

Construction ERP Replacement: Open Heart Surgery or a Minimally Invasive Procedure?

A Smarter and Less Painful Way to Upgrade Your ERP System

The construction industry is plagued by a widespread technological ailment: painful Enterprise Resource Planning (ERP) systems. These systems are the heart and vascular system of any financial enterprise – from managing payroll, revenues, costs to ensuring the business is compliant. Yet the industry struggles with ERPs in terms of clunky data flow, process management and integration with other systems. ERP implementations are often poorly executed in terms of change management, process governance, vendor support and user adoption. According to Gartner, up to 70% of ERP projects fail to meet expectations, leading to wasted resources and organizational frustration.

Migrating to a new ERP is the equivalent of a “digital heart transplant.” These are the toughest of IT projects, laden with complexity, risk, cost and resource intensity. Most firms end up deferring this decision and so it is no surprise that, according to Forrester, 74% of construction companies use ERP systems that are over ten years old. This leads to significant technical debt and business inefficiency. Organizations would like to embrace digital health, but who wants to live through the pain of heart surgery?

The good news is that there is now an alternative to painful ERP implementations by following a proactive digital health protocol. By leveraging these “outpatient procedures” in advance of ERP surgery, the construction industry can significantly reduce the scope, cost, timeline and overall pain of ERP replacements.

Here is a three-step prescription that can be implemented incrementally to avoid a painful and risky heart transplant, while drastically increasing the odds of ERP success. The net result is less time in ERP intensive care and more time and resources to focus on customers and strategic business growth.

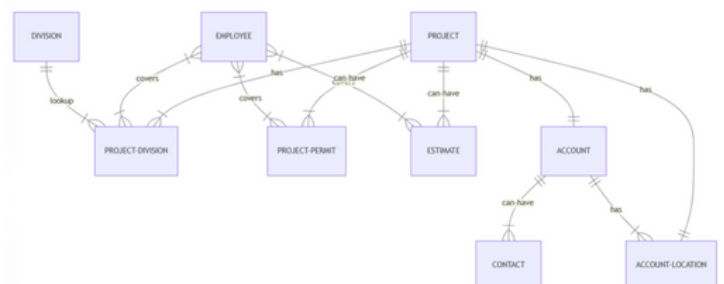


Step 1: Get Your Data Right, Early and Often

A critical first step is to establish data governance well in advance of an ERP implementation. Start with an inventory of your data stores. You likely have silos of data belonging to different teams and business units – not to mention living in different systems. Take stock of the data you’re capturing, and which data elements are commonly used across data storage. You’ll use these relationships and commonalities to develop a relational data model that maps and links your data. This exercise will quickly show you inefficiencies in data that stem from disjointed processes.

If you’re not driving data governance, the quality of your data (analytics, financials, and operations) all suffer. The path to data governance begins by using data entities that are re-usable throughout your data lifecycle. No one should manually enter a customer account record more than its initial entry. Data cleansing includes deduplication (e.g. the same customer entered multiple times as there was no dropdown to choose from), data inconsistencies (e.g. Acme Corp., Acme Co., Acme), and inaccurate data (addresses that are not geo-validated). Data cleansing is best performed using automated tools – it isn’t feasible to have a human find and correct thousands of errors accurately.

Once your data is clean and federated, you’ve set the foundation for moving forward in an efficient process; and you’ll already enjoy the benefits of improved accuracy in your reporting and processes. “Garbage in, garbage out” is then eliminated.



Step 2: Unify Your Data and Systems with a Framework Based on a Universal Platform

Historically the construction industry has been challenged with disparate, disconnected applications that hinder effective data management. Fortunately, technology has become available to solve these challenges using universal platforms. Using open-architecture tools from Microsoft, this approach unifies disparate processes and application silos into a cohesive data framework. Such a toolset will greatly facilitate step one above.

These open platforms are relatively easy to configure and can also manage many of the process workflows that historically have resided within the ERP domain. Using a trusted and secure platform from Microsoft ensures a stable foundation on which to drive data governance and enables a unified process workflow engine. Advance deployment of a universal platform will essentially “right size” an ERP project and greatly simplify the approach.



Step 3: Build Process Muscles with Automated Workflows

The goal is to get your process optimized and automated as much as possible. Define your business process flow from end to end. Once this is established, enable as many process automations as possible to narrow the complexity of the ERP once it comes time for execution. A more manageable ERP implementation necessitates reducing its scope to basic financial general ledger functions. Workflows that had traditionally resided in the traditional ERP realm can be automated and managed outside the ERP via the universal platform that is seamlessly integrated with core business applications. These processes, implemented in advance of the core ERP scope, can include: revenue and cost management (including invoicing), bid management, vendor/subcontractor onboarding, contract set up, project creation, master agreement and document management and more. These processes can be optimized in bite-size increments, so the organization proactively builds critical process muscles, realizes business value sooner and smooths the adoption curve for users. This results in a much smoother transition when the time comes for the heavier ERP lift.



Case Studies in ERP Success Using a Universal Platform



Tilson Technologies is a specialty contractor in the telecom and electrical industry. Growing and scaling fast, they needed an end-to-end digital transformation strategy which included a new ERP system. Recognizing the need to unify their data and processes, Tilson engaged the Runding team one year in advance of their ERP implementation to help achieve the following:

- Build a unified data model on a Microsoft Universal Framework
- Achieve better control of data flow and business processes
- Eliminate excel spreadsheet and manual workflows
- Deploy key process workflows that helped reduce the ERP scope, such as project creation, master agreement, vendor onboarding, contract set up and vendor rate tables.

Conclusion: Avoiding ERP Intensive Care

Managing and implementing an ERP system no longer has to be excessively painful and disruptive. Unlike the traditional all-at-once ERP deployment model, this new approach allows businesses to reduce cost, risk and major business disruption. This proactive prescription is relatively straightforward: get your data organized; structure your data and tools in a universal framework; define your process; deploy incremental workflows to build process muscles in advance of a right-sized, more manageable ERP deployment. Those who have lived through prior “Big Bang” ERP deployments will appreciate the benefits of a controlled and incremental approach. By taking this practical prescription, an ounce of proactive prevention will save a ton of future ERP surgery time.