



# Cloud Implementation Readiness

Navigator Management Partners  
White Paper

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## Introduction

The following is a list of key areas of opportunity to do Implementation Readiness for a Cloud ERP Solution. When you purchase software as a service, the fees normally begin immediately or very shortly after you've signed the contract to acquire the software as a service, even though the service has not yet been implemented. Implementation can take longer than anticipated if you are not properly prepared for it. For example, if your people are not 100% sure of their current business processes, design sessions with the implementation partner can take much longer than needed, stretching out the implementation timeline unnecessarily. However, in that example, if you document your current state business processes around your core business processes – core meaning your high volume, critical processes to your business. Then when you get to design sessions, your key resources will be better prepared to keep the pace and not waste time unnecessarily asking questions about current state. In a typical cloud ERP implementation for HR/Payroll and Finance, a conservative project burn rate for software and services can cost between \$180,000 to \$200,000 per month – or between \$45,000 to \$50,000 per week. So delays of only a few weeks can start to mount.

Research by the Change Management organization, Prosci, indicates that Return on Investment (ROI) of projects is highly connected to the speed and proficiency of adoption of new technology and new processes – delays in implementation and adoption directly delay your organization from achieving project objectives and realizing project benefits.

The following list of pre-implementation tasks and activities fall into this category of things you can do even before you know the software solution that will allow you to more efficiently work with your software vendor and implementation partner and to not unnecessarily slow down your implementation schedule.

1. Business Process Documentation
2. Change Management Preparation and Planning
3. Account Code Readiness / Chart of Accounts Readiness
4. Data Conversion and Historical Data Planning and Preparation
5. Systems and Interfaces

## 1. Business Process Documentation

The activities in this area would involve identifying your financial, procurement, grants, and other business processes in scope, and analyzing which ones are the core or the most important. Most important or core generally mean those processes that are high volume, frequent, require approvals or otherwise are critical to operations. By applying these standards to your processes, it enables you to focus in on which core business processes to fully document. Not all business processes need to be documented. Documenting key processes would include identifying key resources in those core processes who know the current state, and documenting end-to-end that current state business process.

Documentation would involve producing process maps that show full end-to-end business processes, even those that span across functional departments. In most cases, ERP processes do that. For example, a process may start in Finance, and go to HR, and then go to Procurement, and then back to Finance. In addition to the process maps, there is a process narrative that describes how the process is designed to work. This activity can take anywhere from three weeks to two months to perform, and depending on the availability and skill level of resources, can be done very efficiently and very effectively. The outcomes include:

- Business process documentation (process maps and narratives)
- Process improvement ideas
- Engagement with key stakeholders, early change management
- Identification of potential key changes

## 2. Change Management Preparation & Planning

In this area, there are a number of key activities that can be performed early in the process to better prepare the organization for fully adopting and embracing the new technology and business processes. We should note here that software as a service comes with standard functionality, a common code base, and there is limited ability to customize the software. And there will be a need to change longstanding business processes to accommodate the new software solution. This can represent a massive amount of change and the more change involved, the greater the need for early, effective change management planning and preparation.

The key activities recommended for change preparation and planning include engaging a skilled change management professional to conduct a series of change management assessments, including change impact assessment, change readiness assessment, individual stakeholder assessment, sponsorship assessment, training assessment.

The outcomes of the change management assessment would include:

- Change Management Strategy and Plan
- Change Management Plans, including:
  - Communications Plan
  - Sponsor Roadmap and Plan
  - Coaching Plan
  - Training Plan
  - Resistance Management Plan



### 3. Account Code Readiness / Chart of Accounts Readiness

In financial system implementations where you're going from a legacy ERP, or even not having an ERP, but a legacy system with an existing chart of accounts, account code structure, there is an opportunity well before even a software vendor is selected for the organization to do some thinking around what are the key data elements that we actually need to enter, capture, and what are the outputs of that? What reports are needed? The final decisions around what the new chart of accounts looks like will have to wait until the vendor is onboard, but there is an opportunity for the organization to do substantial important thinking around what they need in a new chart of accounts, and so that chart accounts readiness preparation activities would result in a faster implementation.

It would reduce the amount of time needed for chart of accounts redesign, once the Software Implementer is onboard. The key activities here would involve meeting with key stakeholders, the Controller, the CFO, and others over the course of several weeks, and then perform an analysis and output report that would detail as much as possible the key needs and decisions around chart of accounts, so that when, again, the Implementer arrives, there is an understanding of the classification structures needed for effective reporting. Much closer to completing chart of accounts redesign.

### 4. Data Conversion and Historical Data Planning and Preparation

Implementation readiness activities around data are critically important as data cleansing, data translation and conversion can take tremendously more time than planned – resulting in implementation delays. For data conversion, it's not too early to start identifying sources of data and assessing that data. What are the sources of data that are likely to be inputted into the new system converted, and identifying as part of that, what are the official sources of record for each type of data? Then performing some analysis around the health of that data. How accurate is it? How up to date is it? How complete is it? How many errors are in the dataset?

Taking that time to analyze the health of the data is really important, because the sooner you can start cleaning the data and preparing the data, the more prepared you'll be when the project rolls around. Data errors and data conversion problems are a big source of delay in implementations. Having a team put together that would take two to three months to perform some initial work around identifying sources of data, health of data, and a plan for cleaning up the data, and even maybe doing some initial data mapping, is a very important piece of work that could be done.

For historical data sets, it's not too soon, either, to begin identifying the transactional datasets that you want to put into your new system, and identifying the dividing line between what you need to maintain historically outside the new system, and what can be put into the new system. This is another activity that can often cause significant delay and issues. Starting your new cloud based ERP with less historical data will always be recommended by software vendors and implementers and that may actually



## 5. Systems and Interfaces

work for your organization, but you won't know until you've done some analysis and thinking and have involved the right people. This activity would involve conducting interviews and discovery around the requirements and needs of the functional departments in scope – and getting them to really consider what they can get by with in the new system.

If the decision is made that three or five or seven years' worth of data converted into the new system is required, that's okay. However, that will trigger a series of activities and additional work earlier rather than later. Again, to be able to get that work done sooner, so that when it comes time to actually convert that transactional data into the new system, there is not a delay in the implementation. Sometimes there is also an option that could be adopted as part of the data. There is a possibility that some historical transactional data can be loaded after initial go live and that might be an option worth considering as well.

You don't have to wait for a software vendor to come onboard. In fact, it's advisable now to do a system inventory as a part of your RFP, and getting that initial list is important to make sure that there's proper scoping for the services required, but then you can also take this a level further, and develop more detailed information about the real needs, the ins and outs for each interface, and very specific data about the type of interface, who the owner is on both sides, the system owner on both sides of the equation.

Identifying things such as if we do this interface between a legacy system and the new system, which way is it going? Is it one way or both ways? If it's data coming from the new system to an old system, does the old system need to be changed in order to be able to receive the data? Asking and trying to answer as many of those questions as part of this interface work, is really important.

On the system side, this implementation readiness activity should involve an initial thought and plan around which systems are targeted for replacement and having someone review the contract terms and durations of existing contracts, making sure certain that:

- Costs and terms are known as inputs to planning and sunseting activities
- Documenting uncertainties so they can be surfaced early in your implementation
- Software you need to keep is properly extended



## Conclusion

As your organization plans for and prepares to implement a cloud ERP solution, it's worthwhile to consider a number of key activities to do in advance of even selecting a software solution provider and implementation services provider. The activities above are some of the key areas to move on and it will save you time and money and also help with change management, as it will help you engage early with your most impacted stakeholders. Consider asking for outside help or advice on prioritizing which of these activities to do first, especially if your resources are limited.

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## About Navigator Management Partners

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