

A Step-By-Step Guide to ERP Transformation

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If you're reading this, you most likely fall into one of three brackets of ERP transformation:

- (a). Your organization's current ERP setup is an outdated version of Epicor, Compiere, SplendidCRM, Tally, Great Plains., Fourth Shift with poor forward compatibility and a poor UI that requires a [legacy application modernization](#) plan.
- (b). Most likely, your ERP is run on your on-premise servers and you're looking to migrate to a cloud-based alternative, such as Microsoft Dynamics 365, Netsuite, or SAP that can support a global workforce, integrate with the rest of your stack (CRM, HR and payroll systems, POS, business intelligence and analytics, etc.), reduce costs, and meet evolving data security standards.
- (c). You've made the switch to a new enterprise ERP, but now, your workforce can't use it properly because you haven't redesigned your SOPs and workflows around it while your stakeholders haven't been properly trained to maximize all of the platform's capabilities.

For all the benefits of ERPs, you'll be limited in the functionality you'll be able to derive from yours if it's old and outdated, limited to your on-premise servers, or your [ERP implementation](#) failed to provide adequate end-user training and support that resulted in poor [ERP adoption](#).

In this article, we'll break down the ERP transformation process step-by-step, explain why you need to consider it, and some obstacles you might face in the process.

What Is ERP Transformation?

From a purely software perspective, ERP transformation typically takes the form of upgrading legacy, on-premise ERP instances to a cloud-based provider, combining/switching from disparate ERP services to an all-in-one solution, or upgrading to a newer, more powerful version of your existing ERP suite.

But, if you're taking a holistic view, ERP transformation can include refining your enterprise planning workflows, creating better SOPs, training stakeholders better, and eliminating redundant steps, in addition to the basic need to tweak your software core.

6 Steps To Facilitating an ERP Transformation

Whether you're updating your ERP technology stack, working to create and refine your enterprise resource planning workflows, or just training your stakeholders, your ERP transformation efforts will generally follow a predictable path with a few way markers, including:

1. Conduct a needs assessment and business process analysis

An enterprise resource planning platform functions as a second brain where large enterprises can coordinate their supply chain management, internal production processes, sales and customer relationship management, asset management, and several other complicated processes.

As you prepare to navigate the switch to a new ERP or fully explore all an existing system offers, your first goal should be to map your manual process, as well as any others you're currently managing with your ERP systems, to

identify those you can handoff to/automate with an enterprise resource planning platform, and any gaps or redundancies such as multiple instances of the same process.

2. Identify ERP value drivers

The value drivers of an ERP system are the factors that contribute to the overall benefits and value it brings to your organization. These value drivers can serve as a checklist you can use to ask the right questions, interview existing customers (of the ERP platforms you're considering), and filter through potential ERP platforms, using metrics such as:

- **Data visibility:** Does the ERP system centralize and consolidate data from various departments, into a single source of truth? That visibility into real-time data and analytics will be critical to better decision-making, improved forecasting, and the ability to identify opportunities and issues quickly.
- **Compliance and risk management:** By default, mainstream ERP platforms usually comply with industry regulations and standards that help enterprises manage risk, avoid penalties, and maintain a good reputation. An Ideal ERP solution should provide audit trails, security controls, and reporting features to support compliance efforts.
- **Cost reduction:** ERP systems should reduce operational costs by optimizing processes, reducing errors, and lowering the need for repetitive manual inputs.
- **Inventory optimization:** Does it help their existing customers optimize inventory levels by providing real-time visibility into stock levels, demand forecasts, and order history? The goal is to reduce carrying costs, minimize stockouts, and improve overall supply chain efficiency.
- **Scalability:** Will the ERP platform offer enough flexibility to adapt to your organization's changing needs and scale to accommodate expansion
- **Process standardization:** Needs to encourage [process standardization](#) to improve quality, reduce errors, and facilitate cross-functional collaboration.

3. Assemble the right team

The ideal ERP transformation team should be cross-functional (i.e., picked from across your organization's stakeholding departments), technically savvy, and have a clear organizational structure with clear roles and responsibilities. The transformation team must include:

- **Executive sponsor:** An executive sponsor, often a senior leader or executive, champions the transformation project, secures the necessary resources, funding, executive support, and high-level oversight to ensure the project's success. They're a lifeline between the ERP transformation project and the C-suite and are responsible for aligning the project with the organization's strategic goals.
- **Project manager:** Manages the ERP transformation efforts on a day-to-day basis, including setting the schedule, managing budget and resources, and making sure the finished product is 100% usable.
- **Department leads:** These individuals represent various teams within the organization, such as finance, HR, supply chain, and manufacturing, and are responsible for translating their department's specific needs and requirements into the ERP system and coordinating with the project team.
- **IT team:** The IT team includes IT professionals, system administrators, database administrators, and developers who work on the technical aspects of the project, including data migration, customization, and integration with existing systems.

- **Business analysts:** They gather, document, and analyze business processes, ensuring alignment with the ERP system's capabilities and functionality.
- **Change management and training specialists:** Develop **change management** strategies, communication plans, and user training programs to ensure smooth adoption of the new system.
- **Implementation partners:** An external consultant or agency that offers advisory services and helps with best practice adoption, troubleshooting, training, and customization during the deployment.
- **Quality assurance and testing team:** Test drives core systems, integrations, and workflows to identify and resolve issues.
- **End users:** Run your finished product by your end users to see what they think.

Depending on your organization's size and scope, multiple roles can be combined into one, while several others may only need cursory attention.

4. Implement change management strategies

The essence of change management, especially during digital transformation efforts, is to ensure that seismic changes that will significantly impact your organization are rolled out in an orderly manner without confounding your employees or disrupting your existing setup. Within the context of your ERP transformation, you need to:

- Communicate with stakeholders across your organization, explaining what's happening, why it's necessary, and how they can help.
- Have internal **change agents** from across various teams drive **change adoption** by engaging with key team members who will be most affected by the ERP change.
- Invest in ERP training and learning and development to help your stakeholders make the switch seamlessly.
- Design your systems with flexibility in mind so everyday employees can design workarounds and hacks to fit their own workflow.
- Monitor adoption KPIs with product analytics tools to understand if your end users are making the switch, the common obstacles they're facing, and how you can make their user journeys smoother.

5. Training and user adoption

Here, we'll suggest a slightly different approach than the top-down, do-or-die approach enterprises take to digital adoption: create a resource-rich learning process designed around each ERP end-user role and make it easy for them to use those resources. Here are a few things to consider when building your **ERP end-user support** strategy:

- Create role-based ERP learning paths, in-app onboarding experiences, and provide coaching to keep training resources target and relevant to each user's role; set **SMART goals** for individual end-user roles.
- Use non-intrusive contextual resources (hotspots, tooltips, pop-ups, beacons, etc.) to highlight helpful information right when users need them and provide step-by-step in-app guidance for your ERP workflows.
- Build up a searchable **end-user support** library with multiformat content (videos, courses, docs, etc.) that end users can access at their convenience
- Track ERP adoption and engagement metrics closely to determine whether your strategy is working

Create contextual user onboarding flows, drive adoption of new features, and make in-app announcements with Whatfix

Whatfix is a no-code [digital adoption platform](#) that enables product managers to create contextual in-app guidance, product-led user onboarding, and self-help user support – all without engineering dependencies. With Whatfix, create branded product tours, user onboarding checklists, interactive walkthroughs, pop-ups, smart tips, and more – all enabling customers and users with contextual guidance at the moment need. With Whatfix, analyze, build, and deliver better user experiences.

[Request a demo of Whatfix now!](#)

6. Post-implementation support

After your ERP system is live, you will need help with end-user troubleshooting issues, as well as resolving errors and other problems. Enterprises must find an ERP end-user support solution to overcome these issues, including:

- Resolve end-user issues and serve as your internal IT support desk.
- Manage software updates, patches, and routine maintenance.
- Build custom applications and integrations with the rest of your stack.
- Monitor performance across your ERP platform's infrastructure to identify potential bottlenecks.
- Conduct regular health checks to resolve performance issues.
- Analyze ERP end-user behavior to optimize workflows.
- Manage software licenses.

This could include retaining in-house ERP experts or a long-term ERP implementation partner. A digital adoption platform such as Whatfix also enables end-users with moment-of-need performance support and self-help resources to maximize their productivity and guide them through ERP processes. Whatfix also provides an end-user analytics solution that monitors user behavior to identify optimal flows, process improvements, and ERP adoption.

RELATED RESOURCES

- | [ERP End-User Support: Ultimate Guide](#)
- | [5 ERP Adoption Challenges & How to Overcome Them \(2024\)](#)
- | [The ERP End-User Onboarding Process](#)

Benefits of ERP Transformation

Here are some of the most significant benefits of ERP transformation.

1. Improved data accuracy and real-time visibility

At its core, an ERP platform serves as a data engine that helps everyday employees automate repetitive tasks, while in the backend, managers, and executives can keep tabs on performance metrics in real-time. As a result, switching to a newer and more powerful ERP platform affects every facet of your data quality, handling, and accessibility by

- Eliminating data silos and serving as a single source of truth for your entire organization
- Capturing data in real-time and mirroring any changes as they happen to help with decision making
- Analyzing large volumes of data to identify anomalies and data quality issues
- Automating data entry and removing the human error vector from the process entirely

A more capable ERP platform helps you track more metrics/KPIs, visualize and interpret them in unlimited ways, and make better decisions with far-reaching analytics.

2. Streamlined processes and increased efficiency

The ERP transformation process creates an avenue to document your existing SOPs and identify redundancies or any opportunities to simplify workflows, standardize processes, optimize your supply chain, and automate manual tasks to free up time.

3. Scalability and flexibility

One of the primary benefits of ERP transformation is the scalability and flexibility it brings to an organization. As businesses grow and evolve, their processes and systems need to adapt accordingly. An ERP system is designed to scale, accommodating increased data volume, additional users, and new business processes without compromising performance. This scalability ensures that as a company expands, whether in terms of size, geography, or product lines, its core systems can grow with it. Furthermore, modern ERP systems are highly flexible, allowing for customization and integration with other tools and technologies. This flexibility means that businesses can tailor their ERP systems to fit their unique needs and workflows, rather than having to adapt their operations to the constraints of their software.

4. Enhanced customer experience

ERP transformation can significantly improve the customer experience. By integrating various functions like sales, customer service, and marketing, ERP systems provide a holistic view of customer interactions. This integration enables businesses to offer more personalized and efficient service. For instance, customer service representatives can access a customer's entire history with the company, from purchase records to service requests, allowing for more informed and responsive support. Additionally, ERP systems can **streamline processes** such as order processing, inventory management, and shipping, leading to faster and more reliable order fulfillment. A more efficient operation not only improves customer satisfaction but can also lead to increased customer loyalty and repeat business.

Challenges and Considerations In the ERP Transformation Process

What are some of the most common challenges enterprises can expect to face in the ERP transformation process? Let's look at a few

1. Data security and privacy concerns

Some of the largest ERP platforms—[NetSuite](#), [SAP](#), [Sage](#), [Epicor](#), and [PeopleSoft](#)—have been breached by hackers at the root level, often with embarrassing ease. Even more specifically, a 2019 survey of 430 IT decision-makers by Onapsis shows that two-thirds of businesses that rely on SAP or Oracle's ERP systems had been breached within the past two years.

Of course, it's easy to figure out why ERP systems are a juicy target for malicious data brokers and ransomware gangs looking to take mission-critical information captive. So, now, you're not only dealing with ERP implementation costs that can peak at several million dollars for a single deployment (at roughly \$9k per user), but you're investing heavily into cybersecurity add-ons, regular data backups, network monitoring, and other advanced cybersecurity measures, all of which can be bypassed by a root-level breach affecting your ERP vendor.

2. Legacy system integration

When Coca-Cola Company chose to make the switch to SAP's ERP offerings in 1997, they'd been using their existing setup to manage 67 manufacturing locations and 197,231 employees for over 12 years, with no doubt thousands of custom workflows, custom tools, and carefully-designed processes and add-ons that just barely worked. And all of a sudden, you're ripping out the core of that system, replacing it with an ultra-modern ERP, while trying to rebuild the rest of your stack on top of SAP/Oracle/Epicor, etc., or replace that messy patchwork with integrations with the rest of your stack that you're not throwing out?

Are you starting to see how this could be a problem? No wonder ERP implementations are praiseworthy when they work out smoothly but are burning dumpsters full of cash that hilariously exceed budget and timeline when they don't.

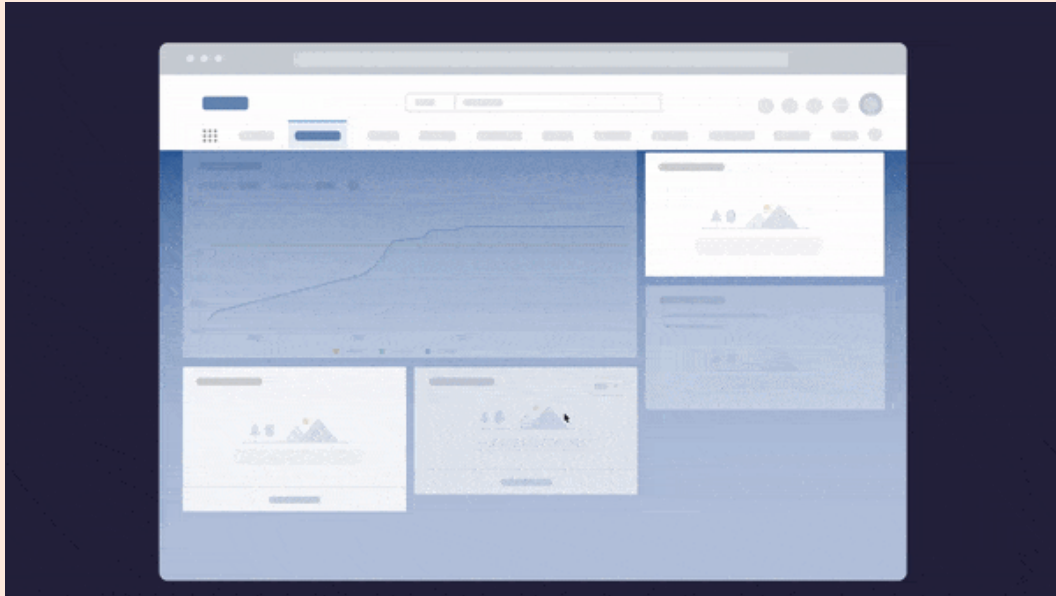
In fact, apart from the process disruptions an enterprise will no doubt face as it makes the switch, the bigger issue with ERP transformations is how to slowly connect that ERP with the rest of your stack (that you're not throwing out as well), getting it to work, and maintaining it for the long-run. If your organization is sufficiently old, we're talking tools and rigs whose programmers may be dead, and the language they were written in might be obsolete.

3. Change management and user adoption

After you've successfully deployed your new ERP, you'll still notice some hesitancy from employees longing for the good old days or mourning the fact that they have to discard years of muscle memory acquired from using your legacy systems for so long. To compensate, you have to build out an equally expensive training program with on-demand courses, 1:1 training (for core roles), contextual guidance [job aids](#), and periodic reviews to upskill your end-users and get them up to speed.

With a [digital adoption platform \(DAP\)](#) like Whatfix, IT and L&D teams can accelerate an ERP transformation by enabling their end-users with in-app guidance and real-time support. With Whatfix, create contextual step-by-step walkthroughs on core processes, create field validations to ensure compliance and data integrity, use task

lists to onboarding new users, and provide a Self Help wiki that overlays on your ERP that provides a self-help support solution for your end-users.



Above: Enable your employees with contextual user support and accelerate IT adoption with Whatfix's digital adoption platform.

The Whatfix Digital Adoption Platform empowers IT teams to create in-app guidance and self-service user support on all internal desktop, web, and mobile applications. Enable employees with Self Help, which overlays onto your CRM, HCM, ERP, CPQ, and other digital workplace applications. Self Help connects to your process and IT documentation, LMS, video tutorials, onboarding documents, and other IT support-related content to provide employees self-help, at the moment of need. Create additional in-app guidance and pop-ups to contextually guide users through applications and alert them to process changes.

[Explore Whatfix DAP now!](#)

4. Budgeting and resource allocation

According to sources like Gartner, Selecthub, etc., more than half of all ERP implementations go over budget, with excesses peaking at more than 50% in some cases. Furthermore, up to **50% of such projects fail the first time**, hence it's not unusual to see cases like the U.S. Navy that tried—and failed—to launch a proper ERP system on at least four occasions between 1998 and 2005.

If you're trying to make your case for an ERP based on such dismal benchmarks, you'll have a hard time securing a budget for an ERP transformation. And when you do, and your project predictably exceeds the budget, the C-suite will be clamoring to cancel and cut losses, even if just another 10% extension would fix any outstanding issues (because, after all, there's no guarantee, is there?).

During the ERP transformation process, the implementation team might make heavy demands on the rest of the organization, requisitioning liaison persons to help them build an ERP instance that fits the disparate needs of all your organization's departments.

5. Evolving your business model

An ERP transformation will change your organization's structure, business model, values, and processes as much as you customize it and might ruffle feathers and even lead to outright opposition. Whether it's old-timers sticking with trusty old workflows or (insert here), an ERP creates a sea of change and, especially, new responsibilities for accountability that large organizations might struggle to adjust to.

Drive ERP transformation across your organization with Whatfix digital adoption platform

Don't let any of those side notes and potential challenges dissuade you: for every \$1 you invest into an ERP system, it generates at least a \$7.23 ROI, especially when you factor in time and cost savings, efficient business processes, and overall improvement in your organization's KPIs.

All the same, the human factor is your biggest weak link: your workforce needs all the help possible to get them to adopt any new changes to your ERP and maximize its effectiveness. That's where **Whatfix** comes in.

Whatfix enables ERP transformation by guiding end-users through complicated ERP software UIs. With Whatfix's no-code editor, quickly create and launch in-app ERP content that enables your end-users with unintrusive cues, step-by-step flows, role-based ERP tours and task lists, contextual smart tips, real-time self-help, and alerts, and AI-powered localization that translates content into 70+ languages.

With Whatfix Analytics, use user behavior event tracking to analyze and monitor your end-users' actions that empower you to optimize your workflows, map role-based user journeys, segment your end-users into cohorts, identify areas of user friction, manage software license usage, and drive overall ERP end-user adoption that drives employee productivity and maximizes organizational efficiency and ERP ROI.



What Is Whatfix?

Whatfix is a digital adoption platform that provides organizations with a no-code editor to create in-app guidance on any application that looks 100% native. With Whatfix, create interactive walkthroughs, product tours, task lists, smart tips, field validation, self-help wikis, hotspots, and more. Understand how users are engaging with your applications with advanced product analytics.

► [Watch a video to see Whatfix in action](#)

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Whatfix's digital adoption platform empowers your employees, customers, and end-users with in-app guidance, reinforcement learning, and contextual self-help support to find maximum value from software.

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