

# The Need for an ERP Software Upgrade Roadmap

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## Why Enterprises Should Consider Upgrading their ERP Software

For most enterprises, the ERP system is not just a critical part of IT—it is an important and expensive corporate asset. ERP systems support the majority of mission-critical business processes and they function as the repositories for a business’s most sensitive data.

And while ERP systems typically have a life span of 15-20 years, implementing an ERP system from the ground-up is a complicated and expensive process. Too often, once a system is put into place, enterprises focus on maintenance rather than considering how to improve and upgrade the system to protect its business value. The upgrade process simply can seem too costly, risky, and disruptive.

In fact, a study by Forrester Research published in 2011 reveals that most ERP software customers may avoid upgrading due to limited IT budgets and high upgrade project costs. The study found that of the over 900 respondents surveyed, only 25 percent planned to invest in their existing ERP systems in 2011 compared to 29 percent in 2010.

## Avoiding ERP Software Upgrades is a Mistake

However, avoiding ERP software upgrades is a mistake. Why? Because businesses continually evolve—and the speed of technological innovation increases every year. Think back five years and how most enterprises hadn’t even heard about social media like Facebook. Go back ten years and consider the cell phones in use and how clunky and one-dimensional they seem compared to today’s smart phones.

Enterprises continually adapt their strategic goals and objectives to be successful. The same forward thinking needs to be used to protect the business value of ERP systems. Upgrading software enables businesses to take advantage of strategic efficiencies and improvements offered by modern technologies. The upgrading process can also serve as an opportunity to implement features and functions that were paid for but that were not part of the initial ERP system roll-out or to correct processes that have required costly custom reports or workarounds.

According to a 2007 report published by AMR Research, the key to ensuring a successful ERP system upgrade is planning. Enterprises need to have both a long-term ERP lifecycle strategy and a comprehensive, tactical plan for the actual upgrade project.

## Devising a Long-Term ERP Software Upgrade Strategy

In the long-term, company management needs to devise a periodic upgrade strategy, typically that spans a five- to seven-year period, that take into account an organizations commitment to a software package. If it appears that a new software application will make sense in two or three years, upgrading may not be the right choice. If an organization determines that they will likely keep their existing ERP software, it is important to plan for upgrading based on the rate of change within a business coupled with how often the software vendor introduces new releases.

According to the AMR report, any long-term ERP upgrade strategy needs to make sure that an enterprise stays within the limits of a vendor's maintenance and support policy because running an organization's pervasive and critical mission-critical business applications on unsupported software is too high of a risk to take.

When creating the long-term strategy, it is also critical to address the following issues:

- What business needs aren't being met with the current ERP system?
- How much will be saved by moving to an upgraded system?
- How long will it take to realize the return on investment?
- How will management get support, build consensus, and communicate the ERP strategy?

## Creating a Comprehensive, Tactical ERP Software Upgrade Plan

Once an organization devises a long-term ERP software upgrade strategy, it is important to determine the resources, services, and tools needed for upgrading, as well as create a project plan for a successful upgrade. An ERP Software Upgrade Roadmap fits the bill perfectly.

## What is an ERP Software Upgrade Roadmap

An ERP Software Upgrade Roadmap is a plan that matches short-term and long-term goals with specific ERP technology to help meet those goals. It offers best practices and the critical flexibility to be easily modified as new opportunities arise and new capabilities develop.

According to research by Philip J. Whalen published in 2007 in the journal, Research-Technology Management, roadmapping has emerged as the best practice framework for technology strategy creation across all types of organizations and venues, including ERP upgrading. Why? Because roadmapping is flexible enough to be customized to adapt to most functional and organizational structures and provides the bridge between all tactical decision processes, different business functions, and organizations. Another appealing aspect of roadmapping, according to Whalen, is that roadmaps are not static outputs of a process. Instead, they can be looked at as a "rolling strategy at any moment in time." (Whalen, p. 40).

When creating an ERP Software Upgrade Roadmap, it is important to understand that the roadmap plays two distinct roles. First, it establishes the connections over the planning period between all business functions to meet prioritized goals. Second, it provides an arena where alternative strategies, future business scenarios, and innovation driven opportunities can be evaluated. (Whalen, p. 42).

This focus on alternative strategies is critical for organizations, suggests industry expert Andrew Duff, owner of Innovation Economics and the blog, Technology Roadmap Network. He contends new technology roadmaps have to be flexible because they will never have the ability to draw on perfect information about the economy, market, future shifts or innovation activities.

## What Makes an Effective ERP Software Upgrade Roadmap?

Creating an effective ERP Software Upgrade roadmap requires the participation and buy-in from stakeholders across the enterprise. The goal is to create a well-constructed roadmap that provides a high probability of success at acceptable expense to support a company's ERP Software Upgrade strategy.

It is also important that the roadmap be perceived as a critical driver in executing the ERP Software Upgrade strategy, so it will need to be evaluated and modified on an as-needed basis. It is not just a static deliverable that is created one time and then abandoned to move on to other efforts.

An effective and useful ERP Software Upgrade Roadmap should have the following components:

**Comprehensive** – For the roadmap to be able to be utilized to drive project prioritization, it is critical that all stakeholders contribute relevant data and documentation related to the upgrade project. It is also important to account for other initiatives that may indirectly impact the upgrade project such as regulatory compliance.

**Descriptive** – It is important to have a clear description of the ERP Software Upgrade project so that stakeholders understand what is and is not included within the scope of the project.

**Manageable** – Identify key stakeholders who will be responsible for managing specific areas of the project.

**Time Sequenced** – It is important to accurately determine the time required for key phases of the ERP software upgrade. The roadmap should be realistic in determining how much time the upgrade process will require, also taking into account the amount of change occurring within the business and the pace of technology change.

**Measurable** – As accurately as possible, estimate cost and benefits for the project—using ranges to account for increases or decreases in costs that may occur during the project.

**Resource Specific** – Determine what resources will be required for the project in terms of personnel support, whether drawing from internal or external sources.

**Achievable** – The ERP Software Upgrade Roadmap should be aggressive, but it should be realistic and achievable so that stakeholders believe they can succeed in the project.

## Challenges to Implementing an Effective ERP Software Upgrade Roadmap

Any time major technology changes are planned within an organization, there are challenges. With this understanding, it's possible to identify potential challenges to implementing an ERP Software Upgrade Roadmap—and address them before they become huge problems.

- Not developing a solid strategy, leading to constant and confusing changes.
- Not updating the roadmap once it's approved to take into account changes and developments so that the roadmap becomes obsolete and unusable before the project is finished.
- Setting unrealistic time goals so that stakeholders get frustrated when they see all that must be accomplished during the project.
- Not bringing aboard the right personnel with the right skills to provide assistance.
- Not using formalized standards and methodologies to ensure project quality.

## Best Practices

To begin the process of creating an effective ERP Software Upgrade Roadmap, it may be very beneficial to seek the help of external ERP Software Upgrade experts because they will have the experience and expertise to:

- Identify and facilitate difficult decisions.
- Utilize tested and efficient processes and tools to minimize the impact to the organization.
- Ensure that the roadmap is complete and utilizes best practices.
- Help with establishing realistic time lines, cost, benefits and resource estimates.
- Assist with properly sequencing the roadmap and make sure the right personnel are connected to the project.

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