

Amplifying COTS ERP Implementation

How a product-led, agile approach can help enterprises realize their digital transformation vision



Abstract

Product-led transformation programs are gaining rapid ground. And for good reason. A product-led approach allows businesses to implement several small transformations, led by software products such as commercial off the shelf (COTS) enterprise resource planning (ERP). This makes it easier for organizations to measure the success of their mini transformation initiatives, in turn making it more tangible and easier to get buy-in.

The problem is ERP systems of most large companies have evolved and become more complex over time. As enterprises reimagine their business models to meet evolving digital customer experience expectations, traditional ERP solution providers are upgrading their products. However, these revamped products do not meet the needs of CXOs in terms of simplifying complexity and improving results.

This paper examines how applying agile to COTS ERP implementation streamlines processes and drives superior outcomes. It also suggests solutions to overcoming challenges to agile adoption.

Product-led digital transformation

Gaining competitive differentiation in today's digital-first world requires businesses to adopt a customer-centric, agile, and collaborative approach through a confluence of technologies – digital, mobile, artificial intelligence (AI)-based, social, and cloud. The pandemic has further accelerated the need to redefine current operating models and systems to ensure flexible, adaptable, and intelligent operations. Business leaders across industries understand this. They realize the importance of not only driving transformation initiatives to enhance customer-centricity, agility, and flexibility but also implementing change management initiatives to ensure better adoption¹. A product-led transformation approach helps businesses quickly drive small-scale digital transformations by accelerating product implementation. But this approach requires a fundamental change in how organizations define their processes and operate them.

Product-led transformation: objectives and challenges

At a time when digital transformation is becoming vital for organizations to withstand disruptive forces such as evolving customer behaviors, regulatory policies, supplier dynamics and work environment, product-led transformation is coming to the rescue.

[1] BIE; Guide to Business Transformation; <https://www.bie-executive.com/guides/guide-to-business-transformation/>

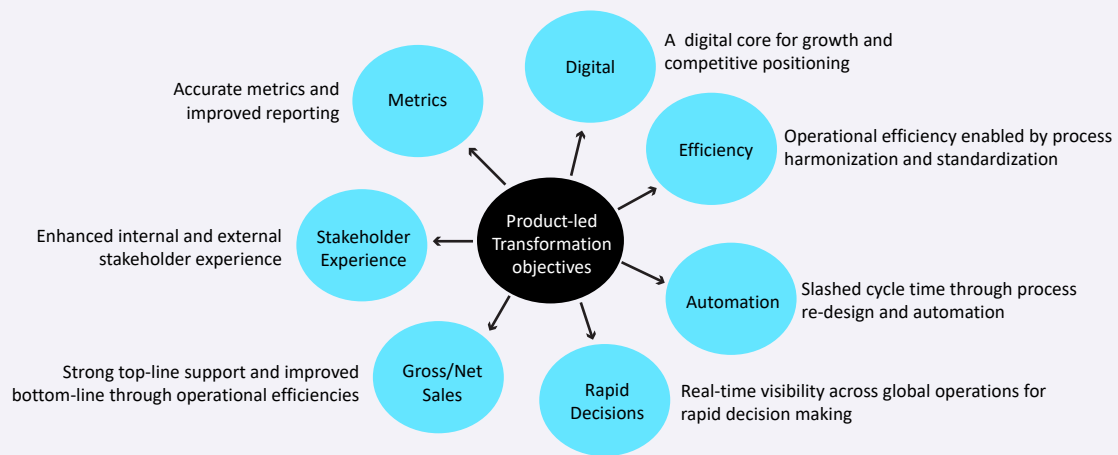


Figure 1: The objectives of product-led transformation

Product-led transformation programs are not without their share of challenges, many of which can lead to negative returns. The good news is these challenges can be overcome by ensuring the following:

- **Addressing geographical spread:** The wider the geographical spread of a business, the greater the need for alignment around key strategic vision/direction, given the increased complexity of application landscape.
- **Overcoming siloed thinking:** Functional/process areas must be evaluated beyond silos in order to transform the end-to-end value chain.
- **Providing project sponsorship:** Wherever there is lack of comprehensive information, the executive committee overseeing the project will need to step in and manage the integration needs across regions/business units.
- **Ensuring multi-stakeholder collaboration:** Managing varied stakeholder expectations and ensuring onerous program governance is vital to the success of transformation.
- **Articulating business value:** In a product-led transformation approach, it is important to quantify the value delivered at intervals to ensure management buy-in.

Harnessing agile for product-Led transformation

Agile provides a framework to support rapid iterations based on customer feedback, allowing enterprises to realize benefits in short timeboxed phases and at a faster pace, building next-gen digital customer experiences. Organizations adopting agile frameworks to synchronize delivery of integrated solutions, such as COTS ERP, are generally more successful².

With organizations increasingly moving toward agile as the default methodology for managing software delivery, it is important to follow some best practices to get it right. These include adopting the right cultural mindset, selecting appropriate agile models, ensuring business-IT alignment and management commitment, identifying product owners, and improving cross-functional team collaboration³.

Adapting agile to COTS ERP can be challenging given the complexity in COTS products. Ensuring robust support from management and guidance from agile coaches and providing activity-based training, enables rapid iteration and accelerates user adoption.

[2] Kenny & Company; Seven Insights: Agile and Custom Off The Shelf (COTS) packaged software; June 10, 2019; <https://michaelskenny.com/points-of-view/seven-insights-agile-and-custom-off-the-shelf-cots-packaged-software/>
 [3] MRP Easy; Using Agile Methodology for ERP System Implementation; November 27, 2018; <https://manufacturing-software-blog.mrpeasy.com/erp-system-implementation/>

Ensuring effective planning for critical program activities by involving stakeholders helps provide end-to-end traceability across phases. One advantage of the agile approach is that it does not require any changes to the fundamental data architecture.

Many benefits of applying agile

Applying agile to COTS ERP transformation programs improves transparency, with all stakeholders gaining access to a single source of truth. It also ensures timely deliveries and faster time to market. Improved quality and accuracy of products, thanks to early testing, translates into rapid adoption and high customer satisfaction. Smaller sprints and continuous, iterative releases also mean better control over costs and lower risks. Finally, adopting an agile methodology improves collaboration between IT and business, helping organizations realize their digital transformation vision faster – at reduced costs.

Fast-tracking transformative results

Like it or not, ERP systems are here to stay. As businesses increasingly adopt digital for differentiation and success, traditional ways of COTS ERP implementation will no longer cut it. Applying agile can help businesses dramatically reimagine their ERP transformation programs by making their implementations more modular, driving down costs, and enabling rapid realization of benefits.

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