

# Road to ERP Innovation



## Oracle EBS Deployment Planning in the European Region

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### Key Words

ERP Implementation, Oracle E-Business Suite, Deployment Planning, Transformational Journey

### Introduction

How to bring Global Design to European soil with Oracle EBS.

Direct selling is a world that is best described with the attributes dynamic, intense, and closest to the customer. This is the story of a global program that started as a strategic IT system replacement initiative and developed into a truly business-driven transformational journey toward streamlined back-office operations in the European region.

This presentation provides a comprehensive look at ERP deployment planning in terms of approach, main drivers, and logic of deployment scenarios. It incorporates lessons learned from a successful Oracle deployment in the direct selling industry and provides tips and tricks on how to create a solid plan for implementing sustainable ERP innovation.

### Content

The topic we would like to discuss today deals with determining the best possible deployment approach for an Oracle EBS implementation across Europe in the direct selling industry. It covers multiple aspects in connection with the translation of the ERP scope into a prioritization model that withstands changing circumstances and provides direction in stormy weather on the journey toward ERP implementation success.

#### Direct Selling and Enterprise Resource Planning...

The direct selling world is highly dynamic and intense. It is at the pulse of the retail market because it is so close to its customers. By definition, direct selling is a method of marketing away from

permanent retail establishments. Direct selling focuses on multiple aspects. In itself, it represents an opportunity for the seller or business owner to interact directly with the customer, providing a personalized demonstration and explanation of product quality and benefits; establishing trust, a key component to our success. This close interaction leads to higher customer satisfaction, which is the most central success factor.

An ERP implementation in the direct selling industry is a turning point with important realizations. The example of mapping standard ERP supplier and customer setup against business reality in connection with direct selling business owners and retail customers demonstrates that, who on the one hand purchase goods either for personal consumption or retail and on the other hand can also receive compensation for their provided direct selling efforts.

In order to measure success and establish boundaries, some things need to be clearly defined, the need to be “black and white”, up front.

The creation of a common business process model is the first question, that is, how to align existing processes around the value chain. These processes have to be defined, all the way down to the various levels of process modelling. It sets the basis for identifying the process scope. The structure of the process model can drive the organization of the functional teams in the ERP implementation project, as well as the structure of the future process-based organization that will conduct day-to-day operations post-go-live.

The project methodology must clearly state up front the main project cycles as well as clearly define the proper hand-over of the solution from the project team to normal business functions. This should be done as part of phase gate reviews and confirmation of the program’s ability to move forward, be it as part of a system integration exit or a go-live readiness decision. Resource bottlenecks have to be identified, if parallel work streams like training, testing, and production cutover require support at the same time.

Following the specification of architecture and a process model, which may be done in architecture and process workshops, the project scope needs to be reconfirmed. This primarily depends on the module fit of the solution. In some cases, extensions can help with providing additional required functionality, while customization of the core solution should be avoided by any means in order not to negatively impact the release-ability of the installed instance.

Here process harmonization opportunities come into play, for not every market may require significant deviation from core processes that work well for other affiliates, if there are no clear statutory needs behind them. Before agreeing to process exceptions, the question of their value-add has to be asked, which can be measured through business value calculation.

As the saying goes, “you can’t manage what you can’t measure,” and so agreed upon performance metrics are essential for clear goal setting. Key performance indicators allow for objective comparison of the status before and after go-live. Just as important is the perceived readiness and stability, which can be assessed in feedback cycles, readiness assessments, and satisfaction surveys.

ERP process tracks may be called Record to Report, Order to Cash, and Design to Deliver, as well as Procure to Pay. An ERP implementation in a shared service environment can drive a transition to a process-based organization. In many cases, there will be cross-track activities. Proper planning of the technology stack is a key factor. System architecture and partner system integration represent an

important backbone. This goes for both stability of information streams and the alignment of testing cycles, environments, and the release cycle for further changes.

Setting expectations up front is of fundamental importance. Everything will not be perfect from the very beginning. By responding to distinct business practices and by adding statutory localizations, the ERP solution can evolve, as it deploys across multiple markets. Obviously, one of our main objectives has been to start with success and we have achieved this by selecting markets of the right size and the right complexity up front. A learning curve allows us to ramp up activities in throughout the program. Going forward, the schedule would be reconfirmed based on newly gained experience.

### Our Journey...

Certainly, an ERP implementation can be a rocky road that takes some learning from missteps to “do it right”. Our initiative started as an IT project to replace core systems in the direct selling industry. Analysis of the architectural landscape had brought us to the conclusion that a number of back end applications were becoming outdated, showed limitations in flexibility in connection with rapid changes and interconnection with our front end services. Looking at the “spaghetti diagram” of our technical environment, we knew that it was time to change our IT platforms and implement an industry standard solution for enterprise resource planning. The selection of our future standard ERP system was based on its capability to cover our needs in the areas of finance, sales, and supply chain.

Initial global design sessions led to a flagship installation outside of Europe, which, among others, struggled with the amount of customizations that were applied to accommodate local needs. This led to a technical upgrade and reset of the entire program. In the meantime, the European regional preparation began. The identification of harmonization topics addressed the need to streamline locally differing business practices. Going forward, the ERP project would benefit from the concentration of operational activities in a newly formed regional shared service center.

The reset of the program as a business led initiative helped to boost the project’s image as a trusted brand. Regional process design workshops, comprehensive change management and business engagement, together with new system architecture, set the foundation for a new start. Critically assessing the solution fit, process areas would be de-scoped in order to refocus the program on finance and supply chain processes. A “can do” attitude by the project team now rallied together to make it happen and prove sceptics wrong. “Together we succeed” became the motto of the program.

The deployment was characterized by a high dedication with “all hands on deck,” which led to a successful and very smooth first go-live. Several parallel work streams began to gather localization requirements for the following deployments. At this time, the team was further motivated by receiving recognition from the highest levels of the organization and the election of the program as “Regional Initiative of the Year”. In parallel to conducting a larger roll-in with more markets, including the regional headquarter and a new market opening, the team further built up competency and finalized localizations for operations spreading over eight time zones at a time.

### Deployment Planning...

The identification of main deployment drivers provides input to project planning. Drivers can include functional complexity, business risk, geography impact, and people impact. These are then used to evaluate different deployment scenarios.

Team confirmation of the milestones leading to go-live is needed to ensure broad alignment and the overall commitment to make it happen. Concerns have to be taken very seriously and are better addressed up front as part of risk mitigation before they become issues.

The full integration of business functions is an absolute necessity for achieving a truly business driven transformational journey. The proper information, planning, and motivation of business subject matter experts is a make or break factor to the deployment. SME involvement happens on multiple levels, beginning with the development of to-be business processes, ensuring data quality, validating the solution in multiple test events, and actually using the provided solution by adopting the modified day-to-day processes and gradually leveraging efficiencies from automation and integration. But most of all it is about the understanding and full support of the transformational journey. It is the stakeholder commitment to align business priorities and other initiatives around the most central common goal. Change management in this context is more than lip service. It has to do with business engagement and tight cooperation and shared ownership of the success.

There are numerous lessons to be learned from an ERP deployment. Key components to success include especially the application of three P's:

- Prioritization, awareness, and full transparency with business leadership together with full executive support.
- Preparation of data quality, process harmonization, solution design, build, and testing with business functions as part of broad business engagement!
- Passion for what we do, driven by responsibility and understanding of the business we operate, which is part of our personal commitment, which is a key component and major success factor.

Five steps to success summarize a deployment logic that factors in the previously mentioned aspects:

- Creating a base solution with the first roll-in markets,
- Continuing and completing the integration with the existing environment through footprints in representative parts of the region,
- Taking on more volume and complexity as part of up-scaling efforts,
- Focus on critical mass by deploying the biggest market,
- Concluding the rollout and leveraging its business benefits.

And so an ERP implementation as a business strategy shares many qualities with the direct selling industry. It addresses operational improvement as an opportunity for the business. It achieves customer satisfaction from setting the right expectations and delivering against the same. And it is all about winning trust in connection with the acceptance and the adoption of change and overcoming natural hesitation that goes along with it.

The success story continues as we speak!

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