

Strategic advice: How one of the world's biggest consulting firms is managing its ERP transformation

IT projects always involve risk-reward trade-offs. That is especially true for ERP transformation — one of the biggest, most complex projects a company can undertake.

Management consulting firms know this better than most, with growing demand from their clients for help with digital transformation. So, how do consulting firms handle their own technological and business transformation?

We recently interviewed the CIO at one of the world's biggest consultancy firms, about a digital transformation at his business. The project, which began recently and is expected to take around three years, involves rolling out a predominantly cloud-based ERP system to more than 30 countries.

The interview (conducted under the condition of anonymity so that the CIO could speak candidly) is part of a series of recent interviews Oracle has undertaken with CIOs about their plans to upgrade, or in many cases, transform their ERP by moving on-premises systems to nimbler, more powerful software run in the cloud.

The CIO, who manages around 100 projects annually, is no stranger to big digital transformation. A few years ago, he ran a digital transformation project for one of the world's biggest financial services companies.



Driving efficiency creates risk

So, why is the consultancy installing an ERP system? The main reason is to improve efficiency, automate manual business tasks, and have technology that can grow with the company.

"My company understands that without an ERP system, they are less efficient," the CIO said. "At some stage, when a company cannot grow anymore or wants to increase efficiency, it needs to automate processes and implement more controls because they see the losses of not growing and scaling up."

The CIO is most concerned about the risks of the project due to how many business processes and country subsidiaries it involves, the challenges of implementing the enterprise software, and the potential impact of project delays.

"Financial risks are huge. I can tell you that whatever budget is initially calculated for an ERP project it should be multiplied by two. I have never seen an ERP deployment that was less than two times the initial budget."

Delays and cost overruns are not necessarily due to poor planning. They can be because once an organisation starts to deploy the ERP software, it spots more opportunities for automation, meaning the business case and requirements for the ERP software expands. "I do not recommend sticking to any specific budget, it should be more flexible," the CIO said.

The consultancy picked a limited set of modules – including financial, "talent" (HR) and expense reporting – for its ERP.

Most of the software will run in the cloud, although some countries will need to run the software either on their own business premises or within their country to comply with data privacy regulations.

I am a big fan of cloud. Frankly, on-prem solutions are dying. Sooner or later, everything will move to the cloud."



Boardroom sponsor

A dedicated team, including a member of the company's board, runs the ERP project.

"The person leading an ERP deployment should be at a director or managing director level who is temporarily assigned for a couple of years," the CIO said. "They should not do anything else...just the deployment. That is the right model. I saw the models where the leader is assigned part-time, and it is not successful."

The ERP supplier is a major resource during the project, of course, but its role will be secondary to the transformation team, according to the CIO. Each company will find the right balance between managing the project internally and outsourcing it to suppliers.

"It is impossible to outsource everything to the vendor. It will not work. There should be an internal dedicated team. On the other hand it does not work when a company tries to do everything themselves."

Boardroom backing for the ERP project is important because the technology is a tool to transform the business," the CIO said. At least one of the ERP transformation team should be an expert in data – its accuracy, how it's stored and protected" he added.

During deployment transformation stage, data management expertise is a key requirement and for that reason it's important to recruit the best people available. As the CIO said, "It's important that you have data scientists on board because, with complex ERP systems there is a lot of work for these experts to oversee."

Oracle is committed to supporting IT leaders on their ERP transformation journey. Visit our [ERP transformation self-assessment tool](#) to receive tailored advice on how to make your ERP cloud modernisation a smoother journey with Oracle.



Speed read:

- Large and complex ERP projects usually exceed their budgets. Be realistic when allocating the project budget
- A transformation team, including a board director working only on the ERP project, should oversee the ERP project. The team should also include data experts
- The business case, ownership and accountability for the ERP transformation project must come from business stakeholders and not be led by the CIO and the IT department
- Some subsidiaries may need some of the ERP to be stored on their premises or within their country to comply with data regulations