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How much of an ERP Implementation can I outsource?

by Simon Roscoe of Muzulu Ltd

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Summary:

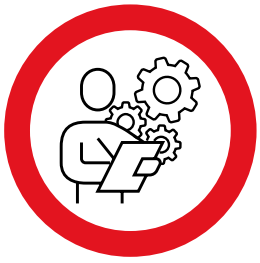
1. Look at what skills you want to retain at the end of the project.
2. Technical and Data migration skills are the most effective to outsource.
3. Functional Knowledge is best achieved with an outsourced consultancy backed up by a full time set of work stream leads.
4. Project Management can be outsourced, but supporting this with in house PMO gives long-term solution support.
5. Training can be outsourced to good effect only for processes where there is a large audience.

When a client starts to think about implementing an ERP system one of the most challenging tasks they have is to resource the project team.
A decision to implement an ERP system is often done on the back of an inefficient existing system where users are often overloaded on business as usual activities.

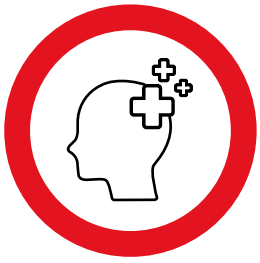
Allocating them a substantial project on top of their day-to-day work is therefore not very appealing. Options of backfilling staff are often squashed as key staff members are key to the continuing business operation.

Outsourcing ERP work if often seen as the easy and preferable option. The arguments for outsourcing the work is fairly easy to justify; Bring in experienced highly skilled individuals who can fully focus for a relative short period and then hand over the system before leaving.

The problem with outsourcing (and I'm excluding costs from this) can be summed up with 2 points which can cause projects to fail:



Existing Business Knowledge



Retained Skills

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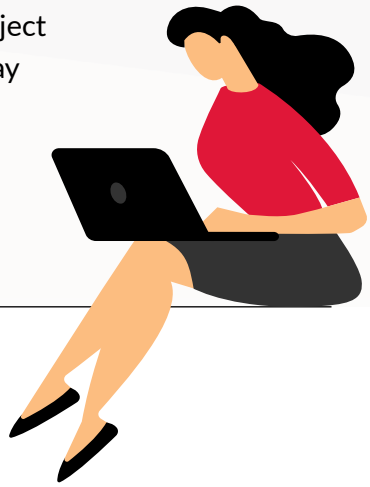
Prior to deciding what aspects of an ERP project to outsource, the first question which is rarely asked is:

“What skills do we need to have retained at the end of the project?”.

If you are listing skills you don’t currently have and expecting those skills to be handed over from outsourced contractors to existing employees in the last month of the project as part of a go-live then you may want to re-think. In our experience the only real way to embed the desired skills in the business is to develop those skills during the Implementation, rather than expect them to get handed over.



Technical skills

Skills such are reporting writing and security setup can be trained, however like any skill it is only truly learned when that skills has been put into practice and done in real life i.e. during the implementation project. We recommend here a hybrid approach using some in-house skilled resource complimented with outsourced knowledge who can take on the bulk of the work and teach and train as they go, with this approach the skills are not only learnt during the implementation, but they are practiced allowing the business to be self sufficient in report writing post go-live.

Project Management

Some skills such as project management you may believe are more disposable i.e. you may not believe you will need a project manager after go-live and to some extent you are correct however, a good ERP implementation should be seen as on going investment and smaller satellites projects or phase 2 and phase 3 projects will shortly follow.

A solution here is to outsource the PM role and develop a PMO role in-house, which can then grow into a PM for smaller later projects.

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Functional Knowledge

Functional consultant knowledge is one of the easiest to outsource and in reality there will be little knowledge of the new system in the business already. The challenge here is to retain the functional knowledge rather that it wither away at the end of the project.

One approach may be for functional consultants to design the solution in consultation with the business and then handover the solution towards the end of the project. The disadvantage here is that only the knowledge of the functionality that is implemented is handed over and none of the justification for the solution decisions reside in the team or even knowledge of how the system 'could work'. The big disadvantage here is as the business changes or new functionality is required then the team will not have this knowledge to move the solution forward and the solution will begin to wither.

In our experience there is no single better project team where functional consultants work with a set of dedicated work stream leads who are not only dedicated, but also knowledgeable on the business and equipped to make change.

Data Migration

Data migration is an area where outsourcing can provide an easy win for a client looking to reduce the business impact.

Areas such as writing data migration scripts are relatively less in demand in subsequent project phases and using an experienced data migration consultant who has access to a library of scripts built up over the years will be far more efficient than learning and developing those scripts in house.

The exception here is for data extraction and cleansing and yet again the expertise of the in house team is hard to match using outsourced consultants.

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Training

Work stream leads may not be competent trainers nor adapt at developing training materials. Outsourcing of training can be used to good effect especially where the is a large audience all require training on a specific processes *(such as Enter Purchase Requisition, or Mobile Work Order processing)*. For other areas such as Fixed Asset management, the time spent communicating the process to an outsourced trainer may not be effective and this may be best delivered directly from a work stream lead.

Training of the solution out to the business involves not only developing the training material but also the delivery.

About the Author

Simon Roscoe is a founding partner of Muzulu Ltd, he has over 25 years of experience in implementing IFS including HR and Time and Attendance and worked directly for IFS for over 16 years as a consultant and solution Architect.

Simon specialises in HR, Supply chain and manufacturing as well as asset management and maintenance.

About Muzulu

Muzulu are an IFS Silver Reseller and Authorized Services Partner, based in Oxford. We provide industry leading IFS Consultancy interwoven with best of breed additional products, ensuring high satisfaction rates for both our customers and IFS.

Our founding partners are all ex-colleagues from their time at IFS, but more importantly are good friends. The result is an excellent cohesive team who help businesses maximise their investment in IFS Applications, enabling growth, reducing cost and mitigating risk.

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