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ERP flavor of the week: Vanilla

Agencies learn the hard way that success often depends on simplicity

By John Pulley
Published on May 29, 2006

The horror stories of poorly implemented enterprise resource planning systems — disrupted orders, backed-up shipments, screwed-up payrolls — are well-known. Merely mentioning the acronym “ERP” to a chief information officer can induce cold sweats, heart palpitations and other symptoms of acute discomfort.

ERP deployments are challenging, but they have also improved since the 1990s, when many of the worst disasters occurred. In recent years, a number of municipalities have adopted the systems to manage their human resources and financial functions. The experience of those cities, counties and towns constitutes a road map that can help other municipalities navigate the transition from mainframe systems to ERP. Lesson one: It will be harder than you think. Lesson two: A lot harder.

ERP survivors recommend a number of transition strategies to minimize the pain: Take your time. Do the due diligence. Evaluate potential products and partners thoroughly. Shun open-ended contracts in favor of fixed-price deals. Know what you want from an ERP. To the extent possible, keep it simple. Put the best and brightest employees on the implementation team. And eat your Wheaties.

“An ERP system builds in a large multitude of flexibility,” said Bob Hendricks, CIO for Fresno, Calif. “With flexibility comes complexity.”

The appeal of ERP systems is that they break down information silos, aggregate data and put the results at the fingertips of many users. The processes of managing budgets, tracking employees, requisitioning supplies and keeping tabs on vendors become streamlined and paperless. As a result, ERP systems provide the means for radically retooling business practices. Getting organizations to understand and accept this key point is essential to a successful implementation, experts say.

“An ERP is as much a strategy as a software system,” said Anthony Cresswell, director of the Center for Technology in Government, which assists with the development of information strategies that enhance public services. “It has a lot of technical capabilities to link it as an organizational change and reform strategy in the sense of re-engineering business processes and potentially changing the way the organization interacts with its shareholders and customers.”

In other words, Cresswell said, “ERP requires people to change the way they do their jobs.”

Given the inherent challenges of adopting ERP programs, experts caution municipalities against adding unnecessary layers of complexity. The governing board of a quasi-governmental agency in the New York/New Jersey region is questioning its decision to implement a hybrid ERP system. Its human resources module came from PeopleSoft and its financial module from SAP. It subsequently added a budgeting component from Hyperion Solutions.

To maintain its Frankenstein-esque architecture, the organization contracted with a consultant that provides around-the-clock technical support. “We get really good service, but from a cost perspective, it’s a high-end solution,” said an employee of the agency who agreed to be interviewed on the condition that her name and the name of her employer not be revealed. “If you want to cut down on the number of people you need to support a system, you definitely would not choose best-of-breed [components] but would choose the one [software provider] that handles most of what you need to get accomplished.”

In the interest of simplicity, experienced users also advise against giving in to employees’ demands to customize software vendors’ ERP modules. When the city of Fresno chose to adopt PeopleSoft products to run its human resources and financial programs at a cost of about \$7 million, it found that employees were reluctant to give up the report formats generated by Famis, a small financial mainframe system that the city had used for almost a dozen years.

The city acquiesced to employees’ demands for customized reports but later learned that the benefits of tweaking the software were not worth the headaches. Introducing custom code to commercial applications creates compatibility issues that can cause problems each time a system is upgraded.

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standard as possible," Hendricks said. "The tendency is to make the new system emulate what you had instead of changing your business practices."

It is also critical to choose an effective consultant to shepherd a municipality through the implementation process.

The city of Palo Alto, Calif., awarded contracts for a new ERP system in 2003. It bought SAP software and contracted with EA Consulting for the implementation. The city has close to 90 separate funds that it manages, in part because it runs its own utilities, a level of complexity that was further complicated by the project's tight budget and deadline. To their dismay, city administrators concluded that EA "did not have a solid background in local government, as we were expecting," said Lalo Perez, the city's assistant director of administrative services. "A lot of stuff came out and we needed their guidance, and it wasn't really there."

In retrospect, the city should have put more employees on the implementation team, Perez said. If he had to do it again, he added, he would "consider adding an independent project manager to help me."

David Nero, director of enterprise applications for Boston's city government, advises cities to assign their best employees to the implementation, regardless of short-term disruptions. "The right people are those people who if you take them out of a department, the department feels the impact," Nero said. "Unless you've gone through it, you can't grasp the magnitude and the complexity of it."

Pulley is a freelance writer based in Arlington, Va.

A case study in success

Some enterprise resource planning implementations are better executed than others. Take Arlington County, Va. The suburb of Washington, D.C., broke in a new ERP on a tight deadline with few disturbances.

The county began the transition by creating a blue-ribbon panel of business executives in the area to provide advice and marshal constituent support. Then it recruited its first ERP program manager, Maria Meredith, a 12-year employee of MCI who had worked on a PeopleSoft implementation. "Often the person assigned to do this, it's their first time," said Wayne Bobby, Oracle's vice president of financial and administrative solutions.

The county included Gartner, a leading technology consultant, to help evaluate vendors. Gartner required them to demonstrate how their software would handle situations unique to the county. "The scripted scenarios were very valuable," Meredith said. "All of [the products tested] are world-class systems, but could they easily handle the quirks of what we do?"

Meredith sought "as vanilla an implementation as possible," she said. "We were going to adapt the county to the best practices of the software and not adapt the software to the county. The total cost of ownership is much less the more vanilla you go."

The county is a Microsoft shop, but it chose software from Oracle, which has a reputation in some quarters for not running well on Microsoft operating systems. Arlington sidestepped the issue by running the program on Linux. To compensate for its lack of expertise with the open-source operating system, the county outsourced its hardware to a division of Oracle in Texas.

County officials then conducted oral interviews with potential implementation partners, insisting that interviewees be the people who would work on the project. "We didn't want a business executive or salespeople leading the discussion," Meredith said. "Somebody can look great on paper, but if they can't interact with people and they can't handle the difficult questions, how are they going to do an implementation?"

She also insisted on a partner that could collaborate, eventually choosing BearingPoint, a top technology consultant.

"We didn't want a company to come in and tell us how it's going to be," Meredith said. "We own the system. We own the data. We own the future."

The implementation started last May, and at the peak, BearingPoint had as many as 35 people working on the project. The county put its star employees on the project, who often put in 80-hour workweeks. "If you want to secure your future, you take your best people out of operations and put them on the project," Meredith said.

To help employees adapt to new workflows, the county created a change network of critical people from within the county's government. The team met biweekly, passing updates about implementation to rank-and-file workers, who received training on the new system before it went live in April.

Recognizing the difference between theoretical instruction and hands-on learning, the county created real-time workshops in which experts walked employees through new processes for requisitioning supplies, changing their W-4 allowances and other tasks. It's the one area in which more could have been done, Meredith said.

"The amount of change we introduced to the county all at once was huge," she said. "I wish we could have had the time to have more knowledge transfer."

— John Pulley

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