WHY DO ERP IMPLEMENTATIONS FAIL?

Key Points to Remember for
a Successful Transformation

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INTRODUCTION

In recent years there have been more stories of ERP implementation failures. With this in mind, it is understandable why organizations might be apprehensive about investing in a new ERP solution when the failure rate is high. The reality is that most of the ERP implementation projects often fail to meet the triple constraints - scope, budget, and timeline.

These projects tend to start well with a Project Charter that lists out the objectives, and very quickly in the project, deviations start hindering the project. Despite these hindrances, companies that do not shift to a new age ERP to optimize their business functions, especially post COVID 19, fall into the risk of losing business.

How do companies then overcome a standstill situation? Read on to know more about how you, as a company, can progress forward and overcome this dilemma.

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TRANSFORMATION HAS BEGUN

50%

of SMBs will focus on the integration of on-premises and cloud resources by 2021 and it will be their top IT spending.

2/3

of SMBs will have digital transformation as a key part of their IT strategies by the end of 2023.

60%

of SMBs will have mobile worker support in place by 2021.

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THE BUSINESS STORY

If you're a business owner, your workday often starts at home by triaging emails early in the morning. Having grown the business from the ground up, you know your customers and vendors, and you're still involved in day-to-day operations. But the bigger the company gets, the more complex your business processes become. Each email adds something to your to-do list, which typically requires transitioning to a different application.

You use accounting software to prepare an invoice, a CRM system to manage your contacts and sales pipeline, and perhaps yet another manufacturing solution to track production or inventory. Switching back and forth between fragmented, stand-alone solutions takes time and often requires duplicate data entry. This diminished productivity stifles your ability to scale and cuts into the time you could spend developing new business. To keep up the pace of your growth, you're likely considering the move to a more comprehensive business management solution. Read on to dive into how to make it happen.

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Plan the move, but execute rapidly

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BUSINESS TECHNOLOGY OBJECTIVES

Companies cannot hide in the comfort zone of their existing antiquated applications forever. Disconnected systems cannot handle the complexity of a growing business. Post COVID-19, the impetus is towards operating rapidly with fewer resources, reduced cost, and still being able to build a system that will set companies to thrive in the market.

- ☑ Deploying one solution to manage financials, sales, services, and operations.

- ☑ Connecting apps like payroll, banking apps, CRM systems, e-commerce, or customer APIs.

- ☑ Creating quotes, orders, and invoices right from Outlook and get tasks done on the go with mobile apps.

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Are you outgrowing your accounting system?

Siloed systems

Duplicate data

Manual processes

Insufficient reporting

Security issues

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Deploy a single, comprehensive solution

Automatically pull systems and processes together to manage financials, sales, service, and operations

Connect with 3rd party applications like payroll, banking, CRM, or industry-specific systems

Project management

Operations management

Financial management

MICROSOFT DYNAMICS 365
Business Central

Sales & service management

Reporting & analytics

Supply chain management

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It would help if you had a champion within a company that understands the importance of staying agile in challenging market conditions. This champion should spearhead the rapid transformation project with the help of experts that excel in ERP implementations and have seen a variety of implementations across multiple applications.

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ERP ASSESSMENTS

Assessments are done during any phase of the project, to make sure the project is on the right path, especially when there is a high spend involved. In most cases, management's perspective either will be that the software is too slow and complex to adapt to the company environment, or selection of "wrong" software packages led to the failure. The primary reason for an ERP project failure is due to the lack of proper user adaptability rather than any issues with the software as issues with software are easily fixed through update patches from the ISV.

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WHEN TO START?

The right time to do the assessment is before starting the implementation. It is essential to conduct a risk-free assessment, benefits analysis, performance objectives for operations, and budget analysis. Ideally, a Free Pilot that gives you a gist about the application and how it may fit in your company can be an ideal route.

After all, an ERP is a critical investment that companies, especially SMBs, undertake towards upgrading their business capabilities. The evaluation of ROI is, therefore, essential and can be assessed based on how quickly the business can leverage a new ERP system in line with the objectives of the investment as a whole. A little bit of caution, careful planning, and looking below the surface can take you miles closer to a successful ERP implementation.

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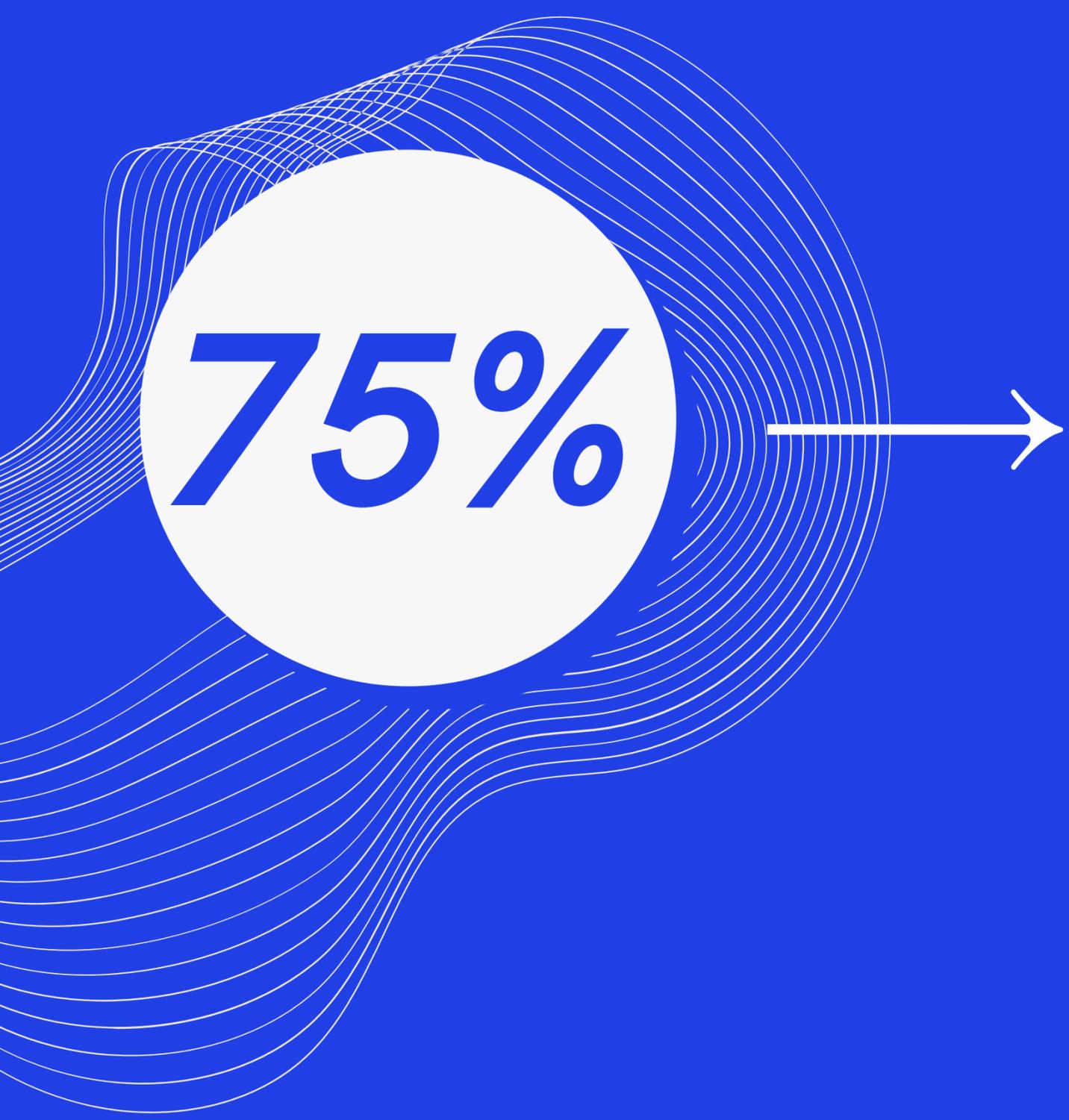
75%

of all ERP deployments fail to meet their expected business objectives in entirety.

Source: Gartner

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WHY DO ERP IMPLEMENTATIONS FAIL?

Below are a few reasons why ERP implementations see significant deviations from the original scope that impacts the triple constraints:

Limited Resources

Unrealistic Timelines

1

2

3

4

5

Undefined Objectives

Change Management

Hefty Customization

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01 UNDEFINED OBJECTIVES

Once you decide to migrate to a new system, your first step should be to define the clear goals for the project, allowing you to refer back to them if and when deviations popup. Plan to invest sufficient time to answer a few questions that would aid the transformation:

- What are you trying to accomplish with the new system?
- What improvements are you expecting in every department?

- Is the goal automation and standardizing workflows, increasing collaboration across departments, or speeding up time to market or reducing throughput time?
- Are all of your goals possible to achieve through this deployment?
- What is the absolute must-have for the transformation?
- And what protocol is in place to handle deviations when a wishlist pops up that steers the project out of control?

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02

LIMITED RESOURCES

Most companies underestimate the totality of the internal resources needed for the project. Companies often don't plan the right kind of internal resources to help the transformation, play liaison, and make the tough decision on what requests are unreasonable for a successful go-live.

03

UNREALISTIC TIMELINE

Project schedules are no less important than planning the budget and resources. We often see unrealistic timelines that don't align with the expectations of the project. Management may want to push functionality that may not be feasible in the first implementation roll-out.

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04 CHANGE MANAGEMENT

A new ERP brings change to your entire organization, impacting the daily lives of employees across all functions. Each employee's level of change tolerance differs, and being open to learning a new system becomes part of the change management process.

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05 HEFTY CUSTOMIZATION

Customizing your ERP system can offer you an extra edge but also involves risks. Customizations often start small as small tasks but can quickly grow in complexity, further extending timelines and adding hours and hours of additional development.

"The majority of ERP system failure attributes to hefty customizations.

Source: SoftwareAdvice.com

<20%

of respondents implemented their ERP system with little or no customization

-A Recent Survey

Most companies find it enormously challenging to control the project scope by turning down customizations.

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SAFEGUARD THE ERP DEPLOYMENT AND MINIMIZE POST-GO-LIVE ISSUES
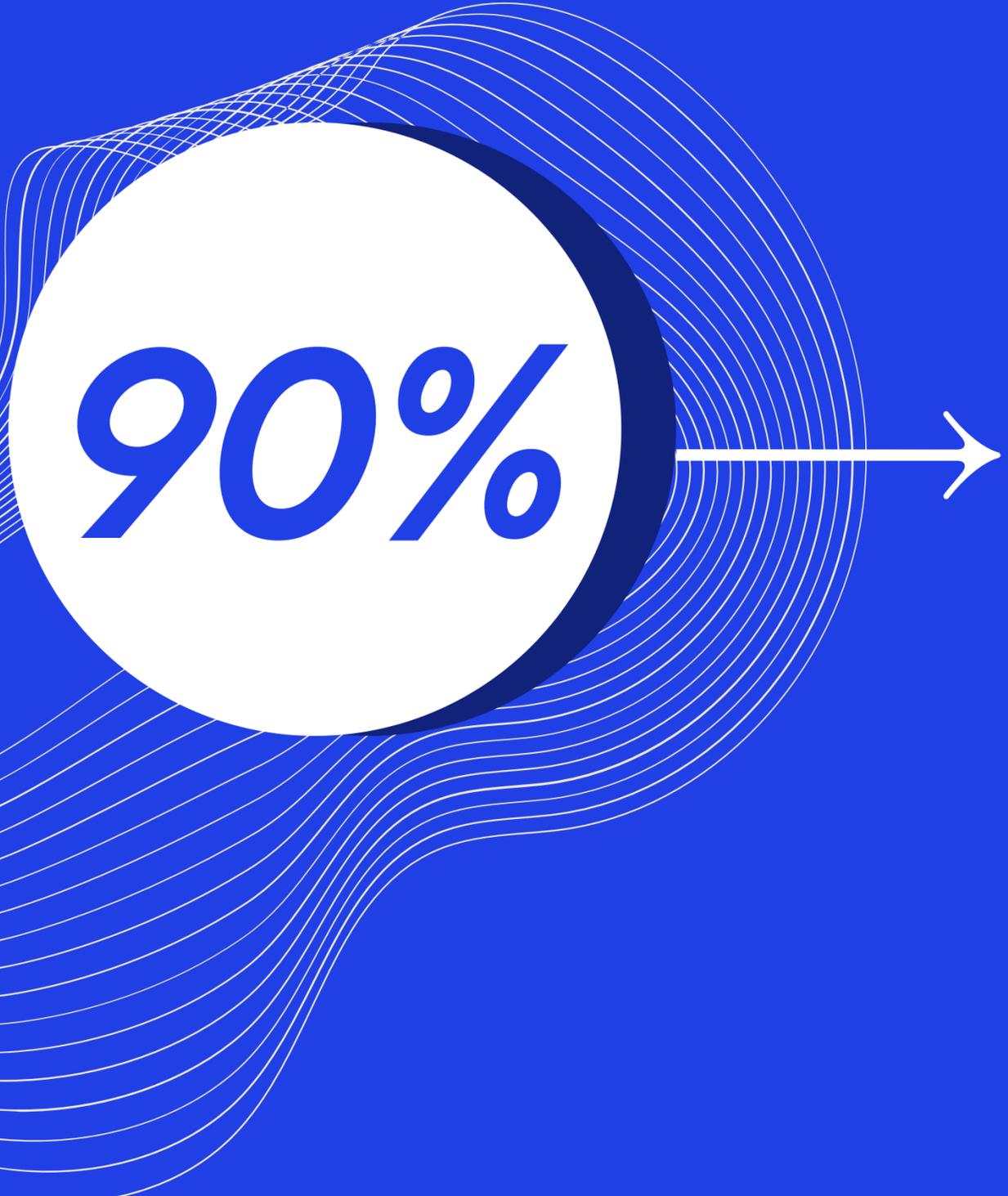
90%

of organizations shift their preference from a single vendor ERP suite in favor of integrating multiple niche applications, which it recognizes as a postmodern ERP application.

Source: Gartner

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ERP STANDARD PRACTICES - PART 1

Define objectives and goals

Analyze key Performance Indicators (KPIs) to help track the critical purposes of ERP implementation, such as supporting organic expansion and transparency in operations.

Identify best-fit vendors

Next generation holographic communication will soon change the way we work and conduct meetings in the workplace, significantly unifying geographically dispersed employees.

Agree on the methodology

Evaluate the right project methodology that works converts into a set of executable tasks for the project and agree to the process and protocols involved in it. You will want someone in-house with prior experience to be the liaison between the implementer and the end-users.

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ERP STANDARD PRACTICES - PART 2

Finalize the features

Finalize essential ERP features for your implementation, remembering to take into account the budget, synchronizing it with core business requirements. Create a blueprint of the intended design.

Feed relevant data

Identify only the data essential to transfer and try to keep it to a minimum. Data migration can be a tough task, and burdening the software with irrelevant and unstructured data could slow the process.

Training and change management

Train end-users and employees to develop susceptibility in them to changes. As updates or developments take place within the ERP system for increasing efficiency within the organization, employees should be confident enough to absorb those changes.

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ERP STANDARD PRACTICES - PART 3

Testing

Understand that testing is essential for an ERP implementation. You will want to formulate a plan and a method of testing to understand the issues that popup during builds and a process to resolve the problems. It's also important to realize that if problems arise during testing, they will need to capture the necessary details of what needs to be corrected. These issues are not a reflection of what the system will be post-go-live, as long a timely resolution plan exists. If the same problem repeats, it is essential to highlight the issues which could be due to an underlying data or design defect.

UNDERSTANDING AN ENTERPRISE RESOURCE PLANNING SYSTEM THAT WORKS FOR YOU

The ERP that is chosen should have the potential to meet all of the business objectives. Users should be trained to understand the system, to avoid issues with data integrity or process efficiency. Ultimately the primary aim is to minimize slowdown in operations due to limited workforce.

Accessibility of real-time data from any location helps the workforce to support agile business operations. Businesses need to integrate and streamline all activities of the organization and promote real-time visibility of operations such as:

- ✔ Inventory Management
- ✔ Accounting
- ✔ Order Management
- ✔ Supply Chain
- ✔ Customer Relationship Management (CRM)
- ✔ Human Resource Management
- ✔ Product Lifecycle

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You need a solution that helps maintain compliance, secures data, and delivers a 99.9% up-time service level agreement.

It should provide with the possibility to

- Handle, store, and transmit data securely across your systems
- Protect information from unauthorized access with automatic Microsoft datacenter encryption
- Control access to personal data and implement audit trails to ensure security and accountability

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HOW DOES THE MICROSOFT ECOSYSTEM HELP?

Most SMBs will outgrow basic accounting tools due to the lack of functionality and integration. Disjointed systems create incomplete data and tedious reporting resulting in blind spots and poor decisions. Lack of controls, workflows, and unsecure data causes further business risks. An agile application such as Dynamics 365 Business Central natively integrates with O365, PowerBi, and Microsoft Dynamics Sales apps - boosting the company's ability to perform in challenging market conditions.

It helps to run your business with a single solution that streamlines business processes and helps employees work faster and smarter. The heterogeneity of a suite of applications like Microsoft leverages the combined strength of the best apps for specific tasks, which is not possible through an individual ERP.

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Benefits of Microsoft Dynamics 365 Business Central over other ERPs

- Simpler footprint
- Quick and easy implementation
- Minimal change management
- Easy to integrate with other Microsoft suite of applications such as O365, Microsoft Project, Flow and Power BI
- Drive productivity by reducing time spent switching between stand-alone apps
- Foster collaboration and communication by breaking down internal silos and broadening visibility across the organization
- Accelerate user adoption and lower training time with a seamless user experience
- Perfect for smaller companies who want to be nimble

KEY TAKEAWAYS

- Before kicking off the implementation, the management and stakeholders involved need the right information on their role for Project success. Another essential element is to find the right internal champion who can manage user expectations without jeopardizing the objectives of the implementation.

- A well-planned and coordinated ERP implementation where the implementer and client are on the same page can make the project a lot easier to bring to completion. In contrast, an unplanned ERP can disrupt your whole business process and cause huge losses.

- It helps in setting the right expectations early, and understanding what to expect so that you can save time and effort and take your business to new heights with the proper ERP implementation.

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ABOUT
XCELPROS

Delivering efficiencies that matter

XcelPros delivers transformation through technology. We are a business and technology solutions company with deep industry knowledge in Chemical, Pharma, Life Sciences (including Medical Devices, Bio-Medical & Biotech), Discrete Manufacturing, Insurance, Distribution and Food & Beverage.

Our team is comprised of forward-thinking, experienced technology consultants and Subject Matter Experts (SMEs) with decades of business, industry and regulatory experience.

XcelPros is headquartered in Greater Chicago with additional offices in Atlanta and Bangalore (Silicon Valley of India).

XcelPros is a Systems Integrator (SI) and a Direct Cloud Solutions Provider (CSP) offering software licensing, implementation and consulting services for Microsoft Dynamics 365 for Finance & Operations (ERP), Microsoft Dynamics 365 CRM, Microsoft Dynamics AX, AI, Business Intelligence & Analytics (Power BI), SharePoint, Office 365, Azure (Cloud), IoT and Microsoft Flow amongst many others.

Our mission is to provide integrated technology solutions that amplify impact and empower our customer's businesses. We believe technology is the key enabler of exponential growth for us and our customers.

Contact XcelPros today to transform your business.

Call us toll-free - 1.855.411.0585 (or) visit www.xcelpros.com

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