

Tracey: Welcome back to Plante Moran's ERP podcast series. I'm Tracey Rau, consultant with Plante Moran and I am here with Adam Rujan, partner, and Michael Riffle, senior consultant from Plante Moran's technology consulting and solutions ERP team.

In our first podcast, Adam and I shared real life examples of when and why organizations review the fit of their current ERP system. Today Mike and Adam will be discussing the next step, the existing system assessment process. Adam and Mike, welcome back.

Mike: Thanks, Tracey.

Adam: Thanks, Tracey.

Tracey: My first question's for you Adam. Once the government starts to think about their ERP system, is it clear right away that they need a new system.

Adam: Well. That depends on the organization. Some governmental entities know upfront that they need a new system. They'll be some factors that make it quite obvious, either the vendor's no longer supporting it, or it's just very, very old. They already know. In other cases it's not so clear and so, in the cases where it's not so clear, a lot of times a client will do what's called a need's assessment up front to try to evaluate, should they try to breathe more life into their current system, or should they really be going out and looking at a new systems.

In some cases, like I've got a client right now, the City of Mesa in Arizona, where they knew that they needed a new system, it was very old, but they elected to go through a new assessment process anyway, because the system they had was really quite old, in excess of 20 years old, and they really wanted to evaluate all the process changes that were going to be associated with it and the other related technology changes that would need to go along with that system. So they recognized that it was going to be quite an overhaul and they wanted to make sure that they really had all the bases covered and so they went through and did a full blown needs assessment upfront.

Tracey: Mike, what's the first thing you customarily recommend to government?

Mike: Well. First and foremost, we usually recommend that the government takes a close look at their systems and processes to determine if they are or aren't truly supporting their current and future business needs. In some cases, we find governments may just need to improve a particular process or optimize their current business processes, not necessary make any significant changes to their legacy system, or procure and implement an entirely new ERP system.

If it's decided that a new system is the right choice for the government, based on the justification in a formal business case. Then we could educate the client on the latest ERP software and different trends out there in the public sector ERP market place.

Tracey: Adam, are there formal steps to this assessment process?

Adam: Absolutely. Our approach for example is pretty collaborative, but it's quite rigorous and some of the major components are, first off, start by understanding what are the business issues or the needs of that government entity, whether it's IT costs, operating costs, processes improvements that they're after, that we want to go paperless, some of those type objectives, financial reporting, issues that may crop up and so forth and really make sure that we understand all of those issues.

Secondly then, really want to try to get a good inventory of what are they doing currently. Take a tour of their facility. Talk to their IT staff. Talk to their users. Talk to their process owners, if you will, process owners, process users, some of the IT staff to really make sure that we understand what's going on with the current system. Understand what are the interfaces, legacy systems, some of the things that are tied into their existing ERP. Most folks at this point have an older ERP, so they're moving from an older version to a newer version and understanding what those transitions are from the older technology to the new technology. What are the changes? What's available? Some of those types of things.

Then, I think what you try to do is make a determination at that point of a strategy or a path. Are we going to try to upgrade what they have currently or are we really looking at a new ERP? Or is it still somewhat unclear and maybe it will be driven by cost. Then, as the final step you cost out those different options and so you try to get a real total cost of ownership, usually is the process that most [IC 00:04:18] take. Where they look at, what are the down stroke, what are the initial costs, and then what are the ongoing operating costs and juxtapose those against any benefits that we see coming out of that. Trying to quantify what some of those benefits might look like and string that out over the expected life of the system.

Tracey: Okay. Thanks, Adam. Mike, what do you provide as a deliverable to your assessment?

Mike: Well really, after a comprehensive review of the government's current systems and their business processes, we try to identify any and all gaps and provide a report that has our recommendations that are really focused on three possible scenarios. The scenarios being either updating the current system, optimizing the current system through some sort of business process improvement initiative or in the full selection of a new ERP system.

Ultimately, what we want to do is provide a business case for whatever change we recommend and then provide a road map for the government for what they need to do in order to carry out that change.

Tracey: Okay. Adam, what are the resource, time and cost considerations with these scenarios?

Adam: Well. It really depends on whether they're getting a new system or they're upgrading what they have. In the case of a new system, some of the smaller systems can start out and range from a few 100 thousand dollars all the way up to several million dollars for some of the larger systems. Typically, from start to finish, from the time you're starting to access the needs until you've got your system implemented, generally ranges

anywhere from 18 to 36 months for a new system and that's pretty typical timeline for a first blush implementation.

Then, for an upgrade, it really can vary quite significantly depending on how involved the upgrade is or if it's just a matter of modifying or perhaps reinstalling some of the current software and that can be fairly inexpensive, perhaps up into the few 100 thousand dollar range, depending on some of the upgrades. Typically, it's a lot quicker time frame. You're generally talking a few months instead of a few years at that point.

Tracey:

Okay. Well, gentlemen. Thank you so much for your time today. Our next podcast will address the ERP system selection process. If you would like more information regarding the ERP services or complementary meeting, please contact Mike at 847-628-8882 or Adam at 248-223-3328 or visit us online at www.plantemoran.com