

## ERP transformation is a journey, not a destination

**There is always a disconnect in an ERP project between what a board wants and by when and what is realistic to achieve given a limited budget and skills.**

**“If your current [ERP] system is not giving the right figures then you are losing a lot of money.”**

Before the CIO agreed to join the company and oversee the ERP transformation project, he had some requirements, including a promise from the board that it would fully support the project.

**“The first question I asked was, “Are you ready?”, because the transformation itself is not a destination, it’s a journey. It’s going to be extremely challenging on a daily basis. People will have to do their daily tasks, their routine, and on top of that they will have to do extra work to implement the new technology.”**

Spare, a thought then, for the CIO of a global logistics company, who was recruited to roll out a cloud-based ERP system in half the time he thought was feasible. The CIO estimated that it would take about four years. The board wanted it done within two years.

When we interviewed the CIO – part of a series of interviews with enterprise CIOs about ERP transformation projects – he explained how he rolled out the ERP within the board’s timeframe, the challenges he faced and how he overcame them. (There was some scepticism about the need for a new ERP system among many employees, the tight project timeframe, and cleaning up inaccurate financial reporting data from the old ERP system).

When the CIO was recruited, the ERP he inherited was sub-standard. Perhaps the most serious problem was that the figures it provided for companies financial reporting were inaccurate.



## Risk assessment

When you start a global transformation, you invest a lot of time and money at the beginning of the project, and you have an end date when it needs to be done. However, as the CIO pointed out, “you have no idea what challenges or issues can come up”, adding that the biggest risks are always in operations.

“There are thousands of criteria and factors [in operations] that can interfere at any time. When you build a new process, it’s unlikely it will fit 100% with what you originally scoped. So, the risk is that operations could stop or go down because you have to adopt a new kind of processing or policy. This is a high risk for operations.”

CIO of global logistics company

Perhaps the biggest challenge, though is people, rather than the technology itself.

Employees are the most important factor in any ERP transformation, the CIO said “the first and major driver for any transformation, not just ERP, but any transformation, must come from the people themselves. Not only the top management or middle management, but every single worker must have the mindset that they are ready for the transformation and help with the change happening in the group.”

Employees were won over over during the project, thanks to clear communication from the board and project team about the need for the change and the benefits of the new system. There was also extensive support from the supplier (Oracle) and a consultant.

The CIO’s conclusions for the old ERP system. “It was an outdated ERP version. I wanted to reduce the number of modules and the training needed on these modules and to change the way [the finance department] worked.”

The finance department also needed additional support. Problems here included advance payments, and visa processing fees, which were not set up properly and prevented the board from getting an overview of the company’s financial performance. There were also issues with bonus allocation to employees and traveling expenses.

## Data deep clean

The CEO hired a three-person team to work on historical data from the old ERP systems, remove duplicates and determine the accuracy of each transaction.

“The most important thing is that we decided to build new data for the new system. We kept the old system because it had 20 years of data. We just uploaded the last three years to the new system as a benchmark and then ran reports that consolidated data from both the old and new system.”

CIO of global logistics company

The CIO moved finance to the new ERP system and then HR. That is when the “transformation” of the company’s ERP system began. “We implemented a capital management tool from Oracle. I also plugged in the fleet management system. I also implemented Oracle’s finance cloud services which helped get the reports and financials for the entire company.”

He also implemented Oracle’s warehouse management system, which helped the company improve the management and routing of the company’s fleet of 1800 trucks.

“Our old warehouse management system was outdated and slow, with a low accuracy,” the CIO told us.

This meant new software modules for all parts of the business.

“It was a huge amount of work. There were thousands of pages of documents and meetings over meetings. It was a huge transformation. We launched all the modules at the same time.”

CIO of global logistics company

## C-suite check ins

### I A consultancy supported the speedy rollout.

“We had a very good consulting company helping us do the implementation and they put one team on each module, so this was really helpful in achieving the implementation in half the time.”

CIO of global logistics company

“[Our supplier] said that it was the first time that it has implemented so many big modules at the same time within the same company in such a short period of time.”

During the project, the CIO had weekly meetings with all departmental heads (“to make sure we were aligned with what needed to be done”) and a monthly meeting of the company’s project steering committee was held to discuss how the project was progressing and any problems.

As part of the ERP transformation, the board was given business intelligence software to give them quick analysis of real-time data produced by the ERP system. Resistance to the project came from employees below the C-suite level, mainly from operations staff who were concerned about how the new ERP would change their job, or how their role would be taken over by machine learning technology.

The CIO put this into perspective. “What they don’t know is that machine learning can help them acquire better skills and leave the repetitive tasks to the machines” . The company is now training staff in new skills and explaining how the new ERP system can improve their job and career prospects.

## Cloud migration

Most of the new ERP system runs in the cloud, although the company has kept some of its data, including data on refuelling its truck fleet, within its IT systems stored on premise.

“The trend now is to move to the cloud. Most of the vendors give huge discounts and better cost to move to the cloud compared to keeping the solution on prem. Cloud gives you piece of mind in terms of maintaining your infrastructure, especially now with Covid and remote working.”

CIO of global logistics company

### Speed read:

- Employees are the most important driver of a successful ERP transformation
- Create a team to review and improve “historical” data from your old current ERP system before transferring it to the new system
- Weekly meetings with departmental heads are vital for maintaining business support for the project and keeping it on track

Oracle is committed to supporting IT leaders on their ERP transformation journey. Visit our [ERP transformation self-assessment tool](#) to receive tailored advice on how to make your ERP cloud modernisation a smoother journey with Oracle.

