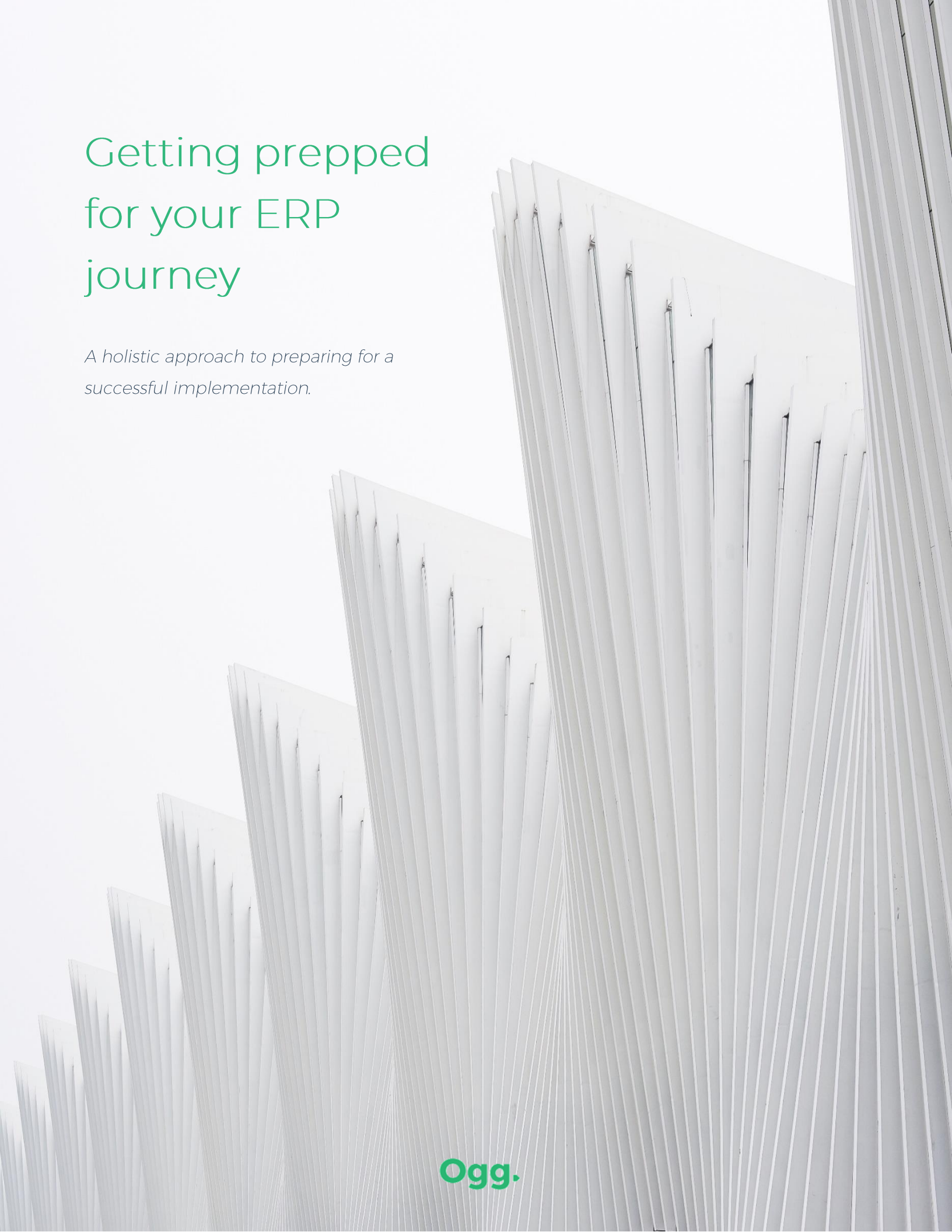
Getting prepped for your ERP journey

A holistic approach to preparing for a successful implementation.



Ogg.

Contents

02. Foreword

This guide is intended for businesses who are starting their ERP journey.

Enterprise resource planning (ERP) implementations can be intensive projects for teams to undertake, given that ERP touches all parts of a business. Managed well, it'll be a key process that not only provides you with suitable technology for your next stage of business but helps you audit your business and refine process.

Ogg have been doing ERP implementations for over 15 years, across 250 large deployments. We're a team made up of business consultants, project managers, trainers and technical staff. ERP crucially addresses the core financial operation within an organization, so all work is overseen by chartered accountants.

We exclusively implement Oracle NetSuite ERP however this guide is agnostic to ERP systems and suitable as a general guide to help with your approach. The fundamentals of a successful ERP implementation are based on strong and methodical project management practices.

03. Why you need ERP

At this stage, it's likely you're experiencing some pains as your business grows and considering changing the technology that has served it thus far, but likely impeding its future opportunity. Technology stacks' need to evolve as businesses change-more complex business structures, deeper reporting requirements, new ventures and general expansion- all common triggers that require reviewing the suitability of the tools you have in place.

When hunting for information on enterprise resource planning (ERP) the sheer volume of information that comes up can be overwhelming. ERP requirements can differ from one company to the next based on company size, stage and industry. As a result, each ERP implementation is unique.

To understand what ERP is, you need to take a step back and think about all the various processes that are essential to running a business, including inventory and order management, accounting, human resources and customer relationship management (CRM). At its most basic level, ERP software integrates these various functions into one complete system to streamline processes and information across the entire organisation.

The central feature of all ERP systems is a shared database that supports multiple functions used by different business units. In practice, this means that employees in different divisions—for example, accounting and sales—can rely on the same information for their specific needs.

ERP software offers synchronised reporting and automation. Instead of forcing employees to maintain separate databases and spreadsheets that must be manually merged to generate reports, ERP solutions allow staff to pull reports from one system.

For instance, with sales orders automatically flowing into the financial system without any manual re-keying, the order management department can process orders more quickly and accurately, and the finance department can close the books faster. Other common ERP features include a portal or dashboard to enable employees to quickly understand the business' performance on key metrics.

Organisations face internal and external forces arising from stakeholder expectations, growth, regulations, competition as well as technological advances that trigger the need for a technology strategy. When embarking on an ERP project, it's essential that you have a methodical approach to minimise scope creep and cost, and to ensure that you have the fastest time to value so that you can get on with growing your business.

04. What the right solution looks like

Cloud computing has changed the business landscape, providing unprecedented speed of data flow throughout a business. Cloud applications have reduced the need for custom development of core business tools, allowing best in class, flexible solutions to benefit a wider range of businesses. Rather than requiring businesses to purchase expensive IT infrastructure, cloud applications allow businesses to effectively lease their tools to businesses via the internet. Cloud computing has been around for many years, it's tested and repeatedly proven to be the best type of platform for modern businesses.

We explicitly recommend selecting a cloud-based system.

One of the beauties of the cloud model is that the software is kept up to date with the latest features, functions and best practices. Cloud ERP providers roll out updates on a regular basis. This means that the latest technologies become available to subscribers on a regular basis. However, not all ERP systems are made the same and finding the right one can be difficult.

ERP systems will handle full customer lifecycle management, core accounting and tax management and analytics and reporting. It should also streamline front and back-office processes including financial management, revenue management, fixed assets, order management, billing, and inventory management.

What your solution should look like

Ongoing support – Your ERP solution provider should provide ongoing support, regardless of where you are in the integration process. You should always feel comfortable reaching out to your provider.

Supply chain visibility – You should get a complete set of inventory management, manufacturing, and purchasing features to help streamline your supply chain. On top of this, you should also have a real-time view of key suppliers, inventory and ordering indicators.

Quote-to-quote process – Your platform's order and billing management module should integrate with your sales, finance, and fulfilment operations to eliminate any bottlenecks. This streamlines the entire order and sales process, meaning you can get more done in less time.

Fulfilment flow - Customer, order, invoice, and shipping information should be centralised to help reduce fulfilment errors and avoid the costs of reconciling shipping information. It should also integrate with shipping carriers to help you manage shipping needs.

Recurring revenue streams – Your ERP solution should integrate front- and back-office workflow for a subscription-based revenue model, providing you with a complete view of customer information and interactions.

05. Preparing for change

Once the solution has been chosen, it's important to ensure that everyone on your team understands the reasons and strategy behind the move. If you don't clearly outline and support the need for change, your budget and resource planning may be negatively affected. If team members and end-users don't understand the objectives, confusion can prevail over design, reducing the chance of success.

The executive team needs to agree on the extent of organisational change and responsibilities need to be assigned. For implementations, organisations should consider how changes fit in with – or can be adapted to – the prevailing business culture, as well as what success the organisation has had with past change-based projects.

Understanding cultural alignment and change history, as well as the status of current competing initiatives, can help appropriately prioritise the project and strategically design it to succeed. If an organisation that has not handled change well in the past is subjected to substantial further change, it may result in organisation change fatigue, which can lead to a lack of engagement and commitment. In these scenarios, we would recommend only embarking on an ERP project alongside an experienced consulting partner.

Defining the internal project team and main project champions will help provide structure to the project and clarity for the wider team on where they can seek help from and who they should provide information to that will help define their role in the new ERP environment.

Finally, once you've established individual roles and how the integration will impact your business it's time to validate the scope and timelines required to complete the project. It's important to set realistic goals in this regard as rushing the implementation process will lead to resistance from the team and perhaps, more importantly, a malfunctioning system. Make sure you consider your current internal resources and whether you need to supplement with a 3rd party consultant, the seasonality of your business and your financial year.

Once this is done and prior to your project kick-off, everyone can take a bit of a breather and begin reviewing online training materials. This is an easy way for new users to familiarise themselves with the new system and its features before getting into the details of the implementation. We highly recommend that core project team member spends time reviewing relevant videos for the first month of implementation.

06. Overcoming the data migration process

You know the old saying: garbage in, garbage out. That's why it's so important to get the data into your system correctly. It's important to note once again that we work with NetSuite ERP but what we discuss here should apply to most implementations.

Firstly, you need to consider your go-live date (when you move to using your new system) as ERP generally addresses your core financial operation before other parts of the business.

A common date to go-live is the start of a new financial year.

Once you have this target date in mind, you'll need to start reviewing and cleansing data. The main databases you'll need to review are your chart of accounts structure and nomenclature, contacts, customers, suppliers and inventory items.

We recommend bringing in opening balances as at the start of your current financial year and trial balance movements up until go-live date.

Your ERP vendor or a solutions partner can provide Comma Separated Value (CSV) templates for these various data sets, to help you easily map your existing data into the required format of your new ERP system.

You can import your data or integrate it with other systems and bring data in via an application programming interface (API).

Data imports don't have to be a one-time thing either, if you have data that needs updating regularly, this can also be achieved using the same methods.

Typical data migration approach:

Step 1: Extraction, Consolidation and Cleansing - The customer is usually responsible for the timely data extraction, data consolidation and data cleansing work required for all data migration. Solutions partners will provide the customer with CSV templates early in the implementation phase for each data type to be migrated and will advise the customer on best practices for data consolidation.

Step 2: Test Loads – You'll need to ensure data accuracy and integrity by performing a test load for each record type using sample records (sample typically comprise of 10% of expected production data volume or 300 records, whichever is less).

Step 3: Validate data migration sources - As previously mentioned, garbage in, garbage out. You need to ensure that only the data you need goes into your ERP system. That's why you should go through each data point to ensure it is required and makes sense to import.

Step 4: Test Data conversion - If there is data that is not quite in the right format to be imported, you have data conversion options that can be implemented to make this easier, such as using optical character recognition (OCR) technology to scan documents (such as AR/AP invoices) and extract the data into a CSV format, ready for import.. An implementation partner should test these methods with you to make sure they are the right fit for your data.

07. Best practices for ERP implementation

The implementation process can take a while and there are some key factors to keep in mind as you begin to experiment with ERP. If you have a solutions partner, you should leverage them every step of the way.

Keep the following best practices in mind:

Customer review and test configuration – Your partner should begin setting up your ERP instance as soon as the implementation begins and from this point on, they will seek your input right the way through to go-live and beyond, into a period of tweaking and optimisation.

It's helpful if you can have people on hand to review and test the implementation as they go. Depending on your implementation, along with a project manager, it's also good to have a person from each department touching your chosen solution to represent and test on that department's behalf.

An example of this would be a member of each finance team, (A/P, A/R, accounting etc.), as well as a member of the sales team/executive assistant who will be using the system.

Develop end-user training plan strategy - This one is essential. We all know that change can be difficult and when you're bringing a new system in and asking people to change the way they work, it's important to make sure you train them correctly to make the transition as smooth and as tolerable as possible. Your partner should make sure you know what you're talking about by getting you to write and present the end-user training manuals to them before they let you go live with the system. This way, you can train new people easily going forward and typically answer most questions people may have when being trained up.

Fine tune where appropriate - Throughout the implementation, there will be things that either you or your implementation partner may think of that may make small changes to the system but will ultimately make it easier for you to use and interact with. These are the types of fine-tuning items that can be easily put in place with minimal effort and will not require another phase to be added to your implementation.

Finalise test scripts - Test scripts are procedures that one would typically do within a system to ensure it works as expected. These are documented and can then be handed to selected end-users to run through and test.

Best practices checklist:

- Free-up staff for implementation.
- Implement end-user training plan.
- Fine tune systems.
- Finalise test scripts.

08. Risks to keep in mind before going live

During any major project there will be unanticipated roadblocks and obstacles. These could impact your implementation process in the long run if not properly addressed. One example is if employees depend on a tool that was incorrectly designed, or face impacts that were never anticipated or accounted for, they may revert to wasteful workarounds to cope in the new environment. If there are no workarounds, efforts might be stopped completely which in turn means company time and resources are going to waste.

So now that you understand why it's so important to address these issues, let's go over some key things to keep in mind:

Be sure to prepare all users for potential roadblocks - Let end-users know that there will be some issues and that the project team is equipped to deal with any challenges. There is no such thing as a perfect launch; making sure that all expectations are managed minimises the 'shock' impact of any surprise roadblocks.

Feedback is essential - Having efficient and open feedback channels allow you to stay on top of any issues as they arise; this minimises the time it takes to find a fix. This also lets users know that they are heard and that a fix is a top priority, rather than them stumbling in the dark without any clarity on when an issue will be resolved.

Continuous improvement is the key to success - Identifying any potential areas of improvement before any issues arise is one way to ensure that your team is prepared in the case of a roadblock. Moreover, this means that systems can be patched before an issue even arises

Risk management checklist:

- Let users know of upcoming changes.
- Be sure to establish open feedback channels with.
- Optimise before going live to reduce potential flaws.

09. ERP integration checklist

We've covered a lot of ground over the course of this guide, but don't worry we aren't expecting you to remember it all. This section should help keep the most important elements of the integration process front and centre in your mind.

The basic factors to keep in mind:

- Communicate change clearly and keep your team in the loop.
- Spend time with your team reviewing training materials.
- Consider how this change fits in with your company culture.
- Establish your available resources and competing initiatives.
- Set the scope and timeline for the project, keep your goals realistic.

The data migration process:

- Import your data through CSV files or integrate it with other systems and bring data through the cloud.
- Ensure data accuracy and integrity by performing a test load for each record type using sample records.
- Make sure that only the data you 100% need goes into your ERP system.

Best practices:

- Free-up staff to review and test the implementation as they go.
- Fine tune where appropriate.
- Finalise test scripts.

10. Contact us

If you'd like to talk to Ogg about an upcoming ERP project, we'd welcome the opportunity to explore ways we can partner with you.

Feel free to contact us at hello@oggsolutions.com or visit us at oggsolutions.com

Sydney Office

18 Jamison Street

Sydney, NSW, 2000

+61 (02) 9098 8275

Auckland Office

55 Anzac Avenue

Auckland, 1010

+64 (09) 889 0600

Melbourne Office

367 Collins St, Melbourne

VIC 3000, Australia

+61 (03) 91338982

Queensland Office

9A Browning Boulevard,

Battery Hill QLD 4551, Australia

+61 (07) 3556 6419