Client Overview

A very large enterprise in the Middle East needed a strategy for implementing ERP to consolidate their aging technologies onto a single, modern platform. The project is a result of sweeping change experienced across the Middle East including leadership and governance transitions at the confidential client which is part of the Kingdom of Saudi Arabia. The Middle East is experiencing tremendous growth in the technology sector.

Business Problem

The client selected Actionable Strategies because of the proven methodology proposed for enterprise platform selection with a project team experienced in large scale ERP package deployment in globally distributed organizations.

Domains

The ERP Strategy required an analysis of critical needs related to:

- Human capital management
- Business processes and enterprise workflow
- Inventory
- Logistics
- Finance
- Technology

Cultural Challenges

Saudi Arabia poses a number of unique challenges based on culture, geography and the regulatory and governance frameworks. Our consultants needed to be well versed in dealing with cultural differences, including dealing with multiple languages and approaches to decision making and problem solving. The team needed to harmonize the client landscape to best practices.

Existing Technology

The client had a portfolio of legacy applications that would need to be decommissioned. However, they were wise enough not to seek change just for the sake of change. Clearly articulated business benefits would have to be a result. Therefore, our approach to introducing Lean processes implemented using best practices was highly attractive.

The underlying technologies were a mix of legacy IBM mainframe applications and point solutions using Microsoft technologies.

Solution Approach

Actionable Strategies applied a proven vendor evaluation methodology to rapidly drive a rational decision. This methodology has many embedded frameworks and has been applied to ERP platforms and large enterprises across a number of industries.

We then developed a realistic implementation plan and key considerations to ensure success. Most importantly, we provided consultative advice on achieving business benefits by introducing Lean processes as part of change management.

Platform Selection

Selecting the platform was an essential part of the project with numerous ramifications.

Knockout

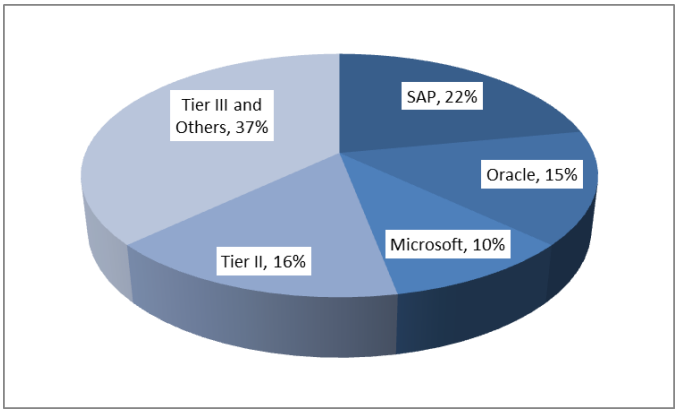
Initial screening of vendors provided for a quick elimination of vendors that were not suitable. This obviated the need for detailed analysis.

The following were the criteria that knocked out vendors who were not viable.

- Arabic language
- Local support for ongoing operations
- Enterprise class software
- Security appropriate for a highly sensitive industry

Vendor Analysis

Vendors were analyzed based on a variety of factors. Reports from Industry Analysts were compiled and summarized. For example, market share was a consideration.

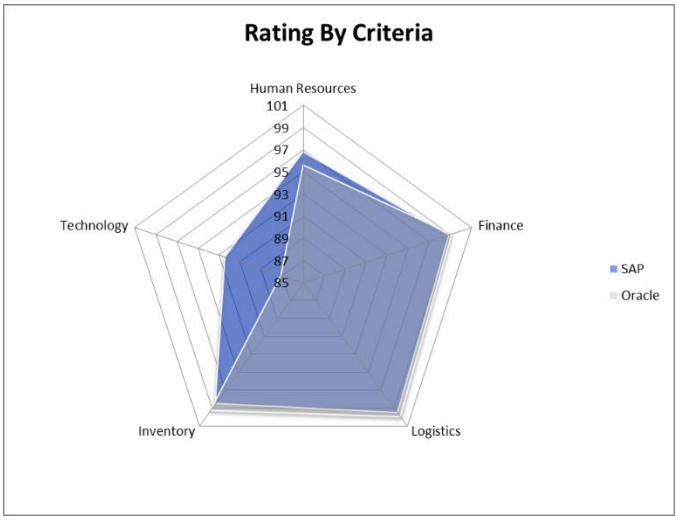


In this case, a short list was created that placed SAP head-to-head with Oracle.

Functional Analysis

Scorecards were developed to identify the key functions that were important to the client. Weighting can vary by stakeholder and there are many functions that are part of ERP that do not fundamentally change the decision. This stakeholder input is captured and used during implementation.

The detailed scoring is compiled across stakeholders and summarized by major function. These functions are then rolled up by the ERP module to which they belong. For this client the most vital features were rated as follows.



Technical Evaluation

The underlying technology is important to the IT organization, but also has implications for end users. For this project, there were a number of key considerations around the technology.

- Applications: Both vendors sought to expand their functional footprint by either building or buying applications that address needs not currently provided.
- Tools: Additional toolsets, especially around business intelligence which is driving significant revenue, are being rolled out.
- Foundation: The underlying application infrastructure continues to evolve support the needs of the additional products and the ability to integrate non-ERP applications.

Underlying Technologies

From a technical foundation perspective, Actionable Strategies evaluated the following areas critical to the client.

- Architecture
- Database
- Integration

Strategy and Roadmap

For this client, it was important to decide which approach was most appropriate. Given the decade-plus time horizon, it was important to ascertain how the future state would impact the client. The two major vendors demonstrated different visions the essence of which was:

SAP vs. ORACLE

- Oracle: Best-of-breed and acquired products with a pivot to the Cloud
- SAP: Tightly integrated

Financial

Financial analysis was complex due to the variables in both licensing schemes. In addition, we looked at the total cost of ownership that incorporates the significant costs outside of the hardware and software purchases.

Implementation Approach

Actionable Strategies recommends that a structured process be followed to determine the best implementation approach. While go-live may be a single event, the underlying activities are best served as a series of interlinked projects run in a coordinated program. Where the as-is operations support it, a phased implementation has proven to be the least risky and most effective approach. However, when existing operations have tightly linked processes and technologies, the interim workarounds until enterprise go-live can be highly disruptive.

Process Best Practices

In evaluating the client processes, Actionable Strategies encouraged adoption of Lean processes. We advised the client to take full advantage of the required change management in implementing an ERP package to drive Lean given the fact that process change was inevitable.

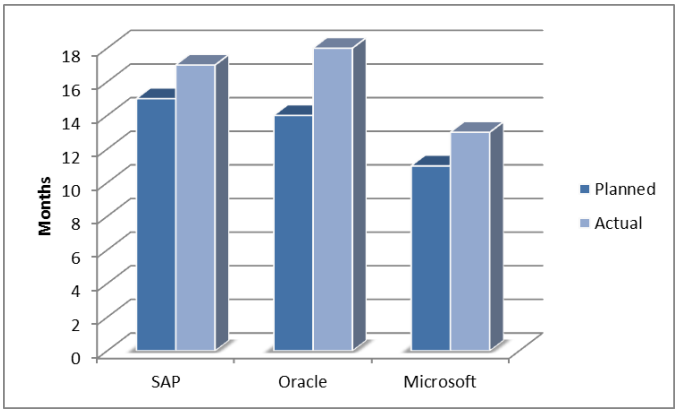
We also recommended that the client utilize best practices. Inefficient processes should be replaced with process best practices. SAP has many industry-tested processes already defined.

It was also noted that excessive customization or perpetuating existing inefficient processes is highly discouraged. Organizations that have not heeded this warning have experienced either catastrophic implementation failures or been forced to spend excessive resources and expenses in supporting all of the custom code and non-standard processes.

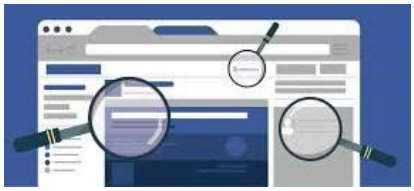
Project Planning: Time and Resources

For a successful implementation, it is essential that any ERP implementation have sufficient resources and time allocated. Trimming time and reducing resourcing during planning generally lead to delays and often create cost overruns as late resourcing constraints drive up costs. In a recent survey 61% of all ERP implementations reported being late.

The following table of average implementation times was used as a benchmark.



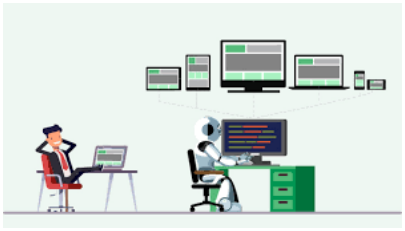
Acceptance Testing



While many implementation methodologies include testing to-be processes as part of acceptance testing, we recommend using the complete inventory of processes across the value chain. This includes both manual and automated processes, especially those interconnected processes that are:

- Upstream input
- Downstream dependent

Automated Testing



Wherever possible it is recommended that automated testing be applied. The automated test bed yields payback in a number of scenarios.

- Change orders and rework in implementation
- Integrated with load and stress testing
- New module implementation
- Process change
- Data changes
- Regression testing during upgrades
- Regression testing when implementing or upgrading feeding or dependent systems
- Continuity of business testing

Business Continuity

Process focused business continuity planning was recommended on top of basic disaster recovery planning. The complexity of an interconnected value chain implies that many systems and networks are vulnerable when a disaster is declared. The massive change involved clearly meant that existing continuity of business plans would become obsolete.

It was essential that periodic BCP tests include end-to-end process testing. Using the automated testbed built for project implementation makes this testing rapid, comprehensive and inexpensive.

Flexible Setup

Based on the existing business, we were able to anticipate potential future needs.

Global settings that might would likely be update included:

- Currencies
- Units of measurement
- ISO codes for EDI
- Calendars
- Time zones
- Financial Accounting: Business and Functional Areas
- Logistics: Locations
- Materials Management: Storage Locations
- Materials Management: Purchasing Organizations
- External Services
- Quality: Inspection
- Quality: Control

Business Results

The client benefited from our depth of knowledge in business process, ERP planning and implementation, program and project management, and enterprise technology leadership. Actionable Strategies was able to provide guidance on Lean process innovation supported by Cloud computing models. The client embraced the strategy and was well-prepared to launch the initiative.