



MS809: Enterprise Systems – 2022/2023

Assignment marks: 20%; Submission Date: Friday, March 16th

Enterprise Systems Implementation Case Study

The purpose of this project is to give students an opportunity to analyse and research the important issues concerning ERP implementation. A detailed case study is provided in this document that sets out the particulars of an ERP implementation. This ERP project displays many of the common yet critical problems associated with ERP implementation failure. Students are challenged to assess this case and provide management advice to resolve the problems and achieve a successful outcome.

Research is an important part of this project and students will be expected to utilise both academic and practitioner sources to fully explore and account for the factors that influence success and failure in ERP implementation.

Two core deliverables are required:

Implementation Case Study:

1. Analyse the Case – provide a concise analysis of the reasons for failure in the case study;
2. Advise Consultancy B – provide a set of recommendations for management to consider in order to save the project.

The Case Study

Introduction

This document outlines a case study for the implementation of a leading ERP system. While many of the specifics of the case are based on a real implementation experience, a number of the details have been changed. It was not uncommon in the past for projects to encounter many of the issues described. This was particularly true in the late 1990s when a great many large ERP projects were undertaken to overcome potential Y2K issues. These issues still persist today and form the major challenges faced by ERP consultants and their clients.

The case outlined here is not based on a BearingPoint project – needless to say, a BearingPoint project team would have identified and resolved the various issues encountered here long before they threatened the success of the project!

Client

The client in this case is a large UK Public Sector organisation with a large IT team and a complex system landscape. The systems in use mainly deal with core business functions that are unique to the organisation and have been developed in-house. The organisation has no prior ERP experience and the IT team is focused on technology with no business analysis capability.

The client has a mixed track record in IT project delivery with frequent overruns and extended periods of stabilisation. Over the years, a great many external partners have been engaged and the client has grown heavily reliant on them.

For the ERP implementation project, the client has understood the importance of business process mapping and has assigned an experienced team of full-time business representatives to work on the project. However, all of these representatives come from the London offices with nobody assigned from the Birmingham office (Birmingham has complete responsibility for some aspects of the organisation's business).

The client engaged a consultancy firm (Consultancy A) to act as client side advisors shortly after deciding to implement an ERP solution. This firm had been successfully engaged a number of times in the past and had built up some very strong relationships at a senior level in the organisation. Consultancy A is a competitor of the company engaged to implement the solution. Consultancy A collected the requirements, wrote the RFP and acts in a client-side capacity during the implementation project.

Requirements

The client requires a standard financials application that will be implemented and integrated with the existing operational systems. However, the client has some requirements that will not be easily met by a standard, off-the-shelf package.

As it is a public sector organisation, it is required to produce accounts on both an accruals and a cash basis. Most ERP applications produce accounts on an accruals basis and cannot easily produce cash-based accounts in parallel.

The data interfaced from the operational systems has to be represented in the ERP system in a way that is not supported as standard. This will require a workaround or significant enhancement.

Procurement and Contract

The RFT contains a functional specification that was prepared by Consultancy A. This is a collection of requirements from various interviewees across the organisation. Many of the requirements are wish list items and some directly contradict each other. The requirements outline the functions required of the software rather than outlining the business processes operated by the organisation.

The procurement is for software and services. A fixed price bid is required based on delivering the requirements of the functional specification.

Consultancy B is the successful bidder and signs a contract to deliver the requirements of the functional specification. The company expects that issues or details will be ironed out during the course of the engagement and expects that the traditional method of implementing the software

will be adopted – this includes separate phases for design, build/test and deployment with the agreed design being the basis for the build etc. This expectation has not been reflected in the contract, which commits Consultancy B to deliver the requirements outlined in the functional specification.

Implementation Partner

Consultancy B is an established firm with a strong track record in ERP implementation. They are a leading implementer of the application that has been selected by the client. They have an established methodology and a strong team of consultants. Due to the fact that they have a number of on-going projects, they have engaged some independent contractors to take key roles in the delivery team. They have not worked with these contractors before, although they are satisfied with their knowledge and experience of the ERP application. The project manager has many years project management experience, but none of this has been gained on ERP implementation projects.

The Project

There is no formal project kick-off or social event at the start of the project. A large office space has been provided, but the allocation of desks is not jointly planned – each of the three organisations involved is assigned an area within the office and their employees sit together in those areas. Meeting rooms are in very short supply and have to be booked weeks in advance. There are no informal meeting areas in the office.

Consultancy A has been engaged in a client side role to oversee the delivery of the project. They have a close, “trusted adviser” relationship with the client and have previously prepared the requirements specification and the RFT. Their lead consultant has a strong understanding of the requirements and takes a leading role on the client’s team.

Consultancy B deploys an experienced team who set about designing and implementing the solution. They use the functional spec as the basis, but seek to adapt the solution to functionality delivered as standard by the ERP solution. Consultancy A and the client insist that all functional specification requirements must be met in full and a number of difficult, heated discussions follow. While some compromises are reached, the atmosphere deteriorates and various members of the team fall out with each other. At the centre of this are two strong personalities (Consultancy A’s lead consultant and one of the independent contractors in the Consultancy B team) in key design roles who frequently fail to reach agreement.

Due to the difficulty in reaching agreement on the design, Consultancy B does not follow its own methodology and fails to create a ‘design document’ for the solution. The ‘design document’ is a set of process design documents that outline how the solution will operate and any agreed configuration. It is structured by business process so that all design is agreed in the context of the client’s business – this usually highlights “nice to have” requirements as being unnecessary. The ‘design document’ is usually signed off by all parties at the end of the design phase and becomes the definitive definition of scope from that point forward.

In addition to the disagreement over requirements and design, there are two major functional gaps between the ERP solution and key customer requirements:

- The requirement for Cash Accounting is not often encountered when implementing the ERP solution and requires the use of a specialist module that has rarely been

implemented before. Consultancy B has no prior experience with this module. It is also not very stable with frequent bugs that the software vendor has difficulty in fixing.

- The very specific operational requirements in relation to the handling of data interfaced from the operational systems are also not easily met using the ERP solution. Consultancy B has designed and is proposing a solution that is not fit for purpose.

There is very little collaborative working between the different parts of the team and meetings are usually very formal. There is an expectation that the implementation partner will design, build and test the solution and then hand it over to the customer for acceptance testing. As a result, the major gaps in the solution only really become apparent to the customer when they start to acceptance test the solution about 12 months after the start of the project. The issues identified by the client at that point are:

- Many of the requirements stated in the functional spec have not been met. In some cases, that is because other requirements directly contradict them and it is not possible to deliver both cases. Despite this the client and Consultancy A formally document each failure and ask Consultancy B to address it.
- The Cash Accounting requirements have largely been met but the solution is cumbersome and difficult to use. Any variation to the standard process is not handled satisfactorily and this means that the solution is unlikely to meet the real day-to-day requirements of the client.
- The specific operational requirements have not been satisfactorily dealt with. The solution copes with small volumes of simple test data, but falls over when real data is used to test the solution. It becomes apparent that the solution is not fit for purpose and the current design could never work in a live environment.

In addition to all this, the Birmingham office is not happy with the solution for their business processes, even though this is one of the parts of the solution that is based on standard processes and performs well.

The issues with the project are escalated to the senior management teams of the Client and Consultancy B. The meetings between the two management teams are tense and there is little room for compromise on either side. Eventually, it is agreed to involve the software vendor in an attempt to deal with the major functional issues.

Fearing damage to the reputation of its solution, the software vendor assigns an experienced consultant from its head office. This consultant is an expert in the Financials modules and starts to investigate the issues encountered meeting the Cash Accounting requirements of the customer. He does not attempt to address the other issues, which he regards as implementation issues, not software issues – Consultancy B continues to work on them. This phase of rework lasts for approximately 4 months, after which the system is delivered to the client again for acceptance testing.

Although there is an improvement in the Financials area, the system is still deemed by the client and Consultancy A to have failed to meet the stated requirements. By this time, some of the project team members are refusing to speak to each other and are communicating through intermediaries.

Following a number of attempts to resolve the issues, the project is formally stopped and the client threatens to commence legal proceedings for non-delivery. Further escalation meetings are held and the Client eventually agrees to one final attempt to save the project.

Case Study Analysis

1. Students are required to compile a research report analysing ERP implementation success and failure as presented in this case study. The report could focus on issues such as: identifying and analysing what factors contributed to failure, what common risks in ERP implementation were apparent and what critical success factors were not considered. In the preparation of the report, students should use academic and/or practitioner resources as theoretical frameworks to fully justify and critique these factors.
2. Students are also required to advise Consultancy B on how to save the project. This section should detail the necessary steps to redeem the project and how it should be managed to a successful outcome. Imagine you are the Solution Architect – what do you do?

Other Guidelines

- This project must be your own work. Plagiarism will be heavily penalised. Reference the materials you use in the report by in-text citing and creating a bibliography.
- Students may choose their own group members – maximum of 5. Students who cannot find other team members should use the discussion board on Blackboard in the first instance to find group members. Students may also complete this assignment individually, although this is not recommended.
- The assignment documents should be uploaded to the digital drop box on Blackboard (one submission per group). The assignment document(s) should include the names and ID numbers of all team project members. In addition, students should complete and sign the Group Assignment Submission Form and the Individual Contribution Form.
- The project should be a single document. It should be formally structured (title page, table of contents etc) and well presented.
- The recommended word limit for this assignment is roughly 1500 words.