Contemplating a Global ERP Solution?
Here's What You Need to Get Right

High performance. Delivered.
As companies increasingly expand their reach and presence around the world, many are doing so with the help of a single enterprise resource planning solution that can support their global operations. These companies recognize that, unlike their existing fragmented ERP systems built to serve the needs of specific regions or countries, a single ERP solution can give them a more accurate and consistent understanding of their business at any given time anywhere in the world. A single ERP solution is also less costly to support and maintain, and can help managers identify specific actions they can take to improve operational performance across the enterprise.
While the benefits of a global ERP solution are compelling, companies also must recognize that a global ERP rollout is a massive and complex undertaking—far more so than any regional- or country-focused rollout that companies may have done in the past. As such, companies must address a number of key challenges and risks.

One of the biggest, and most important, challenges to address is understanding the company's profile, which strongly influences the risk level of the rollout and can have a major impact on the success of the implementation (Figure 1). Companies that are globally homogenous and highly centralized will have the existing structure, framework and organization mindset necessary to quickly gain agreement on critical aspects of the initiative. However, companies that are globally diverse with an autonomous management structure will experience a greater challenge in implementing the standardized processes and governance a global ERP solution requires—which translates into a higher risk of implementation failure. Recognizing and acknowledging at the outset the greater risk they face will enable these companies to develop a comprehensive risk mitigation plan before beginning the change journey.

Companies also must define a compelling business case to support this massive undertaking. The business case should be measurable throughout the change journey and, therefore, should include scenarios of possible changes in the business landscape during the multiyear implementation. They also must determine which aspects of the solution should be standard for all across the globe and which can (or must) be tailored to specific local concerns, including regulatory and statutory requirements.

Because such a rollout involves a vast array of “moving parts”—before, during and after go-live—it’s critical that a company stages and executes the implementation in a way that provides the right balance between cost and time of deployment and ultimate efficacy of the system. This includes the critical effort of identifying, harmonizing and cleansing the enterprise data that exists in various locations and databases around the world, in different formats and languages, and converting it to the new solution (a challenge that continues after implementation in maintaining the accuracy of the data).

**Figure 1: A company’s profile significantly influences project risk**

<table>
<thead>
<tr>
<th>Global business diversity</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaborative/ Centralized corporation</td>
<td>Rollout Risk: Low</td>
<td>Rollout Risk: High</td>
</tr>
<tr>
<td>Collaborative/ Autonomy business unit corporation</td>
<td>Rollout Risk: Moderate</td>
<td>Rollout Risk: Low</td>
</tr>
</tbody>
</table>

Finally, because the rollout crosses many country boundaries, companies must recognize the vast differences in culture and languages in a global system, as well as in the related activities such as training and support prior to and after implementation.
Seven Keys to a Successful Global Rollout

To address these challenges and mitigate these risks, companies should consider seven key factors that Accenture has identified as vital to the success of these large, complex initiatives.

Factor 1
Create a vision and operating model

Creating a vision and operating model involves defining upfront how business processes and the overall organization will operate on the new ERP platform. As illustrated in Figure 2, the upfront visioning has a major impact on the design and rollout of the global ERP template that will guide the development of the solution. As demonstrated in the figure, the vision for a shared services delivery model and centralized finance model will be a key driver for the way the solution is designed, and in what sequence, for the organization. Overall, the vision and operating model provides the project charter and articulates the ultimate goal of the global ERP solution. Establishing the vision is vital to fostering the right mindset and behavior of the project team as well as the people in the larger organization who will use the global solution. Examples of a vision and operating model include the extent of customization (from the standard ERP functionality); the extent of global data governance and maintenance; governance of standard processes; and sophistication and reliability of analytics and measurement.

Figure 2: Upfront visioning has a major impact on design and rollout as shown in this Finance example

<table>
<thead>
<tr>
<th></th>
<th>Level of finance process standardization</th>
<th>Sophistication of finance analytics and measures</th>
<th>Customer self-sufficiency for information access</th>
<th>Finance service delivery model</th>
<th>Financial data model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Custom/unique</td>
<td></td>
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<td></td>
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<tr>
<td>Financial accounting GAAP</td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Dependent on finance</td>
<td></td>
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<tr>
<td>Functional silos</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Local</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

| Standard/common         | State-of-the-art management information | Independent                                   | Shared services                              | Centralized/harmonized     |
Factor 2
Define the scope of the project

Given the size and complexity of the initiative, a clear scope with explicitly defined roles for the project team, business stakeholders and the IT organization is critical to creating a strong deployment plan that keeps the effort on track.

The project scope should consider multiple dimensions, including the following:

- Which geographic areas, business units and legal entities will be part of the deployment
- Within each location or entity, which processes and subprocesses, as well as specific ERP modules, will be involved
- How existing systems will be integrated with the new ERP solution
- The extent to which the new solution will drive changes to the design of the organization
- The compositions, focus, development and delivery of user training on the new solution
- What data will be involved in conversion, where that data resides, and how that data will be harmonized, cleansed and migrated to the new solution
- The technical scope of the solution, including technical architecture, data center and other elements
- The level and type of business intelligence, analytics and reporting the solution is expected to support
- Which systems need to be decommissioned

When defining scope, companies should be sure to pay particular attention to a few critical areas—the first of which is the development of the business case. Smaller sites may not warrant a full solution or even an implementation at all. In such cases, a company can design and develop a “light” version of the solution or possibly even pursue consolidation or aggregation.

The more geographic areas, business units and legal entities that are included in the global deployment, the more local requirements relating to legal, fiscal and site standards need to be understood. It is important to understand these local requirements when defining scope as they can result in longer timelines or increased effort and impact the cost of the project. The business should review each of these local requirements and confirm that they are truly in scope due to statutory or industry mandates and map to defined processes and subprocesses. Once all local requirements are confirmed, they will then complement the overall global ERP solution and need to be included in the scope of the project.

Defining which languages are included in the effort is also crucial to determining scope. As a global ERP solution will span countries with multiple languages, we recommend companies decide upfront which language or languages will be used on project documentation, the system itself and associated data, reporting, testing and training. Because supporting multiple languages is both costly and time consuming, companies need to strike the right balance between using fewer languages for the sake of simplicity and lower costs, and using more languages so more users can operate in their native tongues. This will include balancing implementation in one language first followed by multiple languages or implementing all languages at once. Such a decision is crucial, as it will drive process, configuration, data conversion, testing, and training development and delivery scope.

How the cost of specific resources involved is allocated can have a major impact on project scope as well. While external costs associated with the project (such as those for consulting services) typically are well documented and visible, costs related to internal resources required for the project (or the costs of their backfills) are often more difficult to track. Thus, companies should, at the outset, define and quantify internal resource costs as much as possible. Failure to do so can lead to resistance to the solution’s adoption—unless a central organization (such as the corporate headquarters) is paying for all resources.

Two other factors that play an important role in scope definition are legacy remediation and IT infrastructure. A global ERP solution will require more data than typical legacy applications and will require some level of remediation. Thus, it’s important for companies to determine early in the process who will pay for this remediation. Companies also should be mindful of what is required from their networks (in terms of scope, speed and security), data centers (inclusive of recovery plan) and local desktop tools to support the global ERP solution, as these areas also contribute significantly to the project’s overall cost.
Factor 3
Define the content of the global template and which type of template the company will use

A global template defines the solution blueprint of the global ERP solution. It provides the basic information on the standard processes, data structure and analytics to be used by the different companies across the globe. In short, the global template essentially drives the foundation for the building of the global ERP solution.

A global template includes a number of important components, the most prominent of which are the following:

• Business process models and business blueprint, which includes global processes and integration flows
• Technology blueprint, which covers the solution’s technical architecture, data integration layer, and standards
• The solution’s settings and allowable values (configuration, master data and transactional data)
• Reporting approach and architecture
• Integrated data model (e.g., code block)
• Roles and authorizations, controls, and compliance framework
• Core training content and toolset (for further localization)
• Unit integration and regression testing
• Data cleansing and conversion standards and tools

When defining the template, every company should determine, document and socialize what it means by “global” (versus “local”). Typically, global means “common”—something that is standard across all geographies or business units—while local means specific to a country, region, legal or statutory unit, or even local business practice. Once defined and confirmed, global requirements are built into a global template. Importantly, some local requirements can be elevated to global status during deployment or other phases as needed. However, such moves may require costly retrofits, so identification early in the process of local requirements that have a good chance of being elevated will help save time and money when the elevation happens.

In general, a requirement should be global if it is shared across businesses, countries or entities; is a foundational component of the template—for example, company code structure and certain hierarchies; or is a priority requirement to the business. In contrast, local requirements are local legal, statutory or regulatory in nature—such as the Canadian Goods and Services Tax or the European Union’s Value-Added Tax—or involve unique local customer contractual relationships or business processes. Local requirements also can include specific outputs expected from the solution, such as new or modified reports or forms that need to follow specific regulations and be designed in the local language (for instance, a purchase order or invoice). Or they can involve local new or modified development objects—for instance, interfaces to local systems.

Global standardization intuitively makes sense, as it can generate considerable efficiencies and cost savings by standardizing functional and technical standards across a company’s operations. However, companies can still encounter significant challenges in standardizing even when using a strong enabler such as a global ERP solution.

For instance, highly diverse business units or geographies, or those used to a high degree of autonomy, can be resistant to adopting a global template because they interpret standardization as a loss of local control. Thus, each organization must draw the line on what will be standard and common and what will be allowed to be unique and local. Or managed outside the global ERP system.

A “fit/gap” analysis can be helpful in that regard. By evaluating its anticipated requirements with the ERP solution’s standard capabilities, a company can identify where gaps between the two exist—meaning, instances in which desired requirements are not met by the ERP solution’s standard capabilities and, thus, need custom development to incorporate them into the solution. However, before pursuing costly and time-consuming custom development, a company should ask several questions about each of these requirement gaps: Can the custom requirement be eliminated? Can the requirement or process be changed to fit the standard ERP system capability? Does a cost-effective workaround exist? Is the business willing to pay for the custom development if it absolutely needs the requirement and cannot accept the standard ERP alternative?

When considering its global template, a company can choose from four alternatives: full, cascading, light, and evolving (Figure 3).
1. Full template

- Localization requirements
  - 80% to 90% template fit
    - Template build
      - Pilot template rollout
      - Template rollout
      - Template rollout

- Can roll out in parallel to maximize template team presence

2. Cascading template

- Localization requirement and template improvement
  - Lessons learned
    - 50% template fit
      - Template build and pilot rollout
      - Template rollout
      - Template rollout
      - Template rollout

- User participation
  - Localization requirement and template improvement
    - User participation
    - User participation
    - User participation

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Figure 3: Four types of global templates
3. Light template

4. Evolving template
The full template covers approximately 80 percent to 90 percent of the business’s requirement. On the one hand, it has a high upfront cost, but that cost is quickly recovered by a rapid deployment all at once—leading to the lowest overall implementation cost of the four options. On the other hand, because its implementation method carries a higher risk of disrupting the business, the full template also requires the greatest degree of management control.

The cascading template starts with a 50 percent “fit” with the business’s needs then, through a process of gradual rollout and learning, is iteratively built out until it meets approximately 90 percent of requirements. Because it is less robust at the beginning, a cascading template has moderate upfront cost, and the rollout cost decreases with each subsequent phase. However, the downside is that it takes longer for the system to be fully deployed and retrofit costs.

The light template is the middle ground between the full and cascading template. It has the lowest upfront cost of the four options, but also the lowest initial fit with the business and longest implementation. Plus, unlike the cascading template, the light template’s cost increases as it is rolled out, which leads to a high overall implementation cost (second only to the evolving template).

The evolving template offers the greatest ability to tailor the solution to local requirements because it allows each local entity to build and roll out its own template. These local templates then are aggregated into a final global template (with only the strongest of the local templates surviving). The final global template is then reimplemented across all the local markets. Of course, this process comes with not only high upfront costs but also the highest implementation cost of all four alternatives.
Factor 4
Define the overall project governance and how it evolves over time

The large and complex nature of a global ERP implementation requires a similarly expansive and robust governance model.

There are three main types of governance in such a project: First, project governance covers key project decisions, involvement and signoff; issue escalation structure; and scope and change control.

Second, post go-live governance focuses on production support as well as roles and responsibilities of the ERP center of excellence and business units.

The third type, global template governance, oversees the design and signoff on specific technical deliverables, as well as the actual building of the solution. Global template governance defines who will own and control the template as well as how the ownership evolves through deployments. By defining the global template governance model upfront, a company can avoid misunderstandings later in the process and minimize mismatches in expectations of the various business units or companies across the globe as the project progresses.

Among the key factors a company should consider when developing the global template governance model are the level of centralized control culture in the company’s current and future operating model; resource availability in the current business/IT model; the overall technical environment strategy (client/instance setup); and the specific post-production support model (such as a center of excellence) that will be used.

When developing a template governance model, companies should be especially mindful that the definition of the systems landscape can play a key role in governance as well as deployment planning. For instance, centralized systems will lead to centralized decision making, while distributed systems generally will require companies to make local versus global tradeoff decisions. Regardless of model, to enforce a global template, a company must authorize a core central group to do so, and empower it to make global decisions for the company that align to the vision highlighted in Factor 1.
Factor 5
Determine how to roll out the global template to the business

A company has multiple options when considering how to roll out its global ERP solution. The most common are the “Big Bang” approach (i.e., all at once); rolling out by process, geography or operating unit; or a hybrid approach that includes a combination of these. Many factors play into the decision of which approach to use—including business case, governance, politics, technical considerations, other initiatives currently under way, dependencies, and resource availability.

Once a company has selected its approach, it then should determine the sequencing of the rollout. Sequencing is designed to reduce overall business and implementation risk while helping to accelerate benefits. We have found that quick wins and a pilot (one that targets a representative slice of the business and scope) should always be considered, especially in situations where a company needs to prove the efficacy of complex solutions.

When determining sequencing, a company should consider targets for early implementation sites that appear to offer an easier rollout—i.e., those with a quantifiable business case, change-ready culture, simple processes, available resources, and low risk to the core business. It also should delay implementation at sites that have the opposite characteristics—those with low business benefits, high complexity, low data quality, and too many competing initiatives or dependencies. Sequencing in this way will help the rollout achieve early wins and gain momentum.

When determining the global template rollout approach, each option needs to consider the post go live support, which could be costly if there are multiple sites and multiple countries going live in parallel—each site would need additional support from the deployment team which could include 4-6 weeks plus support for two full month ends, and a possible year end.
Factor 6
Organize the global rollout delivery team

Global rollouts are complex and require advanced project organizational models. Many projects incorporate offshore locations into the delivery model to obtain deep skills at the right price point. However, this further complicates the delivery model by spreading multiple delivery teams across different time zones and sending vital specialty skills offshore when they are needed onshore.

Upfront thinking about how the end-state support organization will work will help define the project global delivery model and build skills over time. Typical options include a central hub with local project teams; a central hub with regional deployment centers; and multiple parallel projects with central governance.

Establishment of a central Program Management Office (PMO) is also a critical component of a successful global rollout delivery team. It provides the support, governance and tools to enable delivery teams to perform in a controlled manner within the overall global deployment. The PMO should establish tools to provide a single source of truth on issues, risks, budgets and delivery status, enabling the global deployment to stay under control.

Working with numerous companies on implementation efforts, we have identified a number of factors that can enhance a company’s ability to create an effective delivery team:

• Trained onshore team that has offshore experience
• Early mobilization of offshore team, which helps reduce delays associated with resource or skill availability
• Integration of key offshore resources during design phase, which improves deliverable quality
• Overlap of offshore work hours with onshore project team, which expedites complex issue resolution and eases coordination challenges
• Enforcement of rigorous and well-defined hand-offs (which can be compounded by time zone differences)
• Management of offshore team morale, which reduces attrition and project knowledge transfer

Factor 7
Create the overall deployment plan and schedule

As a final step, a company creates the overall deployment plan and schedule. This is an iterative process; the plan will be updated based on changes in resourcing and scheduling criteria. The contents of a typical deployment planning package are illustrated in Figure 4.

Because global deployment has multiple stakeholders around the world, socialization of the plan is extremely important. We have found that the governance model should be approved first so it can be utilized to socialize the plan. We also have found that appropriate change management steps must be taken—this may be one of the first major “selling” events for the project and its business case. Executive sponsor support and kickoff of the effort can help reduce any potential resistance and increase alignment of stakeholders.

Figure 4: A typical deployment planning package

• Background document
• Scope document
• Workday estimates
• Project work plan (in the right format like Microsoft project)
• Loaded core team resource plan
• Loaded business/IT resource plan
• Prioritized list of sites/locations by wave
• Timeline/Gantt chart
• Team organizational model
• Team and business/IT roles and responsibilities details
• Global governance model
• Governance roles and responsibilities
• Deployment toolset document
• Kickoff meeting content
Two Other Important Considerations

While the preceding are the main steps a company should follow to guide its rollout, two other considerations are worth noting here because they can have a major impact on the success or failure of the initiative. These considerations—change management and data management—essentially cut across the entire rollout process, and must be managed effectively to enable a smooth implementation.

Change management

Change management work plan categories are similar to domestic implementations with significant complexities around culture, geography and language. A strong leader from the company with high credibility should lead the change management efforts globally, with support from change management professionals.

One of the biggest keys to effective change management is agreeing on the style and approach to change management early in the project. A company should not assume everyone has a common view of what type of change management is needed globally. Every organization has a unique culture and the standard approaches may need to be tweaked to be effective. It’s important to verify the approach with the business and IT, as well as to focus on business adoption, not just executing activities.

Globalizing the change team also can enhance change management. Global representation (on-site or remote) is crucial to ensuring communications are appropriate and accurate in each major country, region or location. Of course, understanding how the global delivery model will drive the change management team structure is vital. A company must determine what will be executed centrally (e.g., training development) and locally (e.g., training delivery). In either case, it’s beneficial to integrate the change team closely with process and technology teams (because design decisions and changes will directly impact the change team, and the end-state role definition is critical and has direct input into security design). It’s also helpful to identify a strong change network comprising users who can represent the organization and be available to help, as well as to use specialty tools for rapid training development whenever possible.

Data management

Due to the nature of the initiative, the scope of data management in a global rollout can be extensive, typically covering global data design, project data management, end-state production, master data management, data profiling, data cleansing and data migration.

Data harmonization, in particular, can be extremely challenging. It’s a long, complex process, so it behooves companies to start early addressing it. Furthermore, data cleansing can dramatically affect the program’s timeline and cause cost overruns, so companies should conduct data profiling as early as possible to understand the risks involved and estimate the amount of cleansing work that must be done.

The cost of data profiling and cleansing is typically thought of as a business operating expense. However, in reality, most of the time the business does not have the tools and resources to execute these key tasks. Thus, companies should clarify upfront how data profiling and cleansing gets done and by whom.

Furthermore, data profiling and cleansing may require specialty toolsets, so companies need to determine early in the process whether they need such tools to avoid encountering delays down the road.

Two other things can help companies address data management: agreeing on a methodology and process steps for data cleansing (for instance, will the company use a distributed method or centralized data cleansing factory approach?); and creating a global data council and assigning global data owners for each key object. The ability to cleanse data, and subsequently maintain data once in the system, is critical to reaping the benefits from the global ERP solution. It is also a complex undertaking that, to be successful, requires not only a significant commitment from both the project team and the business, but also a robust methodology, proper tools and strong governance model.
Conclusion

The march to global markets is in full swing among companies all around the world and shows few signs of slowing. But to fully capitalize on the promise of these markets, companies need an appropriate supporting technical infrastructure—something that goes beyond the capabilities of the existing patchwork collection of regional or local systems companies typically use today to manage their operations. That “something” companies increasingly are turning to is a global ERP solution.

As they pursue such a solution, companies should be mindful of the seven key success factors we described in this paper. By carefully considering these factors as they plan their implementation, companies can avoid many of the pitfalls that can sabotage global rollouts, keep their projects on time and within budget, and end up with a technology platform that can serve as a springboard to growth and high performance.
About Accenture

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