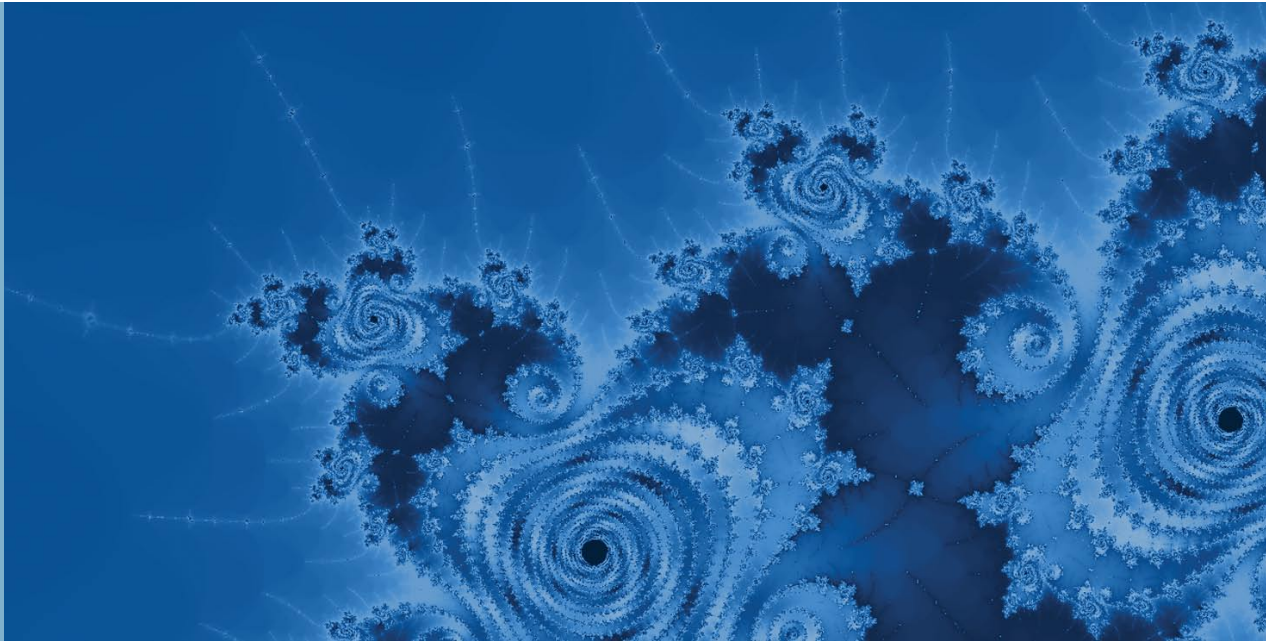


ERP



Key Initiative Overview

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This overview provides a high-level description of the ERP Key Initiative. IT leaders can use this overview to better understand what they need to do to prepare for this initiative.



Analysis

ERP improves business processes and the use of information across an organization by integrating functions such as finance, order management and purchasing into a set of interconnected modules.

ERP applications automate and support a range of administrative and operational business processes across multiple industries, including line of business, customer-facing, administrative and the asset management aspects of an enterprise. However, ERP deployments tend to come at a significant price, and the business benefits are difficult to justify and understand. Look for business benefits in four areas: IT cost savings, business process efficiency, as a business process platform for process standardization and as a catalyst for business innovation. Most enterprises focus on the first two areas, because they are the easiest to quantify; however, the latter two areas often have the most significant impact on the enterprise.

Consider these factors to determine your readiness

Before beginning an ERP project, consider the following potential obstacles, and prepare strategies to overcome them:

- Develop a strategy statement for the ERP project. This project will likely be larger than any individual business case or project, and will need executive sponsorship.
- Build a business case for IT cost savings, including retiring legacy applications, reducing integration costs and consolidating skills.
- Build a business case for business efficiencies. Ensure that you are deploying the right components of ERP that will support these business needs.
- Focus on process standardization as a basis for process innovation and differentiation.
- Set expectations realistically. Remember, ERP won't solve all your issues with integration and data.
- Create a sound ERP strategy. You'll need to build a strategy that integrates your ERP vendor's capabilities with your business and technology needs.

Conduct your ERP project in five phases

Gartner recommends that IT leaders follow five major phases when considering ERP (these phases may vary, depending on your organization, the extent of your interest in ERP and your enterprise's needs as they relate to the multiple functions involved in a successful ERP implementation):

- **Strategize and plan:** Draft a charter to gain agreement on the vision and mandate behind the project, in alignment with business goals. Scope the project, and establish resources, budget and governance systems. Integrate the project with strategic IT and business plans.
- **Architect solution:** Define the architecture, technology and standards for the project. Model business requirements and detail specifications for solution delivery. Recommend how to implement the project. Define process detail and performance metrics. Communicate the plan.
- **Select solution:** Set requirements and issue RFPs. Analyze market intelligence. Evaluate vendor/service provider options. Choose technologies and vendors/service providers. Negotiate service-level agreements and contracts.
- **Deploy:** Staff and manage the implementation. Coordinate solution deployment. Create the development and test environment, and run tests. Seek feedback from users. Monitor risks.
- **Operate and evolve:** Operate and manage the implementation. Revise in response to feedback, risks and changing business requirements. Measure performance. Monitor use and compliance. Develop skills and define best practices for users. Refine governance processes.

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Read More From Gartner About ERP

The following is just a sampling of the research and tools Gartner clients have access to every day.

Strategize and plan

Hype Cycle for ERP, 2009

ID: G00169615

ERP has expanded beyond core administrative and operational systems to become the end-to-end process and information backbone of an organization. Users should look beyond ERP cost optimization toward the growth possibilities that ERP offers when used with various cross-domain technologies.

Toolkit: ERP and Business Applications Business Case Model

ID: G00172354

A business case forms the foundation of a successful ERP or other business application initiative. This toolkit provides a comprehensive model for documenting the benefits, costs, risks and rationale of a given business case.

Creating Value Networks; CIO Desk Reference Chapter 16

ID: G00171695

The business challenges facing enterprises have led them to transform their supply chains. A value network is a form of restructuring that expands the enterprise scope without investing in new operations.

Architect solution

10 Best Practices for Managing Multiple ERP Instances

ID: G00170093

Our research shows that companies have multiple ERP instances for a variety of reasons—from an inability to agree on global standards to supporting numerous development projects. CIOs and application leaders must manage the risk and cost of sustaining these instances.

ERP Support Staffing: A Strategic Approach

ID: G00172277

Don't make ERP support sourcing decisions until you understand your support needs. Use Gartner's guidelines for determining whether to retain and nurture ERP/business application support skills or outsource them.

Critical Privacy Questions to Ask an HCM/CRM SaaS Provider

ID: G00168488

Privacy considerations are becoming an increasingly important component of software-as-a-service decisions. Privacy requirements do not change with the software delivery model, but SaaS clients put more emphasis on fulfilling these requirements.

Select solution

Critical Capabilities for Best-of-Breed E-Procurement Vendors

ID: G00167401

This research will help organizations evaluate best-of-breed, indirect-spending e-procurement solutions for suitability in four use cases. An assessment of functionality across 11 major capabilities provides the basis for the ratings.

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Magic Quadrant for E-Recruitment Software

ID: G00170663

Despite the economy, the market for e-recruitment software continues to evolve. There are many rich solutions, and the market is crowded and competitive. Configuration flexibility, innovations, and support for specific geographies and industries continue to differentiate the solutions.

Magic Quadrant for ERP Service Providers, Europe

ID: G00163115

The Magic Quadrant for ERP service providers in Europe presents the vendor landscape at this point in time for 21 companies considered for ERP initiatives.

Deploy

The Role of the Super User in ERP/Business Application Support

ID: G00167171

Super users play a key role in the business application support infrastructure. In addition to being on the front line with users, they serve as liaisons between the business and IT organizations, enabling IT to focus on the technical aspects of system support.

The Role of Testing in ERP/Business Application Support

ID: G00167293

Business applications, such as ERP, supply chain management and CRM, affect a broad set of stakeholders. Coordinating testing across this stakeholder group is a critical role of application support, but many users “miss the mark” when planning the support organization.

Best Practices for Transitioning ERP/Business Application Support From ‘Build’ to ‘Run’

ID: G00166999

When deploying an enterprise-spanning application such as ERP, supply chain management and CRM, enterprises must plan the transition from project to sustainment support to leverage the application skills gained during the project, and to ensure optimum service levels after go-live.

Operate and evolve

The 10 Components of Effective ERP Support Governance

ID: G00171842

This research describes the components of ERP support governance and offers best practices. Enterprises in the midst of ERP implementations, and those that have deployed ERP solutions or are considering moving ERP “in the cloud,” can use this as a guide to establishing support governance strategies.

Warehouse Management Systems: Best of Breed or ERP

ID: G00167397

ERP vendors have evolved their warehouse management system capabilities enough to challenge best-of-breed offerings, but close isn’t always best.

Toolkit: ERP, SCM and CRM Upgrades: Software Trends That Influence the Upgrade Versus Replacement Decision

ID: G00164943

Upgrading or replacing a business application can bring good news and bad news. The potential benefits should outweigh the cost, risk and work involved to change out technology, business processes, customer interactions or supply chain management.

Strategic Insights on Key Initiatives

All your initiatives are important, but some are mission-critical. Key Initiatives organize the vast Gartner resources around the projects and programs at the top of your list, helping you achieve demonstrable business results efficiently and cost-effectively.

Our 650 analysts engage in 260,000 one-to-one interactions each year with 60,000 clients from 10,000 organizations worldwide. Every day, clients tell us what they do to support their key decisions and processes for the initiatives that matter most to them. We apply that knowledge to deliver targeted insight and valuable tools just in time, from strategic planning through implementation and benefits realization. Our solutions evolve with our clients' changing needs, but our commitment to quality never changes.

Key Initiatives address significant business opportunities and threats, and typically have defined objectives, substantial financial implications, and high organizational visibility. They can involve multiple projects, but are typically implemented by a designated team with clear roles and responsibilities, and defined performance objectives. It's our solemn mission to guide your key decisions and processes so you achieve the highest possible returns at the lowest possible risk.

So which initiatives will make or break you this year? Don't worry, we've got you covered.

Key Initiatives

Application Development

Application Governance

Application Integration

Application Overhaul

BPM Technology and Tools

Business Continuity Management

Business Intelligence

Competency Center

Business Process Program Management

Cloud Computing

Compliance

Corporate Performance Management

CRM

Customer Experience Management

Data Center Modernization and Consolidation

Data Management and Integration Maturity

Enterprise Architecture Program

Enterprise Architecture Stakeholder Engagement

Enterprise Social Software

ERP

Identity and Access Management

Information Governance

Infrastructure Application and Data Protection

Information Security Program Management

IT Cost Optimization

IT Governance

ITIL and Process Improvement

IT Risk Management

Master Data Management

Microsoft Windows 7 and Office

Mobile Enterprise Strategy

Negotiating Vendor Contracts

Outsourcing

PMO

Portal Strategy

SharePoint for ECM

SOA and Application Architecture

Strategic Planning

Supply Chain Management

Vendor Management

Virtualization

VoIP, Unified Communications and Collaboration

Three ways to learn more about how Gartner can help you move your Key Initiatives forward:

- Contact your account executive.
- Attend a webinar: gartner.com/webinars.
- View additional resources: gartner.com/erp.