White Paper

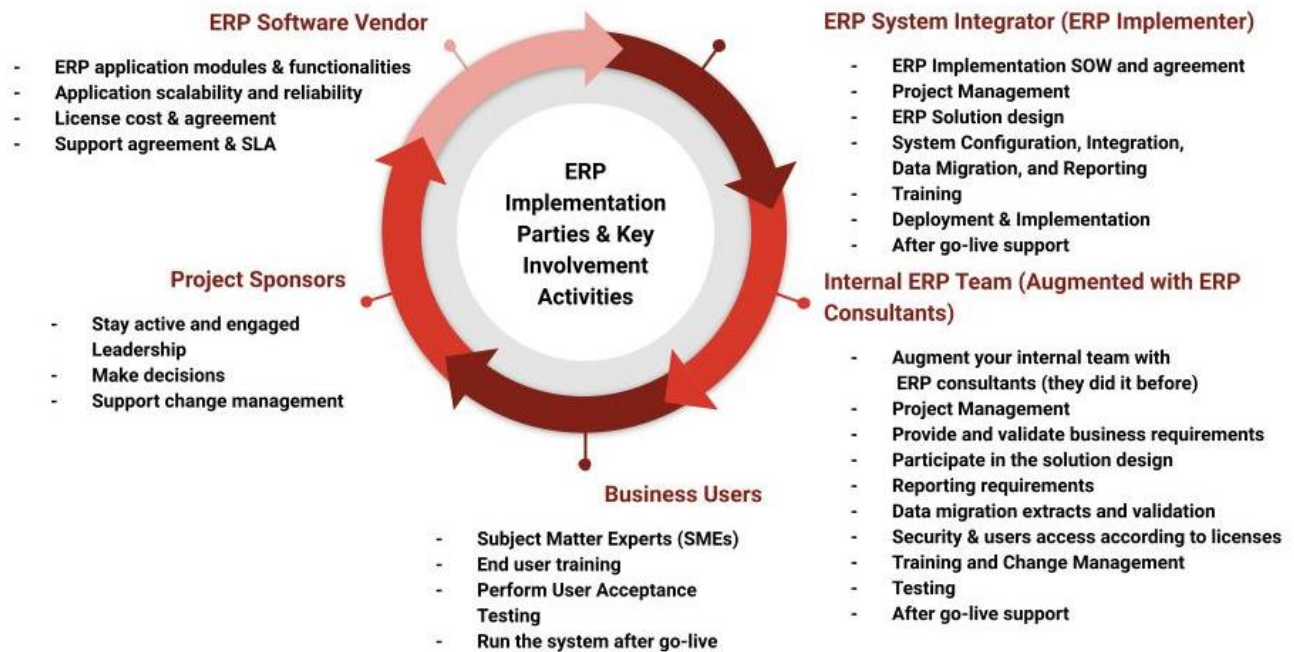**Beyond the Software:**

Unmasking Key Players and Roles in an ERP Implementation

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ERP Software Vendor

- ERP application modules & functionalities
- Application scalability and reliability
- License cost & agreement
- Support agreement & SLA

ERP System Integrator (ERP Implementer)

- ERP Implementation SOW and agreement
- Project Management
- ERP Solution design
- System Configuration, Integration, Data Migration, and Reporting
- Training
- Deployment & Implementation
- After go-live support

Project Sponsors

- Stay active and engaged Leadership
- Make decisions
- Support change management

ERP Implementation Parties & Key Involvement Activities

Internal ERP Team (Augmented with ERP Consultants)

- Augment your internal team with ERP consultants (they did it before)
- Project Management
- Provide and validate business requirements
- Participate in the solution design
- Reporting requirements
- Data migration extracts and validation
- Security & users access according to licenses
- Training and Change Management
- Testing
- After go-live support

Business Users

- Subject Matter Experts (SMEs)
- End user training
- Perform User Acceptance Testing
- Run the system after go-live

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Audience

Individuals or organizations interested in learning about the roles of the different parties involved in ERP implementations.

Business owners, executives, decision-makers, IT professionals, and other stakeholders who are involved in the planning and implementation of ERP projects.

The document outlines the different parties involved in ERP implementations and their key roles.

Abstract

An enterprise resource planning (ERP) system is a software solution that helps organizations manage and streamline their business processes, including finance & accounting, sales, operations, procurement, supply chain management, and human resources.

An ERP system is the backbone of an organization because it provides a central platform for managing and coordinating business processes across the different functions within the organization. ERP systems can help organizations improve efficiency, reduce costs, and increase competitiveness. However, it is important to note that an ERP system is only one part of an organization's overall operations; it could be integrated with other systems for efficiency and a better outcome for the organization. Hence, ERP implementations can be a complex and require different parties to work together toward a successful ERP implementation. Without all parties fulfilling their responsibilities, the likelihood is very high that the project success would be at risk.

This white paper will focus on the different parties involved in ERP implementation projects, such as the ERP software vendor, system integrator, project sponsors, internal ERP project team, and business users.

A. ERP Software Vendor

The ERP vendor is the company that provides the ERP software and related services.

Different ERP systems have different capabilities and features, and they may be better suited to certain types of organizations or industries. Some ERP systems have strong financial modules; Others have more robust human resources (HR) modules; There are also ERP systems that have strong project management capabilities; and others are more manufacturing oriented.

It is important to determine the ERP project goals and business requirements of your organization before selecting an ERP system to help you select the best fit ERP system for the organization.

Does the license model work for your organization? There are different license models, including perpetual licenses, subscription licenses, and cloud-based licenses. It is important to evaluate each licensing model carefully.

System hosting is another factor to be evaluated as part of the ERP system selection process:

1. **On-premise hosting:** In this option, the ERP software is installed and hosted on the company's own servers or hardware. This gives the company complete control over the system, but also requires the company to manage and maintain the hardware, software, and infrastructure themselves.

2. **Cloud hosting:** In this option, the ERP software is hosted on a third-party cloud provider's servers and accessed through the internet. This option can be more cost-effective for smaller businesses, as the cloud provider handles the maintenance and updates of the system, and the company only pays for the resources they use.

In conclusion, your ERP solution is a significant investment that should serve your organization for many years to come. Therefore, ensure the selected software has the capacity to fit your current and future business requirements and make sure the license model works for your organization as well. ERP Implementation Partner (System Integrator)

The responsibilities of an ERP system integrator are to ensure that the organization's ERP system is successfully implemented and integrated into its business processes, providing a seamless and efficient system that improves the organization's productivity and bottom line. Their responsibilities can include:

- **Project management:** The system integrator should assign a project manager to oversee the entire ERP implementation project.

- **Analysis and Assessment:** The ERP system integrator first conducts a comprehensive analysis of the organization's existing business processes and information systems to understand the business requirements for the solution design and build.

- **Solution Design:** Based on the analysis and assessment exercise, the ERP system integrator develops a customized plan for the organization's ERP implementation, including system design, configuration, and customization.

  The solution design should present the different components of the ERP solution and how business requirements are covered in the proposed solution. The crafted solution design should be built based on the business requirements and reviewed by the business before the build stage starts.

  The system integrator should provide a gap analysis report of all business requirements that cannot be covered by the out-of-the-box system functionalities, including proposed alternatives where possible.

- **Implementation and Configuration:** The ERP system integrator is responsible for the technical aspects of the ERP implementation process, including software installation, configuration, integration, and customization to meet the organization's business requirements.

- **Testing and Validation:** Once the system is configured and customized, the ERP system integrator should test the built system to ensure that the system is functioning correctly and meets the organization's needs.

- **Training:** The ERP system integrator should provide the required training to the organization's employees to ensure that they can effectively use the new ERP system.

- **After go-live support:** the system integrator should provide ongoing support after the system goes live to address any technical issues and support business users.

Ensure the above system integrator responsibilities are clearly outlined in the statement of work.

B. Internal ERP Team

Organizations typically implement Enterprise Resource Planning (ERP) systems to streamline their business processes and improve overall efficiency. However, ERP implementation projects can be complex and involve significant changes to the organization's operations, so it is essential to have an internal project team to manage the implementation process.

Internal project teams have an intimate knowledge of the organization's operations and processes, enabling them to identify the areas where the ERP system can provide the most significant benefits. They can also ensure that the proposed ERP solution covers the organization's needs.

The internal team may have limited experience in ERP projects and how they should be run; Therefore, augmenting your internal project team with external ERP consultants will help in mitigating potential risks by providing guidance and best practices to ensure that the project is completed on time, within budget, and with minimal disruption to the business. Also, external consultants are experienced in ERP implementations and can help in keeping the vendor on the course of best practices.

Here are some of the internal team responsibilities and why organizations need to have an internal project team for ERP implementation projects:

Project Management: ERP implementation projects are complex and involve multiple stakeholders and teams. An internal project manager can coordinate between the different parties and make sure the system integrator delivers within budget and on times.

Business Requirements: The SME's and Business Analysts on the internal project team are responsible for documenting and communicating the business requirements to the system integrator. Having clear and comprehensive business requirements is crucial to the success of the implemented solution. Moreover, testing scenarios will be crafted based on the documented business requirements.

Solution Design (Blueprint): The system integrator is responsible for leading and developing the solution design based on the provided business requirements. The internal team must validate the crafted solution design to ensure all business requirements are met.

Reporting Requirements: The internal team is responsible for providing precise reporting requirements and report layout design to the system integrator for report development.

Data Migration Extract and Validation: Data migration is usually underestimated in ERP implementations and is one of the most time-consuming tasks as it goes through multiple iterations. The internal team is more familiar with the legacy systems, so the internal team will be responsible for extracting the data from the legacy systems as per the data migration templates provided by the system integrator; also, data migration requires thorough validation by the internal team as well.

Security and Users Access Profiles: The internal team will be working with the system integrated to map the security profiles and who should have access to what functions in the new system. While building the user's security access and profiles, remember to validate against the number of users in the license agreement.

Training: The system integrator resources have the knowledge and experience of the implemented ERP system. The system integrator should train the project's internal team and key business users via the train-the-trainer approach. Then, the trained internal resources will be responsible for training the rest of the employees.

Change Management: ERP implementation projects can involve significant changes to the organization's processes, roles, and responsibilities. The internal project team should provide change management expertise and help that employees are adequately trained and prepared for the changes.

Testing: Testing is critical to project success to prove that the system is working according to the documented business requirements. The testing lead should be identified from an early stage of the project to develop the test plan and testing scenarios to be executed by the testing team. usually, the business analysts on the project would be the testers.

Different levels of testing should be conducted to validate the developed solution before the green light to go live:

> **Integrated System Testing or System Integrated Testing:** the internal team tests the developed solution against the business requirements. Defects go back to the system integrator for fixes. This testing stage covers the system configuration, integration, and customization.
>
> **User Acceptance Testing (UAT):** Key business users and SMEs should test the system according to the organization's business practices and business processes.
>
> **End-to-End Testing:** E2E testing ensure all the cross-functional components are working as expected. This testing could be covered in the UAT stage.
>
> **Data Migration Testing:** Validating the legacy data loaded in the new system is crucial to confirm the system's readiness for going live. Data migration usually takes multiple iterations to stabilize.

After go-live support: business users will start using the system for real-life transactions right after the system goes live; those new users will need help and expect immediate answers to their questions/inquiries. The internal team members have been engaged in all stages of the ERP implementation and have gained knowledge of how the system works. Therefore, they should be ready to support the business after the system goes live.

As explained above, the internal team is responsible for validating and testing the built solution; therefore, it is crucial to augment your resources with experienced external ERP consultants.

In summary, the internal project team can play a critical role in the success of an ERP implementation project, ensuring that the project is well-managed, aligned with business objectives, and tailored to meet the specific needs of the organization.

C. Business Users

Business users are the organization employees who will use the implemented ERP system on a daily basis. Business users have limited roles during the project design and build stages as the internal project team presents the organization. Therefore, business users should be trained on the implemented solution and ready to use the system before the go-live date.

D. Project Sponsors

The role of ERP project sponsors is critical to the success of an ERP implementation. The sponsors are typically high-level executives within the organization who have the authority to approve the project and allocate the necessary resources to support it.

The key responsibilities of the ERP project sponsors include:

1. Setting the vision and goals for the ERP project: The sponsors are responsible for defining the project's objectives and the outcomes that the organization hopes to achieve through the ERP implementation.
2. Securing funding and resources: The sponsors are responsible for allocating the necessary budget and resources to support the ERP project.
3. Appointing an ERP project manager: The sponsors should select an experienced and skilled project manager to oversee the implementation process.
4. Communicating the project's importance: The sponsors are responsible for communicating the project's significance to stakeholders, including employees, customers, and vendors.
5. Addressing obstacles and challenges: The sponsors should proactively address any obstacles or challenges that arise during the ERP implementation to keep the project on track.

6. Providing guidance and support: The sponsors should be available to provide guidance and support to the project team throughout the implementation process.

Project sponsors are essential to a successful ERP implementation, and a lack of sponsors' engagement could lead to project failure. Therefore, project sponsors should stay actively engaged and show positive leadership throughout the ERP implementation.

Conclusion

Each stakeholder group has a unique perspective and set of responsibilities in the implementation process. Effective communication and collaboration among all parties is essential for success. This means that each party must understand their roles and responsibilities, communicate effectively with each other, and work towards common goals.

In addition, it is important for all parties to be committed to the project and to understand the potential benefits and challenges of the ERP implementation project. By working together, sharing knowledge and expertise, and collaborating on solutions to issues as they arise, an ERP implementation can be successfully completed on time and within budget, and provide significant benefits to the organization.