

Q&A



ERP MERGERS & ACQUISITIONS

A case study in merger and acquisition projects from an ERP perspective

Converting a recently acquired organization's data and reports into your system architecture is a complex process that involves coordination from a number of personnel in both organizations. A successfully executed ERP conversion effort integrates the acquired organization's financial and business data into your existing platform, eliminates control risks that arise when multiple ERPs interface with one another, streamlines business processes, and provides a scalable platform for future growth.

Q Our last ERP-to-ERP conversion effort did not go well. What went wrong?

Integration projects are not just about migrating data onto a new platform. These projects can cause significant disruptions to the acquired organization's normal business activities. As such, any integration project must be well-planned and executed precisely. Common mistakes include:

Not incorporating key acquired stakeholders into the project early

If concerns from key business leaders are not addressed early, resistance will materialize and sink any well-intentioned efforts. Getting key stakeholders on board early will help in obtaining acceptance from the rest of the acquired organization.

Not addressing key business needs of the acquired organization

The acquired organization may have some unique business requirements that need to be addressed, particularly from a reporting perspective. If these needs are not addressed, one-off systems may continue operating to allow the organization to gain the data it typically uses to run its business. This will result in inefficiencies and could lead to control issues.

Uncoordinated communications and training

Often these two areas are not addressed effectively and they are implemented as an afterthought to the project plan. Communications and training need to be planned well in advance with the audience in mind.

Benefits of ERP Conversion in Mergers and Acquisitions:

- Streamline financial reporting and analysis
- Ensure smooth transition of people, processes, and applications
- Implement new analytical and management reporting capabilities
- Lower IT costs by maintaining a single ERP system
- Reduce complexity of control environment
- Create reusable templates, tools, and processes

Q What are the major phases of a successful ERP conversion project?

Integration projects include five key phases. The phases and their associated activities include:

PHASE	PHASE ACTIVITIES
Assess	Perform an assessment of the acquired organization's current ERP systems. Gain an understanding of the acquired organization's unique needs, including business requirements and reporting needs. Implement communication plans for all key stakeholders and define their roles in the subsequent phases.
Design	Develop a project plan that addresses key milestones, communication and training requirements, and resourcing needs. Address risks and develop contingency plans for events that may occur during the remaining phases.
Construct	Develop the necessary business logic and interfacing designs. Build additional reports. Design process changes that allow for seamless integration after go-live.
Transition	Migrate the acquired organization's data onto your system platform. Perform system testing to ensure that the data aligns with the design requirements. Make changes to address any issues that arise during testing.
Deploy	Execute training plan. Ensure acquired organization's personnel have the appropriate support during the first few months after go-live.

Q What are some tips for making the project go smoothly during each phase?

1. ASSESS

Identify key stakeholders: This is one of the most critical pieces of an integration effort. By getting the stakeholders involved early, you establish a partnership on the front end between both organizations. They become partners in the process and can address critical design requirements early.

Ask the right questions: Asking the right questions puts the stakeholders at ease because they will feel like you are addressing their concerns on the front end. Also, you will be in a better position to develop a project plan with as few interruptions to business operations as possible.

2. DESIGN

Involve key stakeholders: With any ERP conversion effort, the key stakeholders will be most concerned with how much disruption the project will cause to normal business activities. Incorporating these individuals into the design phase is critical. Communicating with these individuals early and often can minimize the expected resistance to change that often occurs with conversion efforts.

Address risks and develop contingency plans: ERP conversion projects are often complicated efforts that involve coordination from a number of people in both the acquired organization and

your organization. Designing a project plan that addresses these risks on the front end is critical to the success of the conversion efforts.

3. CONSTRUCT

Focus on the process as well as the technical aspect: Ensure that the acquired organization's business processes align with the future state ERP environment. By focusing additional attention on business processes, you will be able to mitigate concerns that the integration will make employees' jobs more difficult.

Instill discipline in the project plan and escalate issues early: In this phase, it is critical to hit the planned milestones and keep momentum going. Be sure to institute regular project management check-ins to ensure that issues are uncovered and handled in a timely manner.

4. TRANSITION

Communicate, communicate, communicate! Fear of the unknown often causes resistance. Keep acquired organization personnel in the loop on the progress of the conversion efforts. Let them know about key milestones in advance so they can prepare for changes in their job responsibilities. In addition, provide a forum for feedback from acquired personnel. This feedback could be invaluable in future acquisitions.

Provide context—what's in it for them? Tailor communications to address specific concerns and provide background information for all acquired personnel. By providing context, employees will better understand the business reasons for the conversion and look past how it impacts their work responsibilities.

5. DEPLOY

Develop a scalable training platform: Develop training that can be reused in future acquisitions. Also, it is important to remember that people learn differently. Providing diverse training methods (Web-based, classroom, buddy, etc.) can help to ensure that everyone receives the training they need via their preferred learning method.

Provide a one-stop shop for communication: Timing is critical at this phase of the project. Institute a single-source platform for all communications to ensure that all employees are aware of any outages or timing changes.



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