

Best Practices to Implement a New Business System

By Kate O'Flaherty

Technological innovation, new regulations, and corporate changes require upgrading or replacing legacy business systems to allow businesses to streamline processes and increase efficiency.

Companies are also seeking integrated systems to streamline data and increase automation in finance departments. They are generally looking to fulfil a need that is not being met by their current systems and processes, said Jan Kushner, CPA, CGMA, at the 2017 AICPA Financial Planning & Analysis Conference in Las Vegas. At the time, Kushner was a project manager with Source Consulting Group, a strategic and operational business process and technology consulting group. She is now manager of tax compliance, finance, and administration at the Project Management Institute, which represents more than half a million project managers worldwide.

"It could be putting in a system for one particular function, like income tax provision, or it might be a whole new ERP [enterprise resource planning] system," Kushner said. "At the same time, other companies are using a selection of systems that are going to integrate with each other."

In some cases, the chosen system will be used primarily or exclusively by finance. However, finance can also be involved as a partner with another group implementing a solution.

Many human resource departments, for example, have adopted Workday, an HR management system that can handle multiple projects across different functions, Kushner said.

Using a cloud-based tool such as Workday is an alternative to an in-house ERP solution, so its impact must be considered.

Finance can also be involved in overall implementation on the budget side. "There is the budgetary concern of, 'can we afford this', and 'does it make sense to choose this from a cost method and analysis perspective,'" Kushner said. "This is where finance is both the partner and the adviser."

HOW TO SELECT AND IMPLEMENT A NEW SYSTEM

To select a new system, it is important that companies understand their unique needs, ideally making a list of issues and requirements to be addressed. As part of this, Kushner advised: "Ask, what are your goals? What is your internal scope? Whatever those parameters are, it's very important they are formally documented and agreed upon."

Then it is time to look for a reliable IT partner to help advise on and implement the new system. The Farrer Park Co. in Singapore, which builds healthcare and hospitality complexes, expanded and in 2011 needed an ERP system to help streamline accounting processes while maintaining internal controls. The new system went live in 2013.

Lisa Mok, ACMA, CGMA, financial controller at The Farrer Park Co., said she advocates a sound project methodology and having subject-matter experts on the issues being faced. "They should have an idea of what needs to be done and how to do it," she said via email.

Organizations must be careful to assess the capabilities of their providers. It could require asking for more technically sophisticated people or talking to other clients already using the products to discover the pitfalls that must be avoided.

"Read the contract very closely, assume nothing, question everything, and make sure you are absolutely comfortable that what you are expecting is exactly what they are going to be providing you with," Kushner said.

It is also important to ensure the vendor is credible and has good knowledge about the ERP product to be implemented.

When implementing a new system, Mok advised a step-by-step approach:

- Identify, verify, list, and document all potential issues.
- Internally, these issues should be discussed, completed, and vetted.
- Seek vendors and invite requests for proposals.
- Meet and determine the right vendor to work with, based on qualities such as industry knowledge, experience, and communication skills.
- Understand how the system will be implemented and commit resources.
- On implementation, identify the main issue and the solution.
 - Identify key constraints.
 - Identify prerequisites for the solution.
 - Plan accordingly.

Other considerations:

- Costs v benefits: In terms of implementation costs and user license fees, as well as post go-live support.
- Whether the server is on premise or in the cloud.
- Cybersecurity.
- Data security and data privacy.
- Business continuity.

OVERCOMING CHALLENGES

When implementing any new technology, there are challenges to be overcome. "Resource — people, time, and budget — is almost always the key issue," Mok said.

Companies also need to decide whether to configure or customize software. These options are not the same. "A configuration is choosing from a series of sometimes infinitely long lists of options, and customization is essentially putting in new code," Kushner said.

But the latter can increase costs as systems are upgraded. "You need to ask: Does this customization work in this new version? If it doesn't, it's going to cost you to maintain that customization, to tweak it and keep it functional as you upgrade," Kushner said.

She conceded that every company will use customizations at some point, but she said it is important to use them sparingly and cautiously. As part of this, Kushner said, organizations should ask themselves: "Do you really need it; is there a way that the system can meet your need without it; is it a regulatory requirement?"

Change management is another challenge often encountered during any implementation. As part of this, training is essential. "Make sure everyone knows what they are doing when they go live," Kushner said. "If no one knows how to use it, it's not much of a system."

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