How to Ensure Business Continuity in an ERP-Business Transformation Program?

Applies to:
Anyone interested in increasing the probability of success for Large ERP—Transformation programs by actively managing the Business Operations Continuity Strategy. For more information, visit the Enterprise Resource Planning homepage.

Summary
Article describes the key points to consider while finalizing the Business Continuity Strategy in a Global ERP Transformation program. It emphasizes the business risk involved and the key challenges in an ERP implementation across multiple countries split into phases resulting in a need to maintain Business Process continuity across the ERP system and the legacy system.

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Author Bio
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Business Transformation and Continuity.
As more and more organizations use IT solutions to enable Business Transformation programs, we see a clear need to ensure IT-enabled operational continuity to eliminate the business /financial risk posed by "creative destruction" and transformation of business processes. Any failure to ensure operational continuity could result in loss for an organization in terms of
- Sales
- Brand value
- Decreased Productivity

The framework explained below will help us understand the critical challenges which need to be managed to ensure operational continuity for business.

The strategy to ensure operational continuity has to ensure MTPoD (Maximum Tolerable Period of Disruption) baseline for all business processes is complied with. The MTPoD should be agreed with business stakeholders before developing the continuity plan.

Case Study: SAP Global Transformation across Multiple European Countries.
The company follows a “Hub and Spoke” Supply Chain model and the HUB is being moved to the new ERP system and the distribution centers or customers would remain on legacy system. The Hub and Distribution centers are under different company codes. This situation arises often in large transformation programs where all countries cannot be included in the first wave of implementation due to size \complexity of the program.

In such a situation it becomes imperative to have a separate Business Operations Continuity Strategy which should address the issues elaborated in the Operational Continuity Framework.
The Business Operations Continuity Framework

Operational continuity Framework primarily revolves around the managing the below key challenges.

Business Process Scoping

Identifying the business processes that are going to be split across two systems is imperative for the success of the project as any scoop creep at a later stage could result in significant design changes and delays. Below list elaborates few of the critical business processes that need to be considered in scope.

- Intercompany Sales and Purchasing:
  - Customer service has to enter orders and customer Invoice in System A and the Delivery, Intercompany invoice was done from System B.
  - Purchase Order/Purchase Requisitions, Goods Receipt, Invoice receipt have to be entered in System A and delivery and Intercompany invoice in System B

- Demand Planning and Consumption:
  - Demand Plan and consumption is on the distribution Plants in system A while the dependent requirements are in System B.

- Quality management – Batch management
  - In case of Stock Transports Orders, the Batch information from Supply Plant (System B) has to be transferred to the System A –Distribution centers for QM.

- Financial Integration
  - Intercompany Accounts Receivables and Payables has to be integrated across both System A(Distribution Centers) and System B(delivery Plant).
Technical Integration between multiple SAP systems.

Idoc based solution used to connect the two systems for maintaining operational continuity for critical business processes. All business processes cannot be integrated so only high volume processes need to be integrated and manual workaround should be recommended for less complex processes. The data consistency/maintenance issues are complex so manual workarounds should be used wherever possible.

Performance Issues of the interface.

Interface is the most critical piece in the continuity solution and below mentioned activities are “must-do” to ensure the stability and sustainability of the interface.

- Estimate the Volume of Transaction load on the interface.
- Adequate Work processes need to be allocated to manage the additional interface load.
- The interface should be designed to manage the peak load (month end/year end) even though the frequency is less but business criticality is extremely high.
- Stress testing of the interface should be done during IST and UAT.
- Continuous monitoring of the interface after go-live to ensure adequate response time between two systems as any lags could affect ability of customer service to confirm orders.(ATP functionality is integrated across System A and B)

Data Integrity Across two Systems

Master Data maintenance

Master data maintenance process need to be adapted to include data maintenance across both systems. Data like customers and materials need to be updated and created in both systems which would increase the workload on the existing team significantly.

Data Validation

The interface between both systems is heavily dependent on the integrity of data in both systems and would result in severe operational disruptions and productivity loss if master data is not maintained correctly. RFC calls have been used to validate data for each transaction across two systems when the business users are executing the transactions.

Configuration Design Principles for new SAP System.

While engaging business users, it has to be clearly communicated to them that the continuity solution is a temporary solution and requirements should be kept as simple as possible and only highly complex and high volume processes should be integrated across both systems. Process improvements are strictly to be kept out of scope if the design destabilizes the solution.

Reporting Consolidation across two systems.

Top management reports and operational reports need to be consolidated. Reporting tool (ex., EDWH) should be integrated with both the systems and new reports would need to be developed to ensure smooth information flow across countries on multiple systems. Failure to do so could result in lack of coordination between countries and reduced cross-country logistic support.

Organizational Change Management

User Training – User are not used to operate across two systems for daily operations so training them is critical to avoid delays and productivity loss. Business Impacts should be identified and corrective actions taken to minimize any adverse impact.
Program Management:

Business Operations Continuity should be established as a distinct track as it would involve engaging additional stakeholders who would be continuing on legacy system. These stakeholders would not be involved engaged if we considered only the first wave implementation countries. Special focus needs to be given to countries on legacy system and they should be continuously engaged via Business Impact workshops|Business Process Road-shows|User training|Change Management initiatives.
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