in a platform that will streamline operations, ensure compliance, and provide the flexibility to support long-term growth. The right ERP should integrate seamlessly with existing business processes while offering industry-specific capabilities that meet the complex compliance and reporting needs of government contractors.

Below are the essential features to look for when evaluating ERP solutions.

Time and expense management: Many contracts require an Approved Accounting System, the basis of which is accurate and auditable time tracking and allocation. Tracking time and expenses accurately is crucial for government contractors to maintain compliance and ensure proper invoicing. An ERP should provide automated timekeeping, expense tracking, and approval workflows to simplify reporting and reduce administrative burdens.

Accounting and billing: A robust accounting and billing system ensures financial accuracy and compliance with FAR and DCAA regulations. Look for an ERP that automates cost and labor distributions to your GL, calculates indirect rates in real time across projects, contracts, and organizations, enables fast, compliant invoicing, and has easy-to-use, interactive reporting.

Project management: For GovCons, managing projects effectively means tracking costs, resources, and deliverables in real-time. An ERP should provide tools for scheduling, milestone tracking, contract performance analysis, and collaboration between teams to enhance project execution.

Resource management: Optimizing workforce utilization and material resources is essential for profitability – especially when providing services for T&M or Cost-plus contracts. A GovCon ERP should provide visibility into labor availability, subcontractor management, and equipment tracking, ensuring that resources are allocated efficiently across projects.

Forecasting and reporting: An effective ERP should offer real-time forecasting capabilities to help leaders anticipate financial trends, resource demands, and contract profitability. Customizable dashboards and automated reporting tools enable better strategic planning and financial oversight.

Continuous monitoring and alerts: ERP systems should proactively notify teams of potential compliance risks, budget overruns, and project delays. Alerts and automated workflows help mitigate risks before they become costly issues.

Beyond the core functionalities, consider additional capabilities that can enhance operational efficiency:

Analytics and business intelligence: Advanced reporting tools for deeper insights into project and financial performance.

Seamless integrations: Ability to connect with CRM, HR, and procurement systems for a unified workflow.

Dedicated support and partnership: Access to industry-specific expertise and customer support tailored to GovCon needs.

Collaboration and real-time data access: Cloud-based solutions that enable remote teams to work together efficiently with up-to-date information.

A GovCon ERP should be designed specifically to handle the complexities of government contracting, from compliance with FAR, DFARS, and DCAA regulations to project-based accounting and resource management. Unlike generic ERP solutions, which often require extensive customization, a purpose-built GovCon ERP provides out-of-the-box functionality tailored to the industry's needs.

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DCAA seems to love our reports, and our program manager can run a report and it tells him everything he needs to know, right out of the system. It's been great.

– **Stephanie Hutch**, Founder and CEO, Makai

Building stakeholder buy-in

Investing in a new ERP system is a strategic decision that affects multiple facets of an organization, from financial management to operational efficiency. However, gaining buy-in from key stakeholders can be challenging due to concerns about costs, implementation risks, and potential workflow disruptions. A well-structured business case is essential to securing approval and ensuring a successful rollout.

The first step in building consensus is identifying and addressing the priorities of key stakeholders:

C-suite executives (CEO, CFO, COO): Focus on how an ERP aligns with long-term strategic objectives such as growth, financial health, and operational agility.

Finance leaders: Prioritize ROI, compliance, and financial control, requiring clear data on cost savings, improved reporting accuracy, and reduced compliance risks.

Operations and IT leaders: Assess system functionality, integration capabilities, and ease of use to ensure minimal disruption and long-term scalability.

Approach stakeholder engagement strategically. This allows you to move beyond hesitations and drive momentum toward ERP implementation. That can help ensure a smoother adoption process and maximizing the system's value from day one.
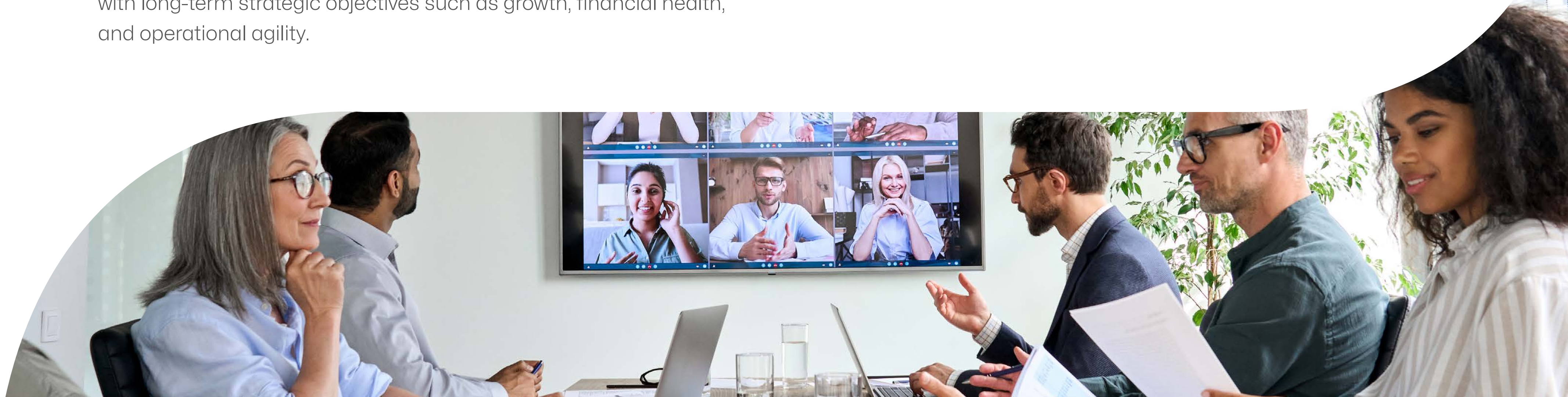
Ensuring a successful ERP implementation

Implementing a new ERP system is a complex but rewarding process that requires careful planning, execution, and ongoing management. Success is not solely dependent on selecting the right software – it also hinges on having the right strategy in place to mitigate risks, drive user adoption, and measure progress effectively. To maximize the value of an ERP investment, organizations should focus on three key areas: choosing the right vendor, preparing for change, and tracking implementation success.

Choosing the right ERP vendor

Not all ERP providers are created equal, and selecting the right vendor can be the difference between a smooth implementation and a costly mistake. GovCon organizations should look for ERP partners with deep industry expertise, compliance readiness, and a track record of success. Key factors to consider include:

GovCon-specific capabilities: Ensure the vendor understands FAR, DFARS, DCAA requirements and can support project-based accounting.

Scalability: Choose a system that meets today's needs but can scale with future growth.

Customer support and training: Vendor support should extend beyond deployment, offering training, troubleshooting, and regular updates to optimize usage.

Seamless Integrations: The ERP should integrate with existing HR, payroll, procurement, and CRM systems to prevent data silos.

> " Before, nothing was accounted for, I can't even quantify how much better and more efficient it is this year. There's been an immeasurable cost savings of tracking all of our inventory.
>
> **- Jane Usavage Johnson**
> V.P. of Finance, Summit Point Training Facility

Preparing for change management

Change management plays a critical role in ensuring employees adopt your new ERP and leverage it effectively. Resistance is natural, but a well-executed change management strategy can reduce disruption and improve adoption rates.

Best practices include:

Communicating early and often: Keep stakeholders informed about the implementation timeline, expectations, and benefits.

Involving key users in testing and training: Engage employees in hands-on testing and provide role-specific training before full deployment.

Assigning ERP Champions: Designate internal ERP champions within departments who can provide peer-to-peer support and reinforce best practices.

Tracking the success of your implementation

Successful ERP adoption doesn't end at go-live. Organizations must actively measure performance, identify areas for improvement, and ensure the ERP system delivers on expectations.

Some key performance indicators (KPIs) to track include:

User adoption rates: How many employees are fully utilizing the system?

Process efficiency gains: Are workflows streamlined? Have manual errors been reduced? Hopefully you quantified this at the beginning and it should be easy to tell if improvements were made.

Financial improvements: Have we made it easier to send and receive invoices? Has our cash flow improved? Has utilization and profitability of our contracts increased?

Compliance metrics: Is the organization better equipped to handle audits and reporting requirements?

Following these best practices helps GovCon organizations ensure their ERP implementation is strategic, well-managed, and delivers measurable value.

Measuring the ROI of ERP implementation

Once an ERP system is implemented, the next critical step is ensuring it delivers on its financial, operational, and compliance-related promises. Leadership teams expect to see tangible improvements in efficiency, cost savings, and strategic value. Measuring ROI is not a one-time exercise. It's an ongoing process that ensures continued ERP optimization.

Key metrics to track the success of your ERP

ROI measurement should be quantifiable and tied to organizational goals. The following metrics provide insight into how well the ERP is performing:

Financial performance

- **Cost savings:** Reduction in manual processing, redundancies, and inefficiencies post-implementation.
- **Revenue growth:** Increased contract win rates, profitability, and improved resource utilization.
- **Days Sales Outstanding (DSO) reduction:** Faster invoicing and payments, improving cash flow.

Operational efficiency

- **Process automation impact:** Reduction in manual data entry, reconciliation time, and compliance-related administrative tasks.
- **Employee productivity:** Are teams able to focus on higher-value tasks instead of being bogged down by inefficient systems?
- **System integration benefits:** Has the ERP streamlined workflows by eliminating data silos between systems?

Compliance and risk management

- **Audit readiness:** Reduction in audit findings, errors, and reporting inconsistencies.
- **Regulatory compliance improvements:** Are you able to more easily meet the requirements of FAR, DFARS, and DCAA compliance?
- **Data security and access control:** Has ERP reduced risk exposure through role-based access and centralized data management?

Aligning ROI measurements with organizational goals

ROI assessment should not be limited to system adoption. It should also demonstrate your ERP's role in advancing key business objectives. Align ROI tracking with:

- **Strategic growth plans** - expanding operations, securing larger contracts, future Business System certification
- **Cost reduction initiatives** - lowering IT spend, reducing software redundancies
- **Employee and customer satisfaction** - simplified workflows, improved service delivery

Maintaining momentum for continuous improvement

Don't stop tracking your ROI after the first year. Organizations should establish a dashboard for ongoing ERP performance evaluation, using real-time data insights to refine workflows, optimize reporting, and ensure continuous value generation.

To maintain buy-in from stakeholders, regularly communicate ROI wins – whether it's time savings in reporting or reductions in compliance-related costs. Small improvements add up to long-term transformation.

The final word: Maximize the ROI for your ERP today

Justifying an ERP investment doesn't have to be daunting. By aligning with business goals, addressing stakeholder concerns, and using tangible data to measure success, you can gain the buy-in needed to drive organizational transformation.

The benefits of ERP stretch far beyond storage and streamlined systems. It's about positioning your organization for long-term resilience, adaptability, and growth.

If you're ready to discover the full potential of using the right ERP and measure its ROI in your organization, connect with our experts today. Together, we'll help you build a roadmap for success.

Unanet™

More than 4,000 project-driven organizations depend on Unanet to turn their information into actionable insights, drive better decision-making, and accelerate business growth.

To learn more about Unanet's solutions for government contracting firms visit unanet.com.