

POSITIONING FOR THE FUTURE:

**BUILDING THE
INTER-AMERICAN
DEVELOPMENT
BANK'S ERP**



Summary

As the largest source of development financing for Latin America and the Caribbean (LAC), the Inter-American Development Bank (IDB) Group plays an integral role in the economic, environmental and social development of the region. IDB needed to fundamentally transform its corporate functions being supported in outdated, disparate legacy systems into a leading edge, compliant, consolidated web-based system. The new Enterprise Resource Planning (ERP) solution—deployed via the SAP program—is one of the bank’s largest programs and is transforming finance, budget, procurement, payroll and human resources management.

The program supports institutional modernization objectives, and aims at major improvements in the way IDB conducts its business and accounts for itself. **Even more important, the program aims to create a sustainable culture of continuous improvement and innovation.** Once fully deployed, the multi-year transformation will enable stronger oversight and accountability as well as significant efficiencies by retiring redundant IT systems. The central business system standardizes and harmonizes IDB business processes across the organization.

The bold ERP reform is enhancing financial transparency, providing cost avoidance through improved efficiencies, and equipping and **enabling IDB to achieve its mission of supporting economic and social development in the Caribbean and Latin America.**

CLIENT PROFILE

The Inter-American Development Bank (IDB) Group, established in 1959, is a multilateral financial institution that is the leading source of development finance for Latin America and the Caribbean. IDB provides loans, grants and technical assistance, and conducts extensive research to help accelerate economic and social development. **Through financial and technical support for countries working to reduce poverty and inequality, IDB helps improve the lives of people in the region, covering areas such as health and education, and infrastructure, among others.**

The bank is owned by its 48 member countries with headquarters in Washington, D.C., offices in each member country of Latin America and the Caribbean and special offices for Europe and Asia. IDB has approximately 4,000 staff and consultants who support 26 borrowing countries, serving clients that include national and subnational governments, private firms, as well as NGOs. IDB has the capacity to provide an average of \$12 billion in lending per year.¹

External developments in the increasingly changing and complex international development market have been increasingly affecting IDB's business and its relevance and effectiveness in the sector. The bank's internal transformation program has been a critical component of an ongoing commitment to efficiency and effectiveness: for example, the international development community saw the launch of the new Global Goals at the 70th United Nations General Assembly in September 2015 in New York, and

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the signing of a key resolution at the Third Annual Conference on Financing for Development in July 2015 in Addis Ababa. The financing required to address these goals is growing by an order of magnitude, from billions to trillions ², and the global community across sectors must improve collaboration and innovation, while also strengthening the framework for financing sustainable development and the means of implementing the universal post-2015 development agenda. Multilateral Development Banks (MDBs) are central to this financing for development goals, and IDB is playing its part in leading regional efforts.

OPPORTUNITY

In 2010, the IDB mandated an ambitious transformation program modernizing tools and processes to better support operations and ensure financial transparency and accountability. The program called for replacing outdated, fragmented, stand-alone legacy systems with a single central administrative system.

IDB's ability to achieve its mission was hampered by a complex and outdated IT landscape impacting information availability, timeliness, and integrity, and also generating related difficulties in processes and procedures for administration and planning. These issues presented an opportunity to more clearly link donor contributions to measurable results. IDB's aim was to support the bank's institutional reform objectives and achieve major improvements while addressing compliance and minimizing business and audit risks.

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IDB'S GOALS FOR THE PROGRAM INCLUDE:

Providing the ability to manage

resources more effectively and to measure their performance

Upgrading information quality, availability, coherence, and timeliness

Improving the efficiency and effectiveness of processes and procedures in administration and planning

Renewing the skills and abilities of all staff in the capture, processing, extraction, analysis and evaluation of information

Enhancing accountability to members by better measuring results

Supporting the bank's continued ability to operate by replacing outdated information processing systems

Given the magnitude and complexity of the transformation, IDB knew it needed help. The bank had started its journey with another integrator but had difficulty progressing with the project. IDB then reached out to Accenture Federal Services based on prior engagements and Accenture's track record with large-scale, complex implementations of enterprise-wide solutions across finance, procurement and human resources.

Accenture was selected because of its deep knowledge of the banking industry, its successful track record for executing large-scale global SAP transformations, and its understanding of and experience supporting innovation in similar international development and multilateral development organizations. IDB was confident the collaboration would help provide a better way of working with its clients, both delivering and communicating development results more efficiently and effectively.

The team focused on the goals of the business—streamlined processes, upgraded skills, global access to reliable, timely information and tools for evidence-based decision making. By streamlining in a single solution all corporate business processes within the bank, including finance, budget, procurement, payroll, and human resources, the SAP program helps deliver development results more efficiently and effectively, and also upgrades skills, enables global access to reliable, timely information, and provides tools for evidence-based decision making. With these improvements and efficiencies the bank is able to reduce operational risk, and increase transparency and accountability, promoting a culture of continuous improvement.

SOLUTION

Beginning in June 2014, Accenture undertook a comprehensive review of IDB's business practices, IT system landscape and existing SAP design. Accenture took over the project from the previous integrator, planning a transition strategy to carry IDB from legacy systems and practices to a new way to run the bank.

Working under IDB's CIO leadership, Accenture oversaw the implementation from end to end. The program reflects a multi-year transformation with full deployment of the core integrated system in 2016, including three years of operations support. Critical to the transformation's success was Accenture's ability to rapidly develop solutions by drawing on the skilled resources of its delivery centers in Argentina and India.

Using its proven delivery methodology, the Accenture team led the design and build of the fully integrated ERP system, tested the solution, converted data, and prepared stakeholders for change. The team used their cross-industry financial management and human resource capabilities to bring leading practices to IDB, including experience from commercial practices and strong knowledge of multilateral, government and commercial industries.

The project avoided costly custom-designed solutions by building the program on the foundation of SAP Business Suite. With minimal customization, the COTS solution met financial and systems requirements and fully supported IDB's mission with online, real-time and near real-time transaction capabilities as well as integration across the business units.

IDB also collaborated with Accenture to develop a comprehensive Change Management strategy preparing users for the transformation and reduced resistance to change. A series of initiatives confirmed that the workforce was aligned with IDB's new approach to a centralized solution. They included a series of discussions with employees about change, communication outreach and sponsorship, designing and aligning new system roles for re-engineered processes, and developing a tailored approach to training.

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IDB invested in extensive training to support a smooth transition, and adopted a blended learning approach combining instructor-led classroom and self-study web-based training around specific user roles. The project team delivered training to over 4,000 IDB personnel across multiple projects and releases including 49 courses ranging in length from one hour to 2.5 days and over 380 online documents covering job aids, business procedures, reference materials, and step-by-step help for transactions.

RESULTS

With Accenture's help, the program has transformed the way IDB conducts business, providing a finance, procurement, budget and human resource solution that supports IDB's critical missions and stakeholders. With fully integrated real-time data, financial accountability, and transparency, IDB has harnessed the power of an enterprise resource planning solution to streamline and standardize business functions.

“Together we have developed a strong partnership focused on transforming financial and human resource management at IDB. With a single centralized administrative system, **we now have timely and better data to make improved decisions, reduce costs, and evaluate performance.** These projects are exceptionally complex and many of them fail, but thanks to the leadership of employees at all levels of the bank and a lot of hard work, we have delivered and are operational.”

Nuria Simo

IDB Chief Information Officer



THE SAP PROGRAM HAS PROVIDED FAR- REACHING RESULTS:

Enhanced financial transparency

with improved internal controls and accountability, giving employees access to a common real-time ERP solution that streamlined and standardized finance, procurement, budget, payroll and human resource functions. This created transparency and a single source of truth for donor, vendor and employee information.

Achieved time and cost savings

by consolidating core legacy systems as well as standardizing data entry, ending redundancy.

Provided access to timely, reliable and accurate information, enabling the ability to share centralized data across systems.

Provided access to up-to-date, transparent data and analysis for enhanced planning and decision-making, to improve financial performance.

Improve the ability of the bank to implement and utilize KPIs.

Improved efficiencies by harmonizing and simplifying disparate business processes as well as replacing redundant IT systems.

Automated several manual processes, interfaced with or subsumed 50 corporate interfaces, and decommissioned 13 legacy systems.

Trained workforce through a curriculum of 49 courses (instructor-led and computer-based), delivered in English and Spanish, developed 230 simulations, and 150 job aids.

Established self-service portals that allow staff members to manage their human resources activities.

Between April 2015-2016, managed over 460,000 transactions, 65,000 payments, and 80,000 invoices in the Production environment.

ABOUT ACCENTURE FEDERAL SERVICES

Accenture Federal Services, a wholly owned subsidiary of Accenture LLP, is a U.S. company with offices in Arlington, Virginia. Accenture’s federal business has served every cabinet-level department and 30 of the largest federal organizations. Accenture Federal Services transforms bold ideas into breakthrough outcomes for clients at defense, intelligence, public safety, civilian and military health organizations.

NOTES

¹ <http://www.iadb.org/en/about-us/key-facts,18246.html>

² “From Billions to Trillions: Transforming Development Finance”, Development Committee, 2015.

ABOUT ACCENTURE

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions—underpinned by the world’s largest delivery network—Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With more than 411,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at www.accenture.com.