RGP®

Dare to Work Differently™

Charting a Successful Path to **Cloud ERP Migration**

Expert Guidance for Successful Project Execution and Return on Change™

EXECUTIVE SUMMARY:

The Cloud ERP Imperative
Modernizing Your Business for a Changing World

Unprecedented shifts in the global economy and the world of work have dramatically accelerated the pace of change, forcing companies to rethink the way they operate and create value for their customers, shareholders and employees.

This requires transforming core business processes and technology and embracing a digital-first, cloud-centered ecosystem—with cloud ERP as its foundation.

"The pace of change in business today is evolving so quickly, yet most ERP systems are in place for 10 or 15 years." says **Kathy Pazely**, RGP VP, Business Technology Leader. "Successful companies are implementing an agile approach to keep their ERP systems in sync with rapidly evolving business strategies and operating models."

> It is clear the shift is on, away from archaic legacy systems to modern, modular, and intelligent ERP systems.
> – IDC [1]

By 2025:

85%

of organizations will **embrace a cloud-first principle**
- Gartner [2]

Why Cloud ERP?

Moving to a cloud ERP and adopting digital-first, data-driven processes enables your organization to more nimbly respond to rapidly changing business needs, driving significant improvements in revenue, operational efficiency, customer satisfaction, and other benefits.

- Lower cost of entry and total cost of ownership

- Faster deployments, with easier configuration and updates

- Closer integration across core business systems and processes

- Real-time access to data from disparate sources

- Unified reporting and data visualization capabilities

- Scalability and flexibility to support agility, growth and resilience

- Better support for hybrid workforce and virtual collaboration

[1] IDC MarketScape: Worldwide SaaS and Cloud-Enabled Operational ERP Applications 2022 Vendor Assessment

[2] Gartner Says Cloud Will Be the Centerpiece of New Digital Experiences (November 2021)

In spite of the promised benefits and strong momentum propelling digital-first, cloud-enabled operating models, many organizations—including 50% of the clients we surveyed—have yet to embark on their journey to a cloud ERP system.

Some migration initiatives have been back-burnered because of the COVID-19 pandemic, while others face organizational resistance due to concerns about data ownership and security or the risk of project failure.

According to multiple studies, at least half of change initiatives fail. And even with significant financial investment and good intentions, only 25% of all enterprises have seen concrete outcomes from transformation investments such as cloud ERP[2].

Why? Often, it's too much focus on the technology itself and not enough on the people, processes and data that are required for a successful implementation.

Best in class companies are

39%

more likely to have adopted cloud ERP

– Aberdeen Strategy & Research [1]

Common Pain Points:

- Lack of strategic alignment

- Resistance to change and failure of adoption

- Lack of data quality and governance

- Complex risk environment

- Need for resources and expertise

- Disjointed processes and conflicting requirements
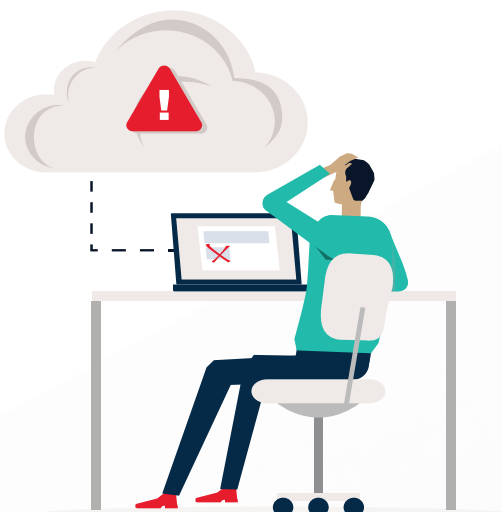
[1] CLOUD ERP: THE BACKBONE BEHIND FINANCE AND ACCOUNTING AGILITY, Aberdeen Strategy & Research, April 2022
[2] Agile in enterprise resource planning: A myth no more, McKinsey, August 2019

Delivering Expert Project Execution & Return on Change™

Overcoming common obstacles to change and executing a successful cloud ERP transformation requires rigorous planning and project management, proactive change management, and scrupulous attention to data integrity. And the stakes could not be higher. As the CFO of a prominent technology nonprofit organization put it, These kinds of transformations or upgrades are once or twice in a career opportunities.

> These kinds of transformations or upgrades are once or twice in a career opportunities.
> – CFO, Technology Nonprofit Organization

We created this guide to help you get it right.

Over more than 20 years, RGP has supported our clients with hundreds of system implementations and upgrades as well as technology optimization and software selection. We've built a successful track record and developed proven frameworks and best practices for delivering the expected benefits of technology implementation.

Explore the guide to learn what's involved in planning, executing and sustaining a successful cloud ERP implementation that enables business transformation, minimizes risk, and delivers the anticipated Return on Change.

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Managing Transformational Change

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  - Engage
  - Sustain

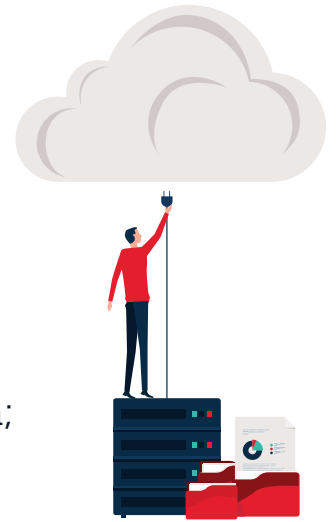## Partnering for Success

- RGP Experience & Expertise
- Project Consulting Services
- Technology Partnerships
- Return on Change™, powered by Kotter

Preparing for a **Smooth Move to the Cloud**

Build the strategic foundation for successful ERP project execution.

Cloud ERP migration isn't just a technology transformation; **it's a business transformation.**

> There is no business strategy without a cloud strategy.
>
> – Milind Govekar, Gartner [1]

This means ensuring that your organization is truly ready for change, supported by an implementation strategy that accounts for people and processes, not just the technology. Too often, though, change management is not addressed early enough in an initiative, making it more challenging to get your workforce ready for new ways of working.

Ultimately, the success of any transformation comes down to the people who must accept and adopt the new systems, processes and policies you are implementing. If your workforce doesn't utilize these new ways of working, your organization will not achieve the expected ROI and results.

Strategic Alignment and Vision
Ensure business and IT leaders have a shared vision for the project and that there's a strong business case.

Business Process Transformation
Migrating to the cloud involves changing the way your business operates and the way people work.

Project Planning and Execution
Expert project management aligns strategy to execution to make your transformation vision a reality.

Organizational Readiness
To succeed and deliver the promised ROI, organizations, must be ready to work effectively in the new environment.

System and Data Strategy
As core enablers for business transformation, your systems and data are foundational.

Risk Management
ERP implementations are inherently risky, because you're transforming core systems, data and processes.

[1] Gartner Says Cloud Will Be the Centerpiece of New Digital Experiences (November 2021)

Strategic Alignment & Vision

Organizations move to the cloud for a variety of reasons, including technology upgrades. But the catalysts for transformation are almost always driven by business needs, such as finance transformation, supply chain improvements, M&A integration and changing workforce strategies. That's why it's essential to ensure that business and IT leaders are on the same page.

> When IT and business have the same common goal, projects get done faster.
>
> – Anupam Khare, Senior VP and CIO, Oshkosh Corporation [1]

Organizational Readiness Starts at the Top

Senior business leaders usually own the budget and the key decisions—so they must take ownership and advocate for the change, collaborating with IT to ensure the technology meets business needs.

In addition to the project sponsor and senior executives, leadership and alignment should also include department managers, such as the sales director, controller or supply chain manager. Because they're the ones who are truly accountable for ensuring that their people and processes work with the new system.

> You can build the best system in the world from an IT perspective, but the business has to need it, want it and use it.
>
> – Keriann Christensen, RGP VP, Finance Transformation

Focus on a Shared Vision

It almost goes without saying, but if you're investing millions of dollars in a technology implementation and changing the way your organization operates, your business case and vision for the project must be specific, comprehensive and clearly understood:

- What business goals do you hope to achieve?

- What is the expected impact and ROI?

- How will you measure success?

Balaji Bondalapati, RGP VP, Business Technology, has extensive experience leading cloud ERP implementations for a wide range of organizations. He says lack of clarity around goals and expectations is one of the key risk factors for project success. "For example, the executive sponsor may want to reduce working capital or improve sales by X% or save on labor costs," he says. "And if that specific goal is not reached, the project will be seen as a failure—even if everything goes right and people are using the system."

Business Process Transformation

Why are you moving to the cloud in the first place? And what is your expected return on investment? Whatever the catalyst for change and potential benefits detailed in your business case, delivering on the promise of cloud ERP involves changing the way your business operates and the way people work.

"

Lift and shift wastes about 2/3 of the potential benefits of cloud transition.
– McKinsey [1]

Cloud vs. Legacy Processes

Many organizations have decades of old processes with multiple layers of customizations that have been bolted on—especially if they've made one or more acquisitions or developed homegrown solutions along the way.

Kathy Pazely, who heads up RGP's Business Technology practice, says that in the 1990s and early 2000s, organizations enthusiastically invested in ERP systems, but weren't willing to make hard decisions and change their business processes. "They customized the heck out of their ERP systems, which made them really costly to maintain and upgrade," she says. "As you move to the cloud, you really have to change your mindset and transform."

Don't pave the cow paths.

Although legacy processes and customizations might have served a purpose at one time, they're no longer relevant—and no longer possible. With few exceptions, such as bespoke reporting capabilities or industry-specific requirements, cloud systems cannot be customized. That means you have to reengineer your existing processes to work with the new system.

[1] Cloud's trillion-dollar prize is up for grabs, McKinsey, February 2021

Embrace ERP migration as an opportunity to move your business forward.

Rather than looking at this as an obstacle, consider it an opportunity to standardize and improve your outdated and inefficient processes. "Think about how the new system works and what it makes possible," advises **Keriann Christensen**, RGP VP, Finance Transformation. "It was built for the cloud—which automatically improves processes. So discover and adopt best-in-class global cloud processes. That's where you get the return on investment."
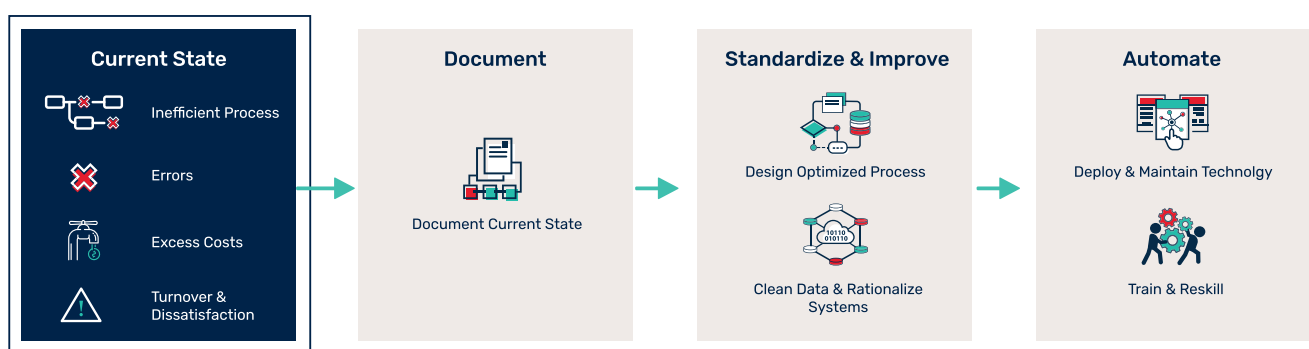
> Process documentation helps reduce implementation cost. It's very expensive to define processes after engaging the system integrator.

To make the most of this opportunity:

- Set the expectation that cloud systems allow for only minimal customization.

- Ensure process documents are created prior to starting the implementation.

- Obtain sign-off on "to-be" processes from business stakeholders. This is critical to set the overall project direction and solution.

By the time you're testing and getting ready for go-live, everyone needs to be 100% clear on what they're getting.

Current State	Document	Standardize & Improve	Automate
Inefficient Process		Design Optimized Process	Deploy & Maintain Technolgy
Errors	Document Current State	Clean Data & Rationalize Systems	Train & Reskill
Excess Costs			
Turnover & Dissatisfaction			

> "Unless you know what you are doing today, you can't really manage the change.
>
> – Keriann Christensen, RGP VP, Finance Transformation

RGP Case Study

Full-scale Finance Transformation

Challenge:

A prominent technology nonprofit organization with 400,000 members in 160 countries was embarking on a complex finance transformation with several large initiatives, including Oracle Cloud ERP, EPM, Contract Management and Treasury solutions. In addition to having a very disjointed legacy infrastructure that was difficult to use and maintain, they had a disparate organizational structure without common business processes.

RGP provided the program and change management to orchestrate all the teams and workstreams—and bring the implementation in for a smooth, on-time, under-budget.

Solution:

- Created a common global platform and user experience for staff and volunteers across all operating units and countries.

- Improved overall efficiency by using Oracle Cloud standard system capabilities and best practices.

- Built a scalable platform for continued growth and expansion of the business.

- Improved and standardized business processes and improved system integration capabilities.

- Achieved rapid adoption of the new solutions.

Read the full story →

Project Planning & Execution

Once leaders are aligned and you've validated organizational readiness, you now face the challenge of defining and executing a complex, cross-functional transformation program and delivering the outcomes promised to your leadership and board.

### Leading with a Transformation Mindset

Rupen Babhania, RGP VP and Global Solutions Leader, Business Agility and Project Management Services, says establishing a central transformation office or PMO (program management office) is key to successful cloud ERP implementations. While some elements of a traditional PMO are still relevant, the role of the transformation office and the way it operates within the context of a cloud ERP needs to be different. That's because complex cloud ERP transformations present unique challenges.

Uncertainty about what constitutes the ERP transformation

The target state has been defined as part of strategic alignment and visioning, but it's almost never completely clear how to get there—at least in the early stages. Not every aspect of the transformation can be neatly defined as a project. And some facets of transformations might not be defined as projects but are just as important: culture and behavioral change, leadership alignment, employee sentiment and business-as-usual (BAU) activities, to name a few.

Identifying dependencies and synergies

ERP transformations typically constitute a pipeline of programs, subdivided into initiatives and owners across the entire organization. Knowing how each of these smaller components are tracking, as well as their interdependencies and overall impact to the transformation, is important so that you can understand the overall health of the transformation.
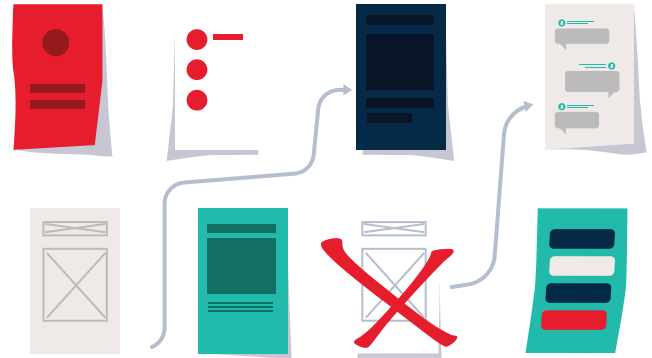
Understanding of people and financial constraints

Given your available resources and finances, you need a clear sense of how much of the ERP transformation can run concurrently. This is especially important because not all aspects fit into well-defined projects, which means there's a greater need to understand resources and finances at a holistic level.

Financial management of the ERP transformation

In almost all cases, ERP transformations are anchored on process optimization, automation and digitization to free up resources and funds that can be reinvested into growth and innovation. This requires defining and managing complex business cases, which need to track large costs as well as benefits incrementally through the transformation lifecycle.

Capturing accurate and timely project and initiative data

Adopting Lean or agile project management practices ensures less burden on project teams. But, more importantly, having a cloud-based, collaborative, easy-to-use and scalable project management platform empowers project teams to more easily capture and track meaningful and accurate project-level data—which, in turn, enables them to deliver meaningful insights and decision support.

Project teams should not spend multiple days consolidating status across different workstreams and then consolidating them into reports for executive steering and decisions. Instead, investing in the right PMP platform can enable almost real-time project data capture as well as reports and dashboards.

Evolving the PMO to Manage Transformations More Effectively

Leaders and sponsors of ERP transformations expect their Transformation Office or PMOs to lead and drive overall success of the transformation—not just operate as a governance and reporting function. This means the role of the Transformation Management Office or PMO has to evolve..

Incorporate more capabilities than a typical PMO.

Ensure that change management (including leadership alignment), communications and data analytics are an integral part of the ERP Transformation Office/PMO. This helps the PMO to drive culture change, communicate widely and regularly, and analyze varied and complex data. It also enables program managers to create meaningful insights and visualizations so that everyone can track the transformation journey.
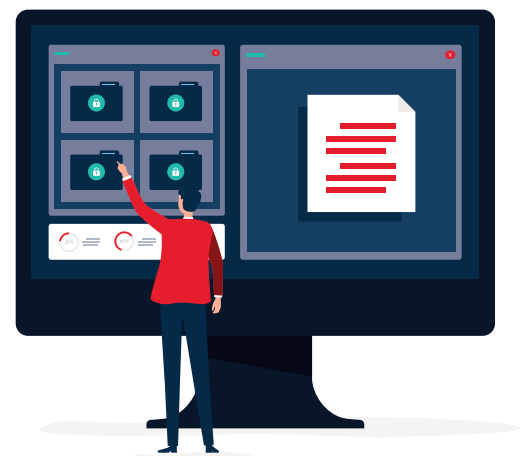
Embrace the principles of Agile delivery.

This allows for agility in decision-making and course correction, as teams continuously recognize success stories and adjust priorities along the way.

- Instead of projects, define workstreams with common themes or outcomes across functions.

- Define multi-skilled (think cross-functional) teams for each workstream.

- Define outcomes at an overarching, transformation level as well as for each workstream.

- Create backlogs of actions that can be reprioritized in alignment with the overall transformation.

- Align all workstreams to the same sprint cadences, which allows you to quickly identify and resolve systemic barriers and reduce wasted effort.

- Reduce layers of data flow and encourage transparency.

Lighten your administrative load.

Reduce the burden of tracking and reporting that a traditional PMO prescribes. Instead, use a central, cloud-based, easy-to-set-up project management platform that makes it easier to track workstreams and provide meaningful visualization of the transformation program. This should incorporate not only the progress of each workstream, but also overall change adoption and employee sentiment.

Depending on the size of your organization, you may already have a well-established ERP transformation office or enterprise PMO that orchestrates important initiatives. But if you don't have that capability in house, then it makes sense to engage outside resources to set up and run the PMO for your ERP transformation project.

Even if your organization does have internal PMO capabilities, it can be beneficial to get the support of consultants who have deep experience and detailed expertise with cloud ERP implementations as well as the methodologies specified by the system integrator and/or the software provider. This will help evolve your organization's internal PMO into a core enabler of success for the overall transformation.

> Be sure to include change management, communications and data analytics in the PMO capabilities.

Internal Resource Planning

It's easy to underestimate the level of internal resources you'll need to prepare for and implement a new ERP system. Although system integrators and consultants play important roles, this type of transformation requires deep, organization-specific knowledge, which can only be provided by your own people.

It's important to be realistic and plan for the commitment of time and effort that will be required to capture and validate business requirements, test the system and new processes, train impacted employees, and provide support after system "go-live." You might also consider backfilling some roles for the duration of the project to free up critical internal capacity.

Organizational Readiness

Ed Caldwell, RGP VP, Change Management Solutions Leader, says to succeed and deliver the expected ROI, organizations—especially supervisors and middle managers—must be willing and able to work effectively in the new environment.

Organizational Design

Implementing a new business technology system such as an ERP means changing how work gets done. That, in turn, triggers organizational changes, including:

- **Roles and responsibilities**
- **Policies and procedures**
- **Workflows and job descriptions**
- **Performance goals and metrics**

In many cases, you're actually creating or eliminating certain organizational functions, because you're automating tasks and removing redundancies.

For example, in an organization processing and receiving customer product returns, you won't need people to reconcile data on spreadsheets with product inventory anymore, but you do need them to work in a new cloud-based system that automates returns and inventory management. Instead of an onerous process requiring a couple of dozen representatives, you might need significantly fewer people processing exceptions now.

Readiness Scenarios and Support Planning

Whenever a large ERP implementation goes live, it's inevitable that issues will arise. Proactively planning for typical scenarios makes it possible to troubleshoot potential incidents before they happen. For example, consider your current processes for activities such as transportation management: Let's say you have 47 shipping containers on a particular ship. Instead of docking in the planned port, there's an emergency that forces the ship to dock somewhere else.

- How would you most efficiently route these containers to their end-point destination?

- How would you process this new ship-to location in the new system?

- How would you process any new import/export requirements?

- What does the system automate now that you used to have to manually calculate and/or process?

Working through these types of readiness scenarios prepares your team for what they'll need to do differently, which can then be incorporated into training and post-implementation support.

System & Data Strategy

Cloud ERP requires transforming your processes, changing the culture and connecting—in real time—your workforce, customers and suppliers. And you can't do that without data.

– Sean Brown, RGP VP, Data & Analytics

As core enablers for business transformation, your systems and data are foundational to your cloud ERP migration strategy. This means it's vital to get business and IT stakeholders aligned from the get-go—even before you select a new cloud ERP or other technology system. This provides a common understanding of the business and technical requirements that drive everything from system design and configuration to data conversion and reporting.

When implementing a cloud ERP system you have to evaluate your entire technology ecosystem—including the existing architecture as well as the new system you've selected—and look holistically at how data and processes will flow across all the disparate systems.

- What other systems feed it?

- What are the implications for having that data only in the cloud?

- How will the data in those systems all work together to support your target operating model?

- What are the business reporting and analytics needs and how will the systems and data support them?

Every organization's considerations are a bit different. For example, if you're a global engineering company, you may have specialized systems for R&D, project management and manufacturing. A lot of companies use SAP or Oracle for their primary ERP system but have a different system, such as Workday, for their HR function. You have to account for how those systems work together to achieve the business objectives.

To avoid system interface and data conversion issues, it's wise to develop a standardized model for your key master and reference data, such as a global chart of accounts and bill of materials, prior to implementation.

> Develop a standardized model for your key master and reference data prior to implementation to avoid system interface and data conversion issues.

Master Data Strategy

Data, like change management, should be part of your cloud ERP implementation strategy from the very beginning. The data strategy lays the groundwork to successfully cleanse, map, migrate and govern your data during implementation and beyond. It's your blueprint for delivering high-quality, readily accessible data that not only supports compliance, controls and financial reporting requirements, but also enables fast, data-driven decision-making.
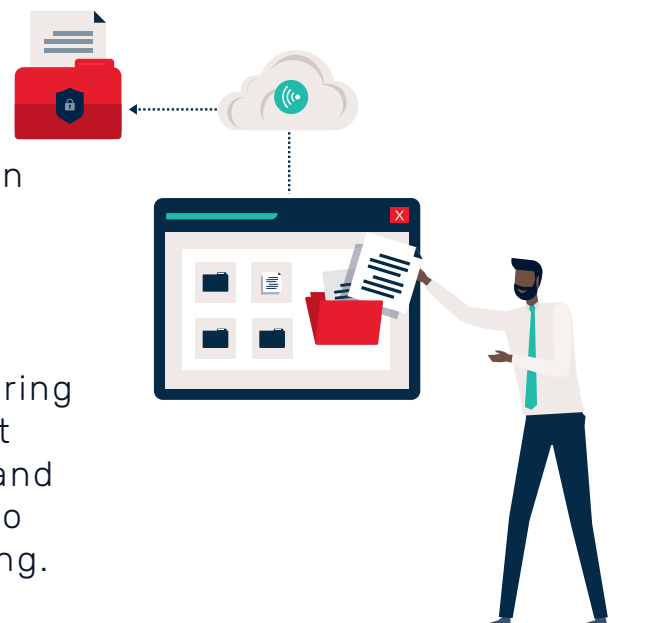
This requires mapping and connecting data and process flows from end to end. When a customer calls and places an order, that order goes to planning, which goes to manufacturing, which goes to shipping, which goes to invoicing. "If you don't see that process attached to the actual systems data flow—which you often don't—you can miss things," warns **Sean Brown**, RGP VP, Data and Analytics Leader.

Sean recounts one case where the data flowed perfectly in one direction: order placed, manufactured, shipped, installed, billed and paid. But issues arose when the customer, who had ordered 10 widgets, decided they only needed eight and returned two of them. "Now the actual order doesn't match what's on the bill of materials and the reverse data flow is disconnected," Sean explains. "They missed that last piece of the process and didn't realize nothing was going to work that way."

Your Master Data Strategy should cover:

- **Data standards and definitions**
  Defines the structures, definitions, decision rights, etc., for key data elements (KDEs).

- **Data quality assessment**
  Determines how the data currently conforms to future needs and how you will monitor and address quality issues moving forward.

- **Data governance**
  Defines the organization and processes to ensure data standards evolve with the business and stay compliant.

- **Data model**
  Shows the structure of the master data object and how it connects to the other key data.

- **Data mapping and migration**
  Includes field mapping, transformation rules, cleansing and testing approaches.

- **Data archiving plan**
  Defines the strategy for data that won't move to the new platform but may need to be accessible for regulatory, contractual or analytical purposes.

> Don't overlook planning for data archiving because it's unlikely that 100% of your data will be moved over during the conversion.

Risk Management

Transformation is an inherently risky business. And ERP implementations are particularly fraught because you're transforming the core systems, data and processes that keep your business running. Virtually every aspect of a cloud ERP transformation holds some type of risk implications, from project governance and oversight to system testing and data integrity.

Disruptions and delays can have dire consequences, as many organizations have experienced first-hand. For example, J&J Snack Foods estimated losing about $20 million in revenue because of production disruptions related to their ERP migration[1].

ERP implementation = risk mangement

To avoid this kind of risk scenario, **Ian Burnett**, RGP VP, Risk and Compliance, says it's critical to account for governance, risk and control objectives in the strategy phase—and ensure they're clearly specified in the design and requirements. Ideally, the chief audit executive (CAE) would play a key advisory role and provide guidance for risk and control objectives throughout the implementation.

> Giving the chief audit executive (CAE) a seat at the strategy table helps ensure adequate risk management and mitigation.

Managing and Mitigating Operational Risk

Experienced project managers can help you anticipate potential risks and account for them in the project plan and timeline. For example, RGP's Project Management team recommends taking incremental steps toward the cloud rather than migrating all your systems at once. Guided by a strategic roadmap, start with one cloud ERP module, such as Finance or HR or Supply Chain, depending on your business priorities as well as the operational impact.

Balaji Bondalapati, RGP VP, Business Technology, has been delivering complex system implementation projects—on time and on budget—for more than 30 years. Based on this experience, he's developed a keen sense for where implementations can go awry and shares these tips for managing risks:

- **Take a phased approach**

  For example, go live with the Finance module first and then select a business unit or region with low operational impact as Phase 2.

- **Test, test and test again**

  Perform at least three to four cycles of end-to-end system testing, including data migration testing.

- **Be ready to move and don't look back**

  It's not possible to maintain parallel accounting in the legacy and new system, although parallel financial consolidation is allowable for 2 to 3 months after go-live.

- **Start planning the production cutover well in advance of go-live**

  ERP systems are very complex, so make time for as many dry runs as possible to test your cutover strategy and plan.

> Migrate one area of your business first.

[1]ERP implementation woes cost J&J Snack Foods estimated $20M, CIO Dive, May 10, 2021

Delivering **Value & Impact**
Successful transformation depends on successful project execution.

Expert project managers bring clarity, rigor and a "sleeves-up" mindset to cloud ERP implementation. Effective ERP Program and Project Management aligns strategy to execution, working to mitigate transformation risks while ensuring the project delivers the expected ROI.

Implementation Methodology
Align strategy to execution and ensure the cloud ERP implementation delivers the expected ROI.

System Integration and Implementation Support
Fill gaps in critical project roles to ensure successful project execution and deliver the expected ROI.

Requirements and Design
Ensure there's a crystal-clear understanding of the business and technical requirements and design the target operating model.

Data Migration and Governance
Data migration and governance are the backbone of any ERP implementation.

Testing and Optimization
Before going live, you have to verify that all the systems, processes and data meet all the requirements.

Go-live
Rather than simply "flipping a switch," it's important to orchestrate this process in a controlled sequence of users and transactions.

## Communication and Training
Make sure stakeholders and their teams understand how the transformation benefits and impacts them.

Implementation Methodology

Choosing Your Migration Path

ERP implementations call for specific methodologies aligned to overall PMP best practices. Large, global enterprises often have their own implementation methodologies, as do many ERP software providers like Oracle and SAP as well as some system integrators.

There are benefits to each approach. Internal program and project managers are intimately familiar with their own organization's methodology, while the software vendors' methodologies are specialized to account for all the intricacies of their systems.
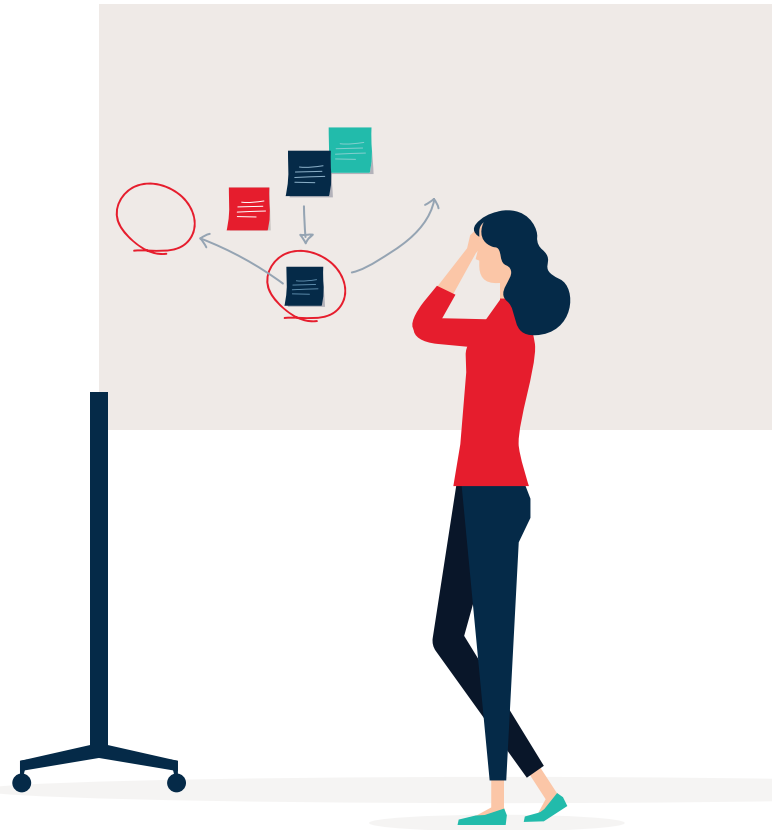
Regardless of whose approach you follow, define the migration methodology prior to launch, in tandem with setting up the program management office. And document the chosen methodology in the development guidelines, with training provided to everyone on the team.

Getting the Right Experience On Board

Managing a transformation of this scope and complexity requires an extraordinary level of both technical and functional expertise, as well as hands-on experience with the specific systems and processes you are implementing.

Keriann Christensen, RGP VP, Finance Transformation, says it's important for the PM team to have deep expertise with the systems and processes that are being implemented as well as the implementation methodology that's being used. They also need the agility to adapt to specific client needs. "We see the most success when we're able to bring our outside perspective and bridge the gap, partnering with our client's business, system integrator and PMO."

If you're not using the software company's implementation methodology, then make sure you tailor the chosen methodology to that system and provide training.

Project Tracks and Workstreams

Although project tracks and workstreams are sometimes based on functional areas (record to report, procure to pay, etc.), we recommend organizing them around cross-functional needs:

- **PMO Oversight**

- **Data Migration and Governance**

- **Change Management and Training**

- **Reporting Strategy**

- **Testing and QA**

- **Integrations**

- **Business Processes**

PMO Leadership and Support

A successful PMO establishes a strong governance structure for synchronized execution, applying templates, processes and standards for all projects and programs within the portfolio. The PMO quantifies needs, manages demand, prioritizes efforts, coordinates dependencies, assesses and reports on execution, and mitigates risk across projects.

To maintain the organizational alignment you established in the strategy phase, the PMO should be composed of both business and IT resources and should have C-level support to align and prioritize parallel projects. Also, ensure that change management (including leadership alignment), communications, and data analytics are an integral part of the PMO capability.
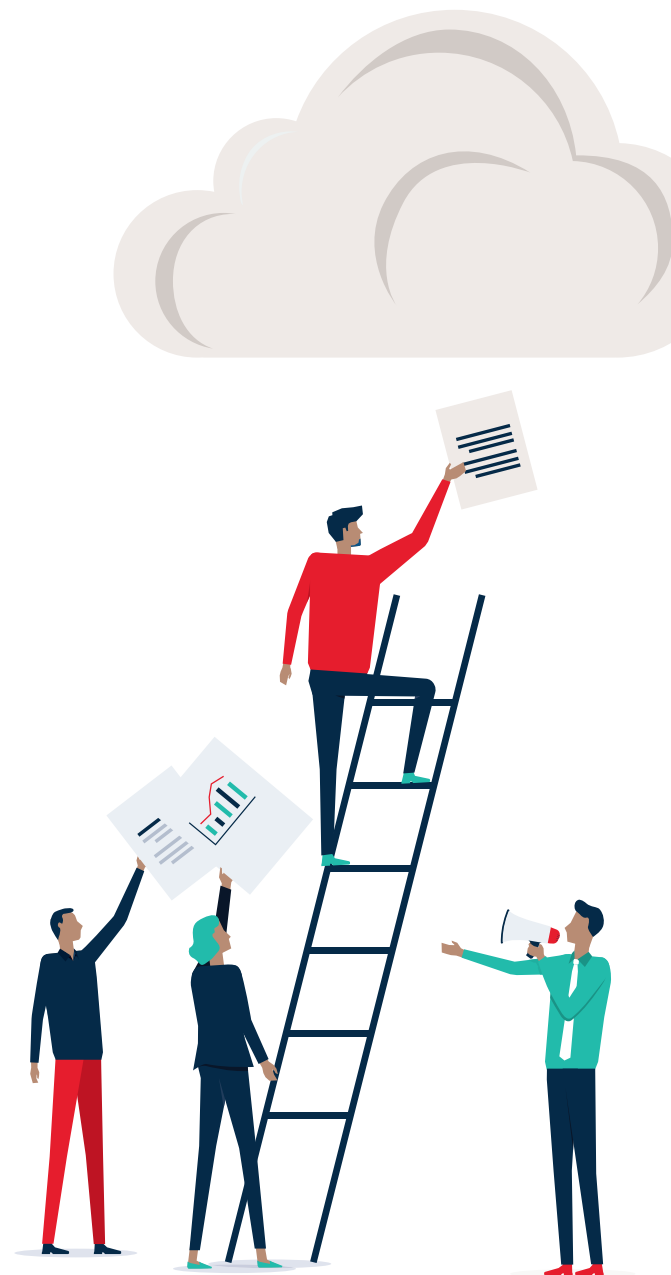
RGP Case Study

Digital Project Management

Challenge:

A Fortune 100 global entertainment company was implementing SAP BRIM for their streaming services' subscription order management, charging, invoicing and contract accounting. As a long-time trusted partner to our client, RGP applied our digital PPM expertise and best practices to lead a successful project execution.

Solution:

- Streamlined the testing process to enable five releases in less than a year, all of which were on time and under budget.

- Defined project metrics that provided leadership with clear lines of sight for potential issues and roadblocks.

- Created a cross-project dashboard using Smartsheet to easily track all releases in a single view.

Using a central, easy-to-set-up tool such as RGP's customized Smartsheet tool makes it easier to track the progress of each workstream and provide meaningful visualization of the program.

System Integration & Implementation Support

During the course of a cloud ERP transformation, multiple interconnected workstreams are in progress concurrently across business and IT functions. This requires unique expertise and experience—including project management, data migration and governance, and change management—to ensure successful project execution and deliver the expected ROI.

> One of the easiest things to do is design and configure the application.
>
> – Kathy Pazely, RGP VP, Business Technology

RGP's **Kathy Pazely** says change management used to be the first line item companies would cut, but they now know you can't do that and still have a successful project. The same is true for data migration and governance.

"One of the easiest things to do is design and configure the application. Even building the interfaces is pretty easy to do," she says. "But getting the data right and getting it cleansed and uploaded and reconciled—that's usually the longest pole in the tent when you're looking at your project timeline."

Don't assume the system integrator (SI) will be willing or able to manage every aspect of a cloud ERP implementation. Like floor mats and paint protection when you're buying a new car, key responsibilities such as project management, governance and change management are typically not included in the sticker price. Engaging outside resources like RGP to oversee project planning and execution as well as change management and training frees the SI to focus on what they do best.

5 Key Questions to Ask Before You Start:

- Who is your system integrator?

- What is the scope of their role?

- How is the role of your IT organization defined for the migration?

- What does your migration team structure look like?

- Are your requirements detailed and signed off up front?

Requirements & Design

> In a worst-case scenario, companies can spend millions of dollars and then end up scrapping the entire implementation because they thought they could execute it all at once—but couldn't.
>
> – Balaji Bondalapati, RGP VP, Business Technology

It may seem obvious, but before you begin implementing a cloud ERP system, you must first have a crystal-clear understanding of the business, data and technical requirements. Changing course once the project is underway is expensive and risky. So it's essential to understand the operational impact of the cloud ERP implementation and carefully define the scope, strictly prioritizing what is included in the first release.

Beginning with the End in Mind

RGP VP, Business Technology, **Kathy Pazely** says you have to start with the end in mind and work backwards. "What key business decisions and analytics do we want to enable? And then, how do we move upstream and make sure we're capturing the necessary business and data requirements?"

It's critically important for business and IT stakeholders to collaborate on defining the requirements and ensuring they're met. For example, a large oil and gas client's initial implementation of Oracle Cloud failed because they lacked sufficient integration and collaboration around requirements, design and system testing. As a result, they were unable to achieve business expectations and had to restart the project.

'Big Bang' vs. Phased Approach

RGP's **Balaji Bondalapati** says many cloud ERP implementations get into trouble because of scoping issues. "Just because a system integrator would like you to invest in a full-scale implementation all at once does not mean your organization can successfully do so," he says. "In a worst-case scenario, companies can spend millions of dollars and then end up scrapping the entire implementation because they thought they could execute it all at once—but couldn't."

Taking a phased rather than "big bang" approach can help you avoid that type of failure. That may mean starting by implementing a single module, such as Finance and Accounting or Supply Chain, and then prioritizing additional modules based on your particular business needs.

No matter which approach you take, Balaji recommends gathering all the requirements at once, not on a piecemeal basis. Otherwise, you risk missing critical steps and dependencies that are difficult and costly to correct.

Key objectives include:

→ Address user requirements in the process design and get sign-off during user acceptance testing.

→ Communicate redesigned business processes, update job descriptions, and provide adequate user training.

→ Address new operational procedures and manual workarounds in the system requirements.

→ Develop KPIs for new processes to monitor system processing status, system degradation, late processing, failed transactions, etc.

> Blueprint the business requirements globally, then execute locally based on the strategy.

Risks and Controls

Finally, be sure to include risks and controls in your process design and requirements. Otherwise, key controls may be missing from changed business processes and the new processes could be ineffective, poorly implemented, or not fully adopted. For example, if users are frustrated with reporting capabilities, they may develop their own reporting using spreadsheets and other workarounds.

Data Migration & Governance

Data migration is the backbone of any ERP implementation. And your data analytics, governance, management and quality can make or break post-go-live results. You're integrating disparate and often outdated legacy platforms and processes. And, in some cases, you're also migrating manual, spreadsheet-based processes and automating them in the cloud.

Treat data migration as an opportunity to clean up your data records and processes from top to bottom:

> "
> Getting the data right and getting it cleansed and uploaded and reconciled. That's usually the longest pole in the tent.
>
> – Kathy Pazely, RGP VP, Business Technology

- **Reporting:** Regardless of what vendors may promise, don't assume built-in, out-of-the-box reporting capabilities will meet all business needs. In other words, trust, but verify.

- **Conversion:** You need to not only define what will get converted, but also understand how and when it will get converted, who will validate the conversion, etc.

- **Governance:** Define data governance processes and conversion strategies to support the initial system deployment by defining data standards for the new system—and support the ongoing health and quality of your data assets.

- **Analytics:** Ensure your strategy supports the delivery of insights to provide real analysis and support for sound business decisions.

- **Testing:** Plan to allocate at least one-third of your testing effort to data and reporting. It's critical to ensure the data flow works the way you specified in your data strategy.

- **Archiving:** It's unlikely that you'll migrate 100% of the data required to run your business to the new system, so plan for how this data will be managed.

Data needs its own workstream and team.

Too often, data and reporting responsibilities get buried within functional workstreams such as finance, procurement and manufacturing, resulting in a disjointed data strategy. Assigning one or more data specialists who are dedicated to that cross-functional data workstream—from strategy to go-live and beyond—helps maintain data integrity across business processes and ensure that all downstream reporting and data requirements are met.

RGP Case Study

Master Control for Data Migration

Challenge:

After an acquisition, a leading space technology company launched an initiative to upgrade their legacy Oracle ERP system to SAP S/4HANA Cloud and bring the acquired company's older SAP system onto the new common platform.

Merging two business units creates data mapping complexities and challenges when creating a master data set. After mapping out the data migration strategy and process details, RGP acted as client-side advisor while collaborating with the SI team to execute high-quality SAP S/4HANA solution deliverables.

By automating many of the data and analytics processes, we were able to dramatically accelerate the timeline, minimize costs and enable a scalable, repeatable process.

Read the full story ➝

Ensure you test your data through its full lifecycle, from creation through reporting and analytics.

Testing & Optimization

"Testing is critical, because a lot can be lost in translation.

– Keriann Christensen, RGP VP, Finance Transformation

Before going live, you have to verify that all the systems, processes and data are working the way they should to meet both the business and technical requirements. You're connecting the dots all the way from your project charter to post-production support, using a traceability matrix to document that everything works.

Testing scripts

Follow a step-by-step process to test the specified scenarios and validate that the new system performs as expected.

Unit testing

Verify that the system was designed and built to support all of the specific requirements.

Integration testing

Thoroughly test specific end-to-end scenarios for transactions across multiple applications to ensure data and integrations with system interfaces are generating error-free results.

User acceptance testing

This is the final, most critical step—when users test the system for their required functionality to ensure all is working properly to support the business needs.

When it comes to data, don't shortchange the testing process—and don't wait till after go-live, warns **Sean Brown**, RGP VP, Data and Analytics. "Once your system is up and running, and you have orders flowing through it, it's very hard—if not impossible—to go back and retroactively fix the data."

Testing Checklist: Risks and Controls

- System development and customization and testing performed in a controlled environment and subject to change control procedures.

- User acceptance testing (UAT) executed with adequate participation from the user community.

- System interfaces, data processing and end-user reports designed and tested appropriately.

- System issues logged/tracked and resolved and verified through retesting.

- Documentation maintained on logic and conditions tested.

- Users fully engaged up front in development of test scenarios as well as system testing to verify their requirements are being met.

- Users performed signoff to indicate acceptance of system functionality.

- User management approved final system design before implementation.

- User access roles and information security rules are included in testing.

> Automated testing can be a key advantage in shortening implementation times.

Go-live

This is the point in your cloud ERP journey where, after completing the pre-flight checklist, you taxi down the runway and power up the engines for takeoff. But rather than simply "flipping a switch," it's important to orchestrate this process in a controlled sequence of users and transactions.

Ideally, you have a detailed cutover plan that has been part of the testing phase with mock cutover or dress rehearsal exercises to confirm the timing and sequence of events. This should also include risk mitigation options for critical steps that may take longer than expected or even fail.

Timing makes a difference.

"By going live the first month of the quarter, you can give yourself a buffer for those critical quarter-end reports and minimize risk," advises RGP's **Keriann Christensen**. "Ideally, you finish your close in the prior system, then cut over and convert to the new system as quickly as you can."

> Go live the first month of a quarter.

Post Go-live Support

Set the right expectations and plan for adequate post go-live support. For example, it's not unusual to see a spike in support cases before they taper off and the system stabilizes. Prepare your organization to expect a bell curve in support demands and plan for how you'll manage that.

- Ensure that the system integrator provides at least three to six months of post go-live support.

- Set up a daily cadence to review support tickets.

- Deliver adequate knowledge transfer so the IT team and business can become self-sufficient as quickly as possible.

- Provide the necessary capacity of internal resources and external consultants to enable the best support model.

Workforce Engagement via Communication & Training

The ultimate success of any implementation comes down to user adoption. "Make sure stakeholders and their teams understand how the change benefits and impacts them," advises **Richard Klein,** RGP VP, Training and Strategic Communications. "For example, don't just create one-size-fits-all training and communications. Instead, customize that information to stakeholders based on their job roles."

Key steps:

→ Provide a detailed onboarding process for all new team members for seamless transition.

→ Provide training on new tools, technologies, and concepts creating ambassadors for knowledge sharing.

→ Build frequent communication into the project plan.

→ Identify advocates and activate a "change agent" network.

Maintain Momentum with Real-time Communications

It's important to openly and transparently share all aspects of the transformation to the impacted functions—and even more to show and tell. "Sharing even the smallest of wins with all those impacted will encourage everyone to stay the course," suggests **Rupen Babhania**, RGP VP and Global Solutions Leader, Business Agility and Project Management Services.

Rupen also recommends using social collaboration platforms, employee engagement portals, and other digital communication tools to share successes, updates and overall progress of the transformation. "This is important for maintaining momentum and ensuring that everyone involved and impacted remains informed, aligned and engaged," he says.

> Leader playbooks can help you maintain buy-in and rally leaders around change initiatives.
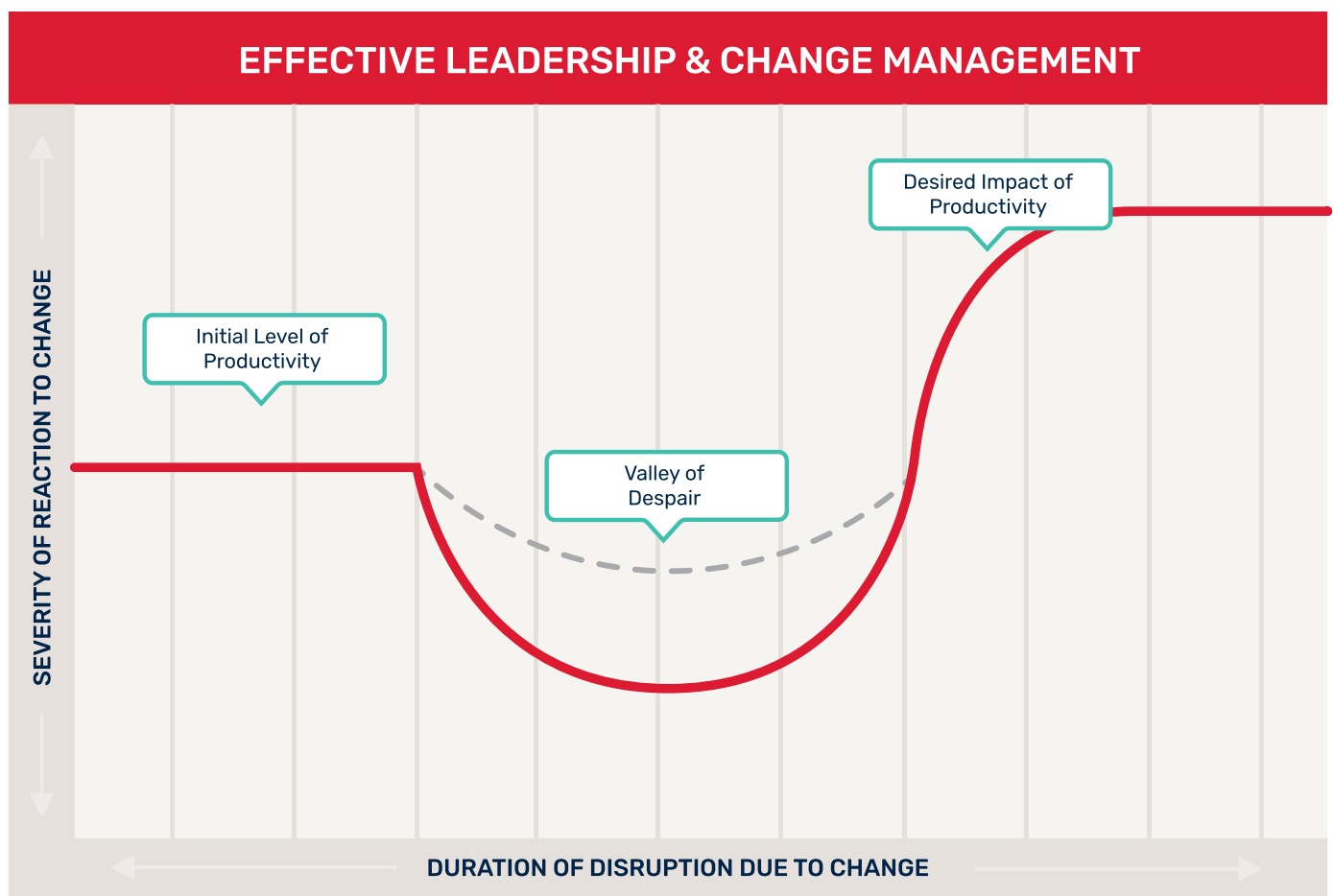
Managing **Transformational Change**

> **Transformations are complex, messy, ambiguous and, by their very nature, emotionally and professionally draining.**
>
> – Rupen Babhania, RGP VP, Business Agility and Project Management Services

No one invests in a major change initiative such as a cloud ERP implementation thinking it's going to fail. Yet, many projects are destined to fall short, simply because they haven't adequately planned for the "people part" of transformation. In fact, people-related issues account for 7 of the top 10 reasons that projects fail.[1]

Migrating to a cloud ERP system and related changes to processes, roles and policies results in significant differences between how work is performed today versus in the future. If not addressed correctly, this transformed future state can result in organizational misalignment, with significantly lower workforce productivity—a dip that's often called the "valley of despair."

EFFECTIVE LEADERSHIP & CHANGE MANAGEMENT

SEVERITY OF REACTION TO CHANGE

Initial Level of Productivity

Desired Impact of Productivity

Valley of Despair

DURATION OF DISRUPTION DUE TO CHANGE

[1] Prosci Best Practices in Change Management

Often change management is perceived to only be necessary right before go-live—and that point of view puts the project at risk. You can mitigate that risk by investing in end users' willingness and ability to perform their work better once the new system and processes have been implemented. An effective change management strategy accounts for the human impacts as well as process and technology issues, enabling you to reduce the time it takes to return to productivity by 50%.[1]

50%
Faster return to productivity with effective change management [1]
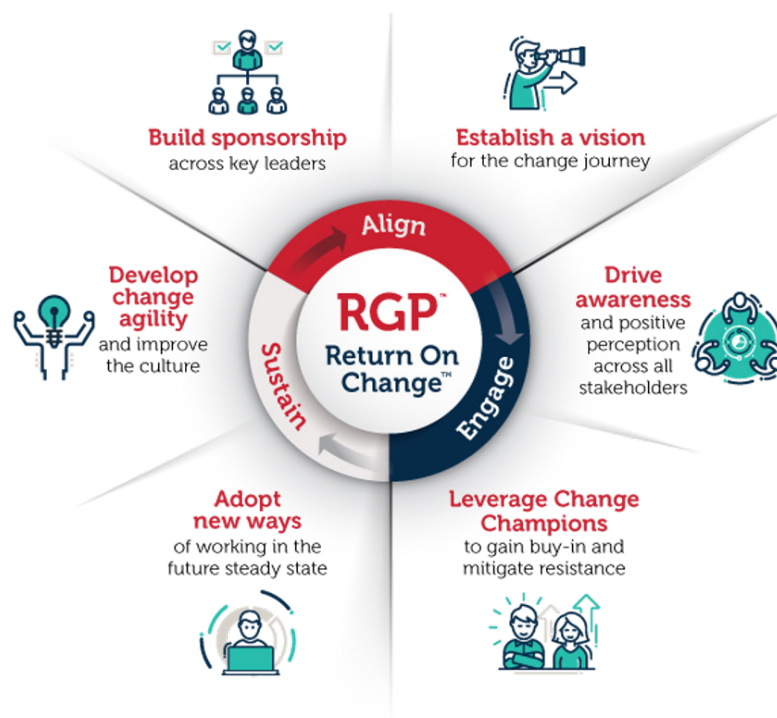
"There's going to be a valley. It's going to take time to get through it," says **Ed Caldwell**, RGP VP and Change Management Leader. "But change management can reduce the time and severity of the despair."

Integrate change management throughout the project, starting with planning.

Supporting Your Organization's Change Journey

Bringing together the best of leading change management practices, the RGP Return on Change™ framework offers a proven approach to successfully implement and realize the benefits of a cloud ERP transformation.

Build sponsorship
across key leaders

Establish a vision
for the change journey

Develop change agility
and improve the culture

Drive awareness
and positive perception across all stakeholders

RGP Return On Change™

Align

Sustain

Engage

Adopt new ways
of working in the future steady state

Leverage Change Champions
to gain buy-in and mitigate resistance

[1]Prosci Best Practices in Change Management

Align

Desired Outcomes

→ Greater awareness and motivation to change

→ Collaboration and alignment among leadership

→ Effective strategy execution

Build Sponsorship Across Key Leaders

If your leadership team isn't aligned, employees will get conflicting messages, impacting the success of your implementation. Workshops with leaders resulting in clear action plans are the first step in creating a united front.

Competing priorities, insufficient decision rights and disagreement on the path forward make it more challenging to achieve and maintain alignment. Playbooks can help you gain buy-in and rally leaders around change initiatives.

> Add pulse checks to your leader action plan to capture feedback on progress and keep leaders engaged.

Establish a Vision for the Change Journey and Align Leaders Around It

Everyone wants to be associated with a successful initiative, says RGP's **Ed Caldwell**. And this starts with leadership setting a clear direction for the ERP transformation, including a robust project vision.

- Provide a detailed reason for why the change is needed, including business strategy as well as technology considerations.

- Paint a picture of the future state, emphasizing benefits to the customer, the workforce and the organization (in that order).

- Set key expectations for what the workforce will need to do differently in order to achieve the change.

- Create a call to action for employees to join leadership on the journey.

Communicating and sharing the project vision with your workforce early and often will help maintain leader and organizational alignment—and serve as fuel to help drive the organization to your future destination.

Define Key Change Metrics

Without metrics, it's difficult to determine if your leaders, managers and workforce are truly prepared for a planned cloud ERP transformation. Engagement, readiness, proficiency and adoption metrics provide key insights to mitigate risks around people and performance. Measuring awareness, understanding, buy-in, ability and productivity will help you further assess successful adoption.

Finally, connecting change metrics to the achievement of business metrics (such as demonstrating a tie between adoption and cost savings) can provide valuable insights on ROI.

> "
>
> Companies whose leaders and employees are aligned on enterprise objectives, organizational goals and future-state vision experience 12% more benefits from change initiatives.
>
> – RGP Research: Human Agility in the Now of Work[1]

Engage

Desired Outcomes

→ Stronger skills to support the future of work

→ Reduced barriers to adoption

→ Greater engagement and retention of staff

Building out a robust engagement plan ensures that you're not just meeting expectations, but also gaining organizational buy-in. If you've already identified your stakeholders and organized them by key roles, the next step is to document all the impacts of the upcoming change to their areas of ownership, so you can more proactively support your workforce.

[1] Human Agility in the Now of Work, RGP, 2021

Drive Awareness and Enthusiasm

Even when people are excited about the change, they still worry about what to expect. Providing employees with the right communication, training and resources helps them understand how the transformation will make it easier to do their jobs—and eases that anxiety.

> Take your strategy to the next level with a peer-to-peer support network to sustain the change, increasing understanding, acceptance and adoption.

Activate a Change Agent Network

Creating a network of "change champions" is essential to driving and supporting new ways of working across teams, departments and functions. People are much more likely to embrace change if they're encouraged by their peers. Start building a coalition of support by engaging select managers and team members. Then develop manager readiness and peer engagement activities centered around a compelling case for change.

Involving select managers and team members is a great start to building a coalition of support. Developing manager readiness and peer engagement activities centered around your case for change is the next step on the path to achieving critical mass.

> Make sure you support, recognize and reward key influencers as they champion your current and future change initiatives.

Develop a Robust Training Strategy

Don't wait till go-live to develop a strong learning environment with the right mix of training and performance support, including a tailored learning needs analysis and learner curriculum.

Workforce learning and development is complex and challenging. At the same time, learner expectations have never been higher. Tap your internal SMEs to help you customize a role-based training plan, using a "train-the-trainer" approach to enable the right capabilities and performance.

You can reach the next level with best-in-class formal and informal learning strategies, dynamic content, gamification and other tailored experiences.

Sustain

Desired Outcomes

→ Business and cost objectives achieved

→ Ownership of change readiness

→ Greater agility, innovation and change muscle

Drive Acceptance and Adoption

Investing in performance support will help your workforce along their learning journey, plus maximize productivity in the future state. Because it's about your people and how they get their jobs done—and whether they have a desire to learn and adopt a new way of working. A performance support plan offering a self-service option, access to SMEs and other tools can turn learning into ability.

Training alone is not enough. Your workforce needs the ongoing structure, resources and tools to operate effectively after go-live. Access to the support of internal business SMEs combined with common user scenarios can help you drive understanding of new business processes and workflow.

> Implement a continuous improvement strategy and structure post-go-live to optimize new ways of working and attain maximum benefits.

RGP Case Study

Driving User Adoption for Cloud ERP

Challenge:

A leading global provider of technology solutions for automotive retailers was implementing a new cloud-based Oracle ERP system and business processes that would support a comprehensive finance transformation. With a global footprint and thousands of customer locations, they recognized the need to proactively manage the change.

Beyond just implementing the technology, our client needed to align their teams to the future vision.

Solution:

RGP supported the leadership team in their effort to create the change journey and bring people along. This included:

- Helping people understand the change and what it meant for them.

- Defining and agreeing upon the same processes and procedures.

- Providing training and readiness support to facilitate user adoption of the new system.

- Building a network of internal advocates.

Read the full story →

Develop Change Agility and Improve the Culture

> There is no digital transformation without cultural transformation –period, full stop.

– Jay Ferro, Global CIO, ERT [1]

To build an organizational change muscle, your leaders and managers must be prepared to actively reinforce the new ways of working prior to any shift to the future state. A leader and manager sustainment plan, including coaching, playbooks, and readiness scenarios will prepare your team for success.

Leaders and managers want the right resources to support their workforce. Readiness surveys and coaching can help you prepare your team to lead the charge, highlighting and addressing areas of opportunity for improvement. Targeted leadership development with a focus on change agility can continue to grow your change muscle, preparing your business for anything that comes its way.

Finally, as our Human Agility research[2] revealed, leadership isn't just about management—it's about mindset. And distributed leadership is one of the core characteristics organizations need to successfully navigate disruption and capitalize on opportunities.

As Iteris, Inc. CFO Doug Groves told us, "Companies that view all of their people as leaders, regardless of what their title is or where they sit in the organizational hierarchy, can react to change a lot faster and usually get better results than those that don't."
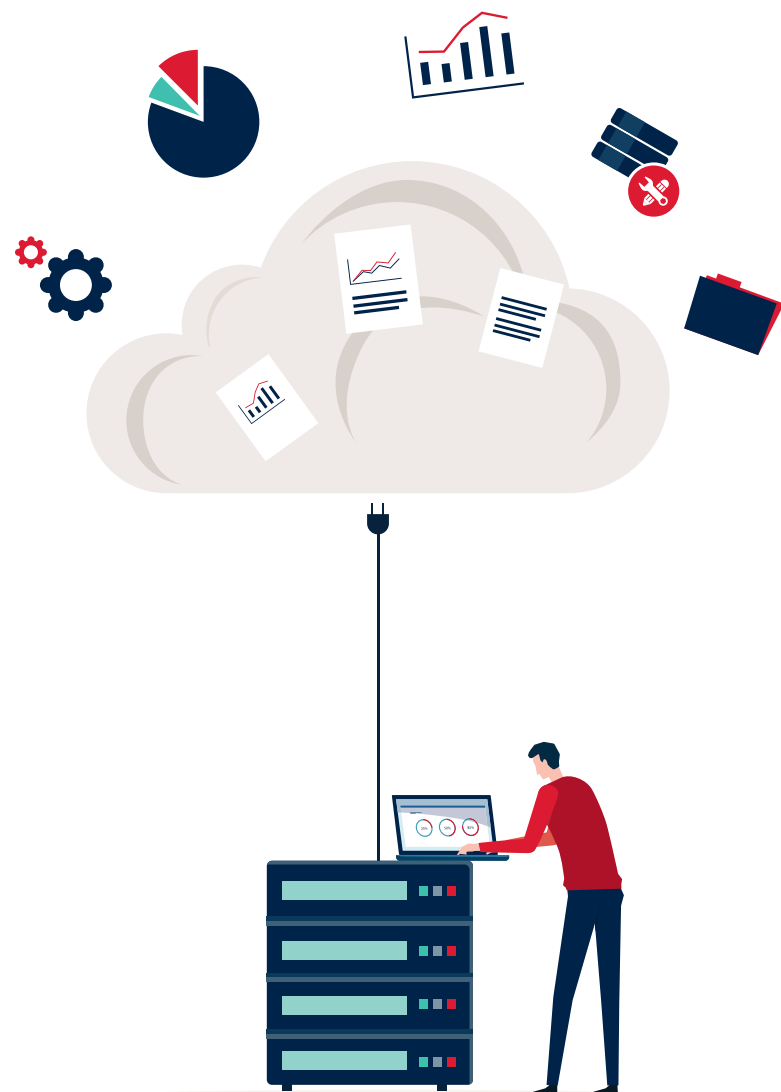
[1] Transformational CIO: Strategy and Operations, CXO Talk

[2] Human Agility in the Now of Work, RGP, 2021

Partnering for **Sustainable Success**

Successful transformation involves more than just implementing the technology, from data quality and governance to project and change management. We bring a tailored, client-centric approach to support large global deployments, providing blended solutions to ensure rapid adoption and sustainable success.

Whether it's part of a comprehensive transformation effort or upgrade of existing applications, RGP can help you at every step of the end-to-end process of planning, selecting and implementing business technology initiatives. We work alongside system integrators and bridge the gap between IT and the business to ensure your objectives are realized.

450+	**200+**	**75+**	**1,000+**
system implementation projects	system upgrades and technology optimization initiatives	software selection engagements	successful change management initiatives with 500+ clients

RGP Business Technology engagements over the last 5 years

RGP Project Consulting Services for Cloud ERP transformation:

→ System Assessment and Selection

→ Program and Project Management

→ Data Governance and Migration

→ System and User Testing

→ Change Management, Communications and Training

Technology Partners

We take a holistic, vendor-agnostic approach designed to help you make smart decisions and execute sustainable best practices. Partnerships with leading cloud ERP platforms enable us to help you deliver successful cloud initiatives across every industry and business function.

SAP Partner   ORACLE | Partner   workday.   ORACLE NETSUITE

About RGP

RGP is a global consulting firm that connects expertise with project work, helping our clients to tackle change and execute business transformation in a way that is intrinsically human. Disrupting the professional services industry since 1996, we're a pioneer in providing solutions that address the unmet needs of today's workplaces and the future-proofing requirements of tomorrow.

Need help planning, executing or supporting a cloud ERP implementation? Let's talk. Learn more at RGP.com/CloudERP or contact us: CloudERP@RGP.com

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