THREE IMPERATIVES TO TURN AN ENTERPRISE SOFTWARE IMPLEMENTATION
into a
DIGITAL TRANSFORMATION

Enterprise software is a tool, not a silver bullet. While the implementation of enterprise-level technology such as enterprise resource planning (ERP) and customer relationship management (CRM) systems is crucial to a business' continued success, it won't automatically transform an organization. How you approach the initiative can mean the difference between a successful digital transformation and implementing an expensive system your organization fails to fully adopt or embrace.

Digitally transforming an organization is extremely challenging. Gartner has estimated that failure rates for ERP implementations, for example, are between 55 and 75 percent. However, leveraging the full capabilities of these critical systems is crucial to growth. To increase the odds that your organization will realize its strategic goals, heed these imperatives when implementing a new system.

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NO. 1 | FOCUS ON YOUR BUSINESS GOALS, NOT THE TECHNOLOGY.

Enterprise software is an extremely flexible tool that can serve as a foundation for scalable growth. However, in the belief it will save time and cost, many organizations immediately select a system, implement the technology, and recreate their existing business practices using the software. While this approach may yield some value, it fails to truly transform an organization. In many cases, the organizational risk resulting from the system implementation, such as the short-term disruption to the business, far outweighs realized benefits.

Understand what needs to change. Every organization has business processes that are inefficient or obsolete, or that act as bottlenecks to sustained growth. Recreating them within enterprise software only reinforces the problem. Therefore, a critical first step to any digital transformation is conducting an unbiased analysis of your business processes. Even if your processes are already strong, preparing for a large tech implementation is an opportunity to take a fresh look at your business with an eye toward the future. This analysis will become the substrate for a true transformation.

Define the ideal transformation. Understanding your current business processes lets you see how they support, or do not support, the organization's strategy. Additionally, identifying gaps between the current business model and process and what is required to support strategic goals allows the organization to address constraints to strategy realization. Take the time to redesign and develop business processes before choosing an enterprise system and define the functional requirements that will drive system selection. If you select a system first, your processes must conform to the system's constraints, possibly resulting in an inefficient business model that hinders growth and causes user frustration.

NO. 2 | **ACCOUNT FOR YOUR BUSINESS TECHNOLOGY ECOSYSTEM.**

One of the major benefits of an enterprise system is its ability to integrate with the rest of your business technology ecosystem and provide seamless and near real-time access to critical data. The ability to quickly gain insights into customer trends and key performance indicators increases agility and allows for data-driven decisions. Unfortunately, most organizations don't give enough consideration to assessing their ecosystem to realize the full benefits of an enterprise system.

Map your ecosystem. Developing a holistic understanding of your ecosystem is critical to ensuring the right business data is easily accessible. While enterprise systems are designed to integrate with myriad technologies, the level of compatibility will vary greatly. Understanding your ecosystem allows you to identify the level of effort and resources required to build key integrations. Failure to understand limitations and constraints can lead to significant configuration rework later.

Be deliberate with master data management (MDM). Any organization planning a digital transformation needs to identify and assess where it stores business data. Unless your organization has a robust MDM governance model, data is likely fragmented or redundant across the ecosystem. Defining which system(s) will house master data helps ensure stable integrations and prevents data corruption. Ideally, the business processes you developed

and refined will determine where your master data resides. However, when creating your MDM plan, be careful not to paint yourself into a corner. For example, it may make sense to store customer data in the CRM, but if the system doesn't include shipping, invoicing, or collection information, the ERP may be a better system to house the data.

NO. 3 | REMEMBER THE HUMAN ELEMENT.

Change is hard, and a digital transformation resulting from an enterprise system implementation is a dramatic change. Too often organizations focus on the technology and neglect engaging and involving the end users. This frequently results in an organization failing to adopt an enterprise system and manifests in people reverting to manual processes and developing workarounds to continue using legacy practices. Therefore, it is essential to prepare employees for and guide them through the change they will experience.

Improve their lives. The value of digital transformation is readily apparent to senior leadership as it provides visibility into an organization's operations, but the value to employees may not be as clear. As you develop requirements and select the appropriate technology, remember that end users are asking, "What's in it for me?" Including key staff throughout the requirements definition and technology

selection process allows end users to be a part of designing a solution that's valuable to them. Those individuals often will become powerful change agents who sell the benefits to their colleagues.

Make them part of the journey. Your organization will need time to adapt and accept its transformation. The earlier employees understand what is changing and how it will impact their lives, the earlier they can begin to reconcile themselves with the transformation. A transparent communications plan that demystifies the project allows the entire organization to be part of the transformation. Project updates, newsletters, and town halls delivered at regular intervals from the outset can allow your organization to process and accept the change rather than be overwhelmed with the strange and alien as the process and software changes are launched.

Any business transformation is a monumental initiative, but when executed successfully it can enable operational excellence and ensure your organization is poised for growth. While technology may be the catalyst that allows for digital transformations, success will always lie with clearly understanding your organization's goals and ensuring that knowledge informs and drives system selection and implementation as well as the associated changes in business process.

Integrated Project Management Company, Inc.

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