# Mark Twain about Global ERP Implementations

**"Having lost sight of our goals, we redouble our efforts". This quote from Mark Twain describes quite well a situation that occurs in many large projects. Does the same happen in your Global ERP Implementation too?**

## Our goals

The main goals of a Global ERP Implementation are:
- Common best practice business processes on a global level.
- Consolidated and harmonized reporting.
- Getting rid of country and organizational boundaries.
- Simplification of IT landscape and reduction in operating costs.

The implementation of "Common best practice business processes on a global level" will provide value to the business and will reduce the operating costs of the IT landscape. But we must not forget that legal requirements and local markets will require variations of the global business processes. In some cases it might even be required to implement local business processes.

The global rollout will take some years. During that time many new features must be implemented that support all the legal requirements and local markets. But it becomes worse. Today's business world is a fast changing place. Therefore it is required that a business is continuously renewing itself. New and innovative products, services and business processes must be implemented all the time. The ERP solution must facilitate such innovation. And it must do it at the same time as it is rolled out.

Implementation and rollout of a Global ERP Solution will require significant effort of the whole company during some years. Such an investment pays off only if the Global ERP Solution has a life-time of 10 to 20 years. The solution must facilitate innovation and local requirements during the whole life-time. Therefore we must add the following to the list of our goals:
- Providing a platform that facilitates innovation and local requirements during a life-time of 10 to 20 years.

## Redouble our efforts

A State-of-the-Art business process and software architecture is based on the following principles:
- Separation of concerns
- Loose coupling
- Reusability
- Modularization
- Service orientation
- Standards

A well designed solution is based on a software architecture that considers these principles. If new features are added to such a solution then it is not required to redesign large parts or the whole solution. The cost of a adding a feature will be constant during the life-time of the solution. In addition it is possible that multiple teams can work independently of each other

on the solution at the same time. This makes it possible to speed up rollouts and innovation at the same time.

If a company neglects the value of a State-of-the-Art Architecture, then it will reduce the initial investment. Very likely the cost of implementing the first features is lower than for a State-of-the-Art Architecture. But without a solid architecture the number of dependencies between the different features is continuously increasing. The addition of a new feature therefore has to consider many other features in the system. This requires redesign and testing of large parts of the solution. Over time the situation becomes worse and the cost for implementing a new feature is continuously increasing. In addition it becomes less likely that teams can work independently of each other. This will slow down rollouts and innovation.
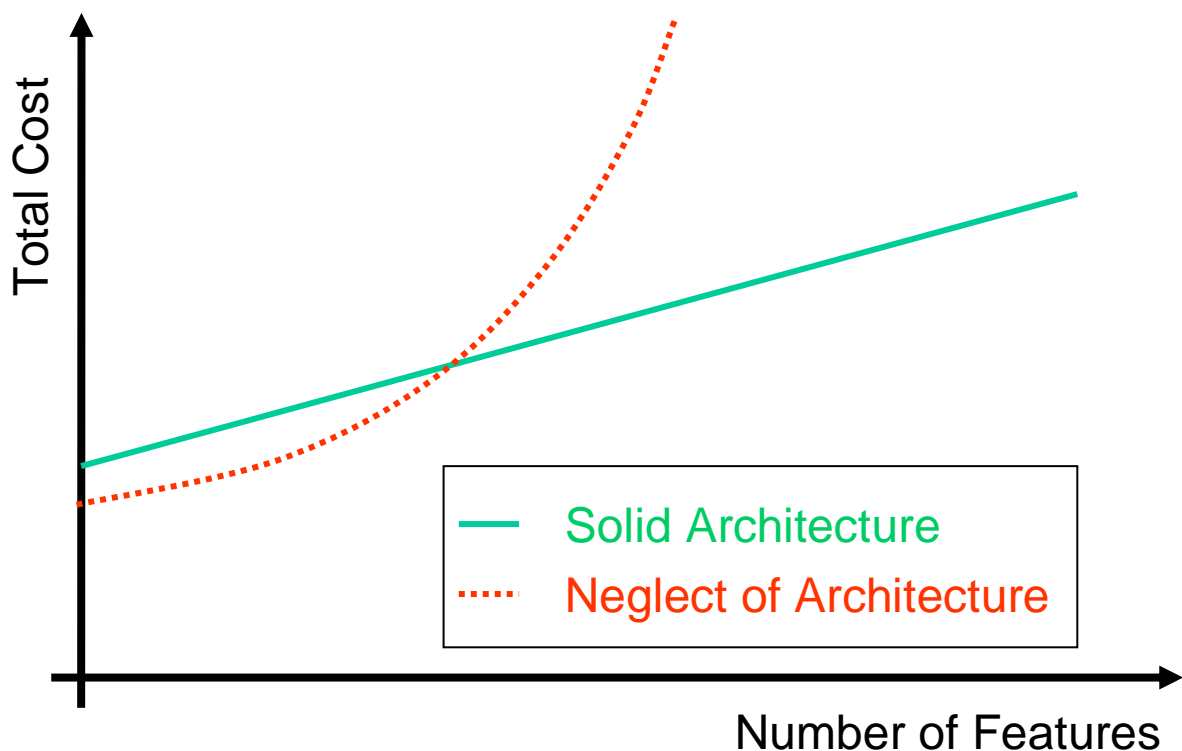


It is difficult to predict when the "Neglect of Architecture" becomes more expensive than a "Solid Architecture". Experience has shown that it will happen in the first years; sometimes it happens even before the first country starts using the new solution. After that time each new feature that is added to a "Neglect of Architecture" solution becomes more and more expensive.  This will make such a solution more expensive than a well designed solution that is based on a "Solid architecture".
A "Neglect of Architecture" could have even worse effects. Due to the always increasing complexity and number of dependencies it could easily happen, that the rollout of new countries, respectively the implementation of new features becomes prohibitively expensive. The company now has an expensive solution that neither allows further rollouts nor facilitates innovation.


## Losing sight

Losing sight of the goal "Facilitate innovation and local requirements during a life-time of 10 to 20 years" is quite easy:

- Many companies are not aware that this is an important and critical goal. In some companies this goal is part of the project charter, but it is not communicated in an appropriate manner.
- Companies do not know about State-of-the-Art software architecture or ignore the value of such an architecture.
- People and organizations have a tendency to focus on the short term objectives and to neglect the long term objectives. The completion of the next project phase is more important then the implementation of a solid architecture.
- A State-of-the-Art software architecture requires a new way of thinking, a new mind-set. Organizations and people are resistant against change and continue to do what have done before. Therefore getting what they already have.

## It is all about culture

State-of-the-Art technology helps to build a solution that "Facilitates innovation". But it is not the most critical success factor. The most critical success factor for a Global ERP implementation is the corporate culture.

State-of-the-Art technology and methodology is required to build a solution that "Facilitates innovation". The technology and methodology are well understood. Even if a company does not have the appropriate know-how, it is not really a problem to acquire such know-how: Train the employees, hire the right consultants, etc.

But all the know-how will not help, if a company is not targeting the right goals or is not listening to the experts. Therefore it is required to change the corporate culture in such a way that it:

- Has the right balance between short term and long term goals.
- Embraces innovation and change.
- Values a solid business process and software architecture.
- Uses a value-based requirement management to prioritize the features that shall be implemented.
- Facilitates cooperation between the involved departments and stakeholders.
- Aligns the business strategy with the IT strategy. Hereby it must be considered that it is not sufficient that the IT strategy is following the business strategy. A modern business process management and business process architecture is a prerequisite for a well designed Global ERP Solution. One cannot succeed without the other. Business and IT have to take the journey together.

## Getting it right

Losing sight of the goal "Facilitate innovation and local requirements during a life-time of 10 to 20 years" would cause considerable harm. Prerequisite for implementing a State-of-the-Art software architecture that "Facilitates Innovation" is an appropriate corporate culture. Most companies are just at the beginning of the journey to become a real process driven company. At this stage it is important to define the values and guiding principles that will facilitate this journey. A good starting point is the following:

- SOA Manifesto at http://www.soa-manifesto.org/
- Manifesto for Agile Software Development at http://agilemanifesto.org/ and http://agilemanifesto.org/principles.html