

Migrating Legacy Enterprise Resource Planning Systems

FINDING OPPORTUNITY IN RISK



We often hear from organizations that modernizing their ERP system inspires taking a hard look at “the way we’ve always done things,” shining a light on how those long-used processes can be transformed to become more efficient and effective.

CONTENTS

- 2 Why Catching Up to Technology Matters
- 3 Overcoming Hesitations About Modernizing
- 3 Reasons to Prioritize Migration
- 5 Navigating Project Complexities
- 6 Keys to Successful Migration



INTRODUCTION

When enterprise resource planning (ERP) came into widespread use in the 1990s, it presented a head-spinning advance in functionality by tying together business functions, enabling data access among wide-ranging processes, and not just improving efficiencies but enabling more precise planning and reporting. Essential business functions such as accounting, inventory, order management, HR, and CRM could be connected and streamlined to better serve the organizations that depended on them.

Integrating people and processes through an ERP technology solution meant greater accuracy, because data was accessed through one common structure. In these early days, that data and software lived on-premises in server rooms. Sometimes it still does. And because that setup wasn't built for modern technologies, security risks are a pressing concern for any company that hasn't modernized its ERP system.

Today's ERP happens through software as a service (SaaS). Cloud providers host and maintain your ERP system, providing upgrades and patches throughout the year so that your system is always up-to-date and your data remains secure.

WHY CATCHING UP TO TECHNOLOGY MATTERS

If all you've ever driven is a station wagon, you have no way of knowing that other cars offer a faster, smoother, more responsive ride. And if your organization has been operating just fine with its existing ERP, you're going to be astonished by what's possible when you upgrade. More important: Lagging technologies present real risk to your organization.

Upgrading doesn't just keep you safer from downtime and data loss, it creates new potential for your processes that can help your operation move to the next level.

To use a common example, we still run into a lot of IBM AS/400 systems. Introduced in 1988, the AS/400 was the most popular of the early ERP systems but may have outlived its usefulness, given advances in technology. Finding talent to properly service an outdated user interface is a challenge, and because IBM no longer issues updates or supports the system, relying on an AS/400 leaves your data vulnerable to security breaches.

Without updates and proper maintenance, crashing can become a common occurrence that brings steep costs to individual and organizational productivity. Imagine even an hour without data access; we've heard from a company that lost three days and—because of that downtime—couldn't get payroll out on schedule. That's one among many traumatic stories of outdated technology bringing business to a halt.

When it comes to outdated technology, the risk of doing nothing is much greater than the risks associated with moving forward.



OVERCOMING HESITATIONS ABOUT MODERNIZING

No business decision that affects so many processes and involves a priceless resource like data should be made without careful consideration. Any change can be unnerving; one that reaches into every corner of your organization and will be felt by most of your employees deserves deep deliberation.

Modernizing your ERP is far from free: planning, migrating, and adapting require time and money on their own, and disruption caused by the process present further costs. Change isn't easy for most, and the difficulties increase exponentially as the number of people and business functions involved grows.

That's nothing compared with what's at stake:

- Losing time because of costly crashes
- Being restrained by productivity limits because of minimal system capabilities
- Missing out on quality employees who aren't interested in (or even capable of) working with outdated technology—while those who understand these decades-old systems retire.

The worst-case scenario sadly isn't a distant possibility but an imminent danger: catastrophic losses of data.

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TIME TO EVOLVE:

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REASONS TO PRIORITIZE MIGRATION

Trepidation about modernizing your organization's ERP is valid—migrating is a big change—yet there are plenty of great reasons to move past the apprehension.

- The **upfront cost of setting up your new system generally is less than the costs of maintaining an old one**—especially when you consider the related costs of down time, inefficiencies, and cobbling together workarounds to keep older technologies functioning.
- **End of support for the most popular ERP system means the companies that still rely on it are without the necessary upgrades and patches to keep their data safe.** Because these systems have been on their way out for years, IT professionals who can service and maintain them also are disappearing.
- **Newer ERP systems have made enormous leaps in efficiency and capability** that enable your teams to do more—easier and faster.
- Chances are slim that the computers in use at your offices are the same ones you acquired 25 or even 10 years ago; **the ERP system you've been using for decades isn't up to the task of communicating with all of your newer technologies.** Upgrading means connecting your systems effectively for seamless functioning.
- **Top talent looks for smart technology.** Modernizing enables you to compete for the most qualified candidates.

Within challenge lies opportunity, said some sage optimist, perhaps while working toward ERP migration. We know from long experience that it's true: planning for and implementing a modern ERP system provides more than improved usability and efficiency. The steps you take to prepare often bring to light workflows that could function better—and then give you the software solution to make it happen. That adds up to giant leaps for your organization.

We hear often from the companies we consult that making this change inspires taking a hard look at how “the way we’ve always done things,” shining a light on how those long-used processes can be transformed to become the best way for the most people. When clearer understandings of processes arise, ideas for improvement follow.

Ultimately, the shift to a modern business platform transforms work processes, making data more available and always up-to-date. Error rates drop, reporting improves, and new possibilities for data-driven decision making expand.

Transformation Benefits:

- Makes data more available and always up-to-date
- Error rates drop
- Reporting improves
- New possibilities for data-driven decision-making expand



NAVIGATING PROJECT COMPLEXITIES

Taking on a project with the broad scope and impact of ERP migration requires careful planning. Before you begin, it helps to know exactly where you are. We recommend process mapping as a first step so that you have a full accounting of existing processes that define your needs so that you can emerge from this transition with the most appropriate software.

If you haven't been through the steps of process mapping in some time, you'll probably be surprised by the room for improvement you identify. A major change creates an ideal time to make sure steps are streamlined and collaborations facilitated so that you can align your ERP to the way your organization operates—both today and in the future. Choosing a sustainable solution that will properly function as your organization grows is critical.

When you begin considering software partners, functionality is the premier factor. **Prioritize your organization's needs to ensure that your must-have functionality is met and so that you recognize which additional options are most useful.** You'll find some "nice to have" functions available that may end up tipping the scales if your must-haves are met by several providers. One tip to pay attention to: often internally, those whose input is most critical in defining the must-have requirements are those who are most busy, thus the "loudest voice" on determining critical functionalities may not be coming from those who really should be the loudest. With this note of caution, make sure the must-have functionalities are really the must-have functionalities.

You won't find a package that provides an exact fit, but you will find those that offer your mission-critical functionality and then weigh the extras.

Finally, you'll want to choose a partner that works with your organization according to your needs. You'll find that these partners fall into two categories:

INTEGRATORS

Integrators essentially do what you ask, configuring the software you want and training you to use it as well as guiding you to load your data.

IMPLEMENTORS

Implementors more actively engage with your planning and implementation, working to understand your organization so that they can advise you through system adoption, data migration, customization, and utilizing your software according to your needs.

Look for a fit in work style that presents a wealth of experience with the tasks you need. For example, if you'd prefer a partner who also works as a project manager—holding you accountable, improving the change process, and managing vendors—make sure you look for someone who not only offers those skills but has a track record of guiding projects in with a firm hand. Finding a partner who serves as both an implementor and an integrator is often the smoothest route, as they hold both the deep knowledge of the software, in addition to being experts at change management as your unique organization implements and adopts your new technology solution.

Having an outside partner who supports your requirements, process mapping, and optimization will ultimately result in a sustainable solution that will properly function as your company grows.

KEYS TO SUCCESSFUL MIGRATION

ERP migration is a change that will last decades. Taking certain critical steps as you prepare for it makes the difference between a smooth, efficient transition and one that creates disruption that feels like it will never end. You're ready when these milestones have been reached:

- The entire leadership team is behind the change and can articulate "why" you are making the change consistently, accurately, and repeatedly.
- The project team can clearly articulate why this is the right time to migrate.
- An organizational change management (OCM) plan has been defined.
- Stakeholders have agreed on the best-fit software requirements.
- A realistic plan to absorb the disruption and implement the change has been defined and agreed on.

Choosing to migrate an ERP system can help organizations make enormous leaps in efficiency and capability, enabling your teams to do more. Modernizing technologies shines a light on "the way you've always done things", inspiring transformation across many fronts. Is it time to evolve?

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