

Why XSOL is required for successful ERP Implementation

Whitepaper

Introduction

Implementing ERP systems today is not for the fainthearted. Despite your best sales people's efforts to differentiate your product, your prospects increasingly regard your ERP as a "commodity." Referencable implementations are often the hard-won result of one or two heroes in your team who you would love to clone. And there is less market tolerance of statistics like "80% of implementations are over-budget and over-time, but only 20% of staff end up using the software." The result is for ERP vendors, resellers and implementers alike; turning a profit is becoming harder.

In this environment, it's increasingly common to find customers who don't feel they've got everything they wanted from their ERP system. Even if these customers are not litigious, this means reduced opportunity for extra consultancy business with that customer, plus you lose out on one of the easiest ways to get repeat business: reputation based on past results.

Despite these market conditions, some ERP-implementers and resellers have found a way to deliver 100s of implementations in a row, to delighted customers, who in term save money on their implementations, and end up with a system that genuinely meets their expectations. Resellers and implementers are finding they win more repeat business, acquire a better reputation than competitors, and as a result can choose what sort of implementations they take on. Typically they choose the projects that offer the most profit.

The technology they are using is called XSOL. XSOL is an EPP (Enterprise Process Planning tool – a complementary technology to ERP whose necessary existence in order to leverage the value of an ERP system will become apparent through both section 1 and 2 of this document).

HOW TO USE THIS DOCUMENT

Section 1 details the 5 key business results that three different resellers and implementers of XSOL were able to consistently achieve for their businesses, over 100s of implementations.

1. Win more business; Sell more effectively to prospects
2. Cut internal costs and raise margins
3. Remove the bottleneck to my company's growth
4. Generate new high-margin consultancy revenue
5. Create referencable customers

Section 2 investigates how these benefits are achieved using XSOL

1. Allowing the management and planning of processes.
2. Closing the gap between where the customer business is, and where they imagined it
3. Creating cultural acceptance of change

Section 1 The 5 key benefits of using XSOL

WIN MORE BUSINESS BY SELLING MORE EFFECTIVELY TO PROSPECTS

Resellers and implementers who are not using XSOL in sales demonstrations find it very difficult to show a prospect how their software fits to the prospect's business processes. What that means is that they end up doing a software demonstration rather than an illustration of how their software applies to the real business processes of their prospect. What that means is a key opportunity to demonstrate relevance is lost to the prospect, and the prospects get bogged down in the details of "can your product do this?" By the time the process is finished, resellers comment that the customer is often tired and not highly engaged. While sales teams know this is the wrong state to put your prospect in if you want to sell to them, without XSOL they simply don't have the means to achieve a different result. With competitors using the same approach, the ability to offer a more relevant sales approach could provide a significant point-of-difference for resellers at sales time.

Duncan Cox at Adaptable Solutions, a Microsoft Dynamics AX reseller, recognized this opportunity. "Every one of our prospects would think when they see a demonstration that they're going to see how our product would handle their business processes. But they don't. So they get tired watching a PowerPoint software demo, and they go into the details of our product even if those details aren't directly relevant to them. We were concerned that we were missing the chance to generate more relevance and engagement for them.

We started using XSOL at sales time to solve this problem. The effect has totally changed the way we do sales presentations. Our prospects are much more engaged. Our team is able to demonstrate more relevance. Because XSOL is naturally designed to show business processes we are also coming away with some surprising results. For example, just last week with one recent prospect we were able to say to them using XSOL "Here is your process; here is how we've documented it using XSOL and here is how our product fits to your process." This prospect, without even seeing our product, came away understanding how our product fitted their processes. What this meant was they asked us to progress to the next step, which was to work directly with their team to map our ERP, using XSOL, onto one of their business processes. Again, they hadn't seen our own product at this point. We would not have been able to achieve this without XSOL.

"Implementing an ERP without XSOL is like buying an expensive car, then driving it with flat tires. You may get to your destination. But its a bumpier and longer journey than it should be, and you end up underutilizing the power of the technology you have just invested in." **Damien Sullivan**

CUT INTERNAL COSTS AND RAISE MARGINS

The initial business case for implementers and resellers using XSOL is direct cost saving in the area of user requirements gathering. Talking to implementers and resellers using XSOL – the results have been consistent: after analyzing the results before and after using XSOL for requirements gathering, they found that it cut by 50% the time it takes to document user requirements. Because the time they need to spend in front of the customer remains the same, this equates to an overall saving on the requirements gathering process of 20-30%. What this means is that in a tight-margin industry, profit margins go up significantly. Because the requirements gathering process happens faster, it also means that more implementations can be done, resulting in more revenue for implementers and resellers alike. Damien Sullivan, an implementer of Epicor, for example cited a 15-30% saving to the overall implementation budget. Duncan Cox at Adaptable measured a 25-30% saving to the requirements gathering process, while saying "We are still able to invoice the customer the same amount, as we are producing more complete, more aligned and more accurate specifications of requirements which meet their expectations and less time. What this means is that we are doing more profitable work at higher margins because we are still able to invoice the customer the same amount for the completed specifications."

John Preiditsch – an Epicor reseller agreed “We are now able to align what a client needs with a product or solution easier. The client can see a visual of how the future state will look. They can see all their processes better, and they have a fast and effective method of getting there. The result of using XSOL has been that we save as much as 20% within key sections of the project. We know this because we’ve tracked the hours and minutes spent, and we have the numbers to prove it.” What that means to our business is that, as well as improving our implementation margins, we can keep more projects moving effectively and efficiently, and take on more implementations.

REMOVING THE BOTTLENECK TO MY COMPANY’S GROWTH

One of the unexpected benefits of using XSOL which resellers and implementers commented on was their ability to grow their own business. Implementers commented that their ability to grow was bottlenecked by their ability to find top-flight people in sales, and pre-and-post sales. “You simply can’t clone someone with 25 years sales experience” commented John Preiditsch.

“Using XSOL we now know, for each industry type, what questions we need to ask about which processes. It’s like having a “sales script configurator”. What this means is I can now have a junior sales lead perform the same work that in the past only my expert with 25 years experience could do”. **John Preiditsch**

John said “Using XSOL however, we can now generate a sales quote we can deliver to, because XSOL has effectively provided us with the script. Using XSOL we now know, for each industry type, what questions we need to ask about which processes. It’s like having a “sales script configurator”. What this means is I can now have a junior sales lead perform the same work that in the past only my expert with 25 years experience could do. That’s removed a big bottleneck to my company’s growth and allowed me to assign newer resources to tasks that in the past only one person could do. I’m now running more implementations in parallel as a result without compromising quality. In fact, the quality of implementation has improved because our customers understand their own business processes better, and the alignment between these processes and the software we implement is now very tight.

We’ve even been able to use XSOL to help us understand what are likely to be more profitable projects. This has allowed us to take on more winning projects, without the contingency.”

Damien Sullivan commented on a similar result in his own company because the same scarcity of “top people” is also true in the implementation process. “Good people will always achieve an optimization of the whole process for a customer, rather than just optimizing discrete parts of it. But neither the vendor nor the customer can afford the very best all the time. So what XSOL provides is a replicable, robust set of steps that allow less experienced people to carry it out, so that the customer’s whole business process gets optimized. That means I can use less expensive, more highly available resource and still achieve the same excellent result for my customer”.

GENERATE NEW HIGH-MARGIN CONSULTANCY REVENUE

Implementing an ERP system is the ideal time to soft sell the customer on additional consulting revenue in the area of helping them map their business processes. Typically this opportunity is squandered because without XSOL the customer has not been educated about the value of business process mapping. Resellers and implementers using XSOL commented that, even without trying to sell them consultancy in this area, customers repeatedly come back post-implementation to ask them to assist with ongoing business process mapping consultancy.

Duncan Cox for example commented “We are now getting more higher margin consultancy work. That’s because most customers didn’t used to do business process mapping work because they think it costs too much money. As a result they only got technical documentation, but not business process documentation. When a customer sees XSOL however and what it can do, it’s not uncommon for them to ask us to document all their processes for them.

What seems to be happening is that because they see we have this valuable and professional-looking tool, they perceive us as experts at business process mapping. It’s like having a stamp of credibility which not only generates us more revenue, but also enhances our customers’ perception of the value we can deliver them.”

REFERENCABLE CUSTOMERS

Resellers and implementers alike agreed that the best way to market the value of their business was through an unbroken track-record of past customers who were prepared to “shout about your value”. There were three ways that resellers and implementers noticed they were consistently able to get referencable customers after each implementation using XSOL

1. Delivering with greater accuracy

ERP customers will generally tell their vendors that it’s not rocket-science to make them happy “Just give me what I want, when I want it.” being a typical response.

John Preiditsch commented from the implementer perspective “Not only are implementations faster since we’ve been using XSOL, they are also more accurate.” What that means is that customers are happy with the results that they get. We don’t arrive at the destination with the customer thinking “that’s not what I expected”. In fact, it’s impossible for this to happen. The reason is that both the customer and us can see and agree up front what the business processes are, how they interrelate, and how our software is going to deliver to those processes. Without XSOL, we simply didn’t have this critical, pre-emptive and visual technology to get everyone on the same page and keep them there – which is one of the main reasons that implementations run off track.”

2. Identify immediate cost-savings to the customer before the implementation is done

During interviews with resellers and implementers, numerous examples of direct savings to customers emerged. Here are some examples.

- a. A reduction of a customer’s sales-to-ship time by 25%. (Damien Sullivan commented “this is the process that grinds a business to a halt. This magnitude of saving using XSOL is not atypical, and there have been greater.”)
- b. Stripping 16 weeks out of an ERP vendor’s own 12 month implementation timeframe
- c. A reduction of a customer’s productizing timeframe by 18%

Using “c” above as an example of how this was achieved: during the process mapping, a customer commented that their biggest barrier to business growth was their inability to productize new innovations fast enough. The bottleneck was that they relied on a 3rd party to do a critical path activity – which could not take less than 3 months. Using XSOL, it became apparent that the necessary information required to take the product to the 3rd party was available to another team in the organization 8 weeks earlier. Immediately the company was able to take their prototype product to the 3rd party 8 weeks earlier, and reduce their productizing timeframe by 18%.

3. Cultural Buy-in

One of the major issues that implementers commented on was that despite best intentions, best practice and the best implementers, customers often failed to buy-in to the ERP change process. They said this happened because they felt the implementation had been done “to them” – rather than something they participated in and owned. The result of this was that even technically well-implemented ERP systems were underused, or inappropriately used. Plus, detractors in the customer organization would cite the ERP system as the problem rather than the change process at their own company, with negative brand repercussions for both implementer and ERP vendor.

Resellers and implementers alike commented on an unexpected happening using XSOL. They noticed that there was this “aha” moment at customer sites (some called it a “Eureka moment”) where the customer’s body language would change completely and they would say something such as “now I can see how the business processes of my own company actually work.” Once they saw how they worked today, they would automatically do step two: identify how these processes could be improved, refined and generally rendered better for everyone. What that meant was that at the end of the exercise, the customers felt they owned the processes and the implementation. They felt good about their input into the implementation, and they felt they’d had a hand in improving things for the betterment of the whole company, which indeed they had.

“XSOL is a breakthrough technology. It is the first technology I’ve seen that allows you to see not just what your customers’ business processes are, but how they fit together. Simply put: it is the easiest way to understand a customer’s business processes”. **John Preiditsch**

Damien Sullivan offered this explanation “When there is contribution, there is acceptance. And we found was that XSOL was providing that platform for contribution. In so doing, we almost accidentally stumbled upon a solution for one of the silent-killers of many customers’ referencable delight for what we’d done for them.”

Section 2 How XSOL Achieves these Benefits

There are 3 levels at which XSOL is able to achieve benefits for ERP vendors, implementers, resellers and customers alike. These are:

1. Allowing the management and planning of processes. What this means is the communication barrier between departmental silos is overcome.
2. Closing the gap between where the customer business is, and where they imagined it. While an ERP System helps you work out where you are going. The XSOL EPP allows you to see where you are today. Without knowing both, it is impossible for a company to set off on the right business path.
3. Creating cultural acceptance of change, because they have been an active part of it in a way that is impossible without the XSOL EPP.

To understand why 3 solutions are key to a company's profitability, it is necessary to understand the context that created the need for the XSOL EPP – "organizational fog".

THE SILENT KILLER OF BUSINESS EFFICIENCY: "ORGANIZATIONAL FOG"

If a company's consumer market is the food that keeps it alive, and its sales and marketing is the digestive system that makes sure the market reaches the company (body) – then the company's business processes are the heart. This is the organ that dictates how efficiently and fast a company can react, whether it is sluggish or responsive, whether it is effective or slow-moving at hunting down and capitalizing upon new opportunities.

A haphazard heartbeat not only puts the whole company at risk, it means that the food of the company (sales) gets chewed up inefficiently, and the company's reactions are sluggish. The result is low profit margins, expensive internal processes, low innovation levels and slow-moving sales pipelines.

Just as the health of the human body can be measured by the health of its heart – the robustness of all the company's products can be measured by the robustness of its business processes. Damien Sullivan, Business Process Expert, explains "In manufacturing for example, when audits are done the auditors don't even bother to audit the quality of the products. They audit the quality of the business process. That's because they understand that there is a 100% correlation between the quality of the process and the quality of the goods. You literally cannot not have a best practice process, and not have efficiently produced, high-quality output.

The larger a company, the less visibility any one person has about the processes of the company, how their actions impact on the rest of the company, and whether the processes are duplicated, or even counter-active to the work of others in the same organization. Typically the size that organizational fog kicks in is as low as 40-60 people. A CEO may say they have a team of 3000 but they do not have any idea what these 3000 people do – in reality they have a senior executive team of 6. Beyond that, they cannot see clearly what happens: its in "the fog". These 6 executives in turn have teams. The further you descend, the heavier the "fog" becomes – until no-one in the company has any overview of how the company operates – only their immediate silo. To overcome the 'fog' and create the world's best cars Toyota rotate their workers through every job function so that they can see the business as a whole and thereby make better decisions. XSOL achieves a similar end-result through technology; without the need for "job function interchange".

The consequences of not being able to see the business as a whole are:

1. The resources (including human resources) can be counted and are known, but the processes become obscure and invisible outside each person's immediate silo.
2. Companies understand where they want to go, but not what direction they need to head nor how long it will take and what resources they need to get there.
3. No one can see the effect of their action or inaction on the rest of the company.

1. ALLOW THE PLANNING AND MANAGEMENT OF PROCESSES

XSOL solves the resource/process problem because it has conceptually understood the two dimensions of what business processes are and how they are understood. They are:

1. Understood visually
2. Interrelated, functionally

Historically, an implementer may use a tool such as Microsoft Word to document business processes. Because this is not visual – the result is a large document that is poorly read and understood by time-starved customers and implementers alike. The different facets of this document such as the scoping document, the implementation document and the training document quickly get 20% out-of-sync as change inevitably and habitually occurs throughout the implementation process. The result is that there is no one clear view of whether the requirement has been met, how to train, or how to upgrade in the future.

It is like flying a plane with a committee of pilots who are 80% agreed on where they want to go. You may get somewhere near your destination. But your flight path will be crooked, the chances you will crash go up, you may run out of fuel and have to refuel before you arrive, and your customers are unlikely to recommend your airline.

Visual tools such as Visio are basically drawing tools that can help to some limited extent document a process, but have no intelligence behind the drawings. They cannot validate that the process is correct, that the assumptions behind the process have integrity, or how one business process relates to another. The output of Visio and the output of XSOL bear some superficial resemblance, in the same way that a manikin may look superficially similar to a real human being. But only the latter has intelligence behind it, which is useful in a business context.

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The XSOL EPP allows both the visual and the interrelated nature of business processes to be seen, understood and optimized.

Documenting a complete set of company business processes without understanding how they interconnect, is like building a house by delivering a complete set of housing materials into a heap on a building site. Incomplete and expensive.

“XSOL is a breakthrough technology. It is the first technology I’ve seen that allows you to see not just what your customers’ business processes are, but how they fit together. Simply put: it is the easiest way to understand a customer’s business processes. Not only do they get to see their processes, they are then immediately able to contribute to it and design it in a way that is optimal, efficient and has a transformational effect on the health of the entire business.” John Preiditsch.

2. CLOSE THE GAP BETWEEN WHERE A CUSTOMER BUSINESS IS, AND WHERE THEY IMAGINED IT

When customers don’t know where they really are today, they can’t use their ERP system to become profitable or achieve strategic visions. It’s like trying to fly to Fiji, but not knowing what course to set because you don’t know whether the airport you are leaving from is in Sydney, Stockholm or San Francisco. You may get there. But you’ll burn extra fuel, you’ll set off on the wrong direction initially, it’ll take you much longer, and it’ll be an altogether more stressful journey than if you worked out where you were leaving from.

The reason that most ERP implementations fail to deliver is not disagreement about what is to be achieved tomorrow, but disagreement about where the customer is today.

An ERP system is designed to help you get where you want to go. The XSOL EPP, as well as showing how to use the ERP system to get where you want to be, is designed to help you work out where you currently are.

One of the consequences of organizational fog is that no-one has a clear view on the current state of the company. For example, no-one knows the extent to which the company follows process and actually operates day-to-day. This means that when ERP systems are implemented there is a gap between how a company thinks it operates and how it actually operates. This is the chasm into which time, money, frustration, and risk of litigation falls – each time an ERP System is implemented without the XSOL EPP.

Once you know which airport you are leaving from, you can calculate how much fuel you need, how long the trip will be, check relevant weather maps, set a flight path in the right direction and the pilot and passengers will both have a relaxing journey with a high degree of certainty of reaching the destination on time - with positive feedback from the passengers.

Similarly, the XSOL EPP provides the global path of the customers' complete and actual business processes plus the way they interrelate. The consequence is that the project direction, its scope, and the resources required can be accurately and profitably calculated, with a high probability that the implementation goals will meet the intended direction of the customer, and the customer will give positive feedback to the pilot and the aircraft (the implementer and the ERP system).

3. CREATE CULTURAL ACCEPTANCE OF CHANGE

As touched on in the benefits section of this whitepaper – one of the single biggest hurdles an implementer faces is that in order to grow their business, a customer must be happy. This may sound obvious, and equally it may appear obvious that the best way to make a customer happy is to give them what they want when they want it for what they expect to pay for it. Unfortunately, even if these conditions are met, this is seldom enough to guarantee a referenceable customer. It only assures a happy implementation team. That's because the ERP system is used throughout the company by people who had nothing to do with the implementation and may feel excluded from input into the system that is not forming a big part of their day-to-day working lives. User feedback spreads outwards (to other companies that may be an ERP implementer's new prospects) and upwards (to the decision-makers behind the ERP implementation at the customer site). What that means is that new prospects are harder to win over, and existing decision-makers are more guarded in the tenor of the recommendations they are able to give to new prospects.

XSOL almost accidentally solves this cultural problem, because it provides a platform where customer collaboration and participation in the design of their own future business processes is, for the first time, possible.

Epicor implementer Damien Sullivan offered this explanation “When there is contribution, there is acceptance. And what we found was that the XSOL EPP was providing that platform for contribution. In so doing, we almost accidentally stumbled upon a solution for one of the silent-killers of many customers' referenceable enthusiasm for what we'd done for them.”

The XSOL EPP solves this “soft” – but nonetheless very tangible human problem through enabling technology. As Terry Schurter, Research Director for Process, Bloor Research puts it “XSOL has achieved somewhat of a paradigm shift in that it appears to genuinely and successfully close the gap between Information Technology and the humans that use it.”

To find out more contact enquiry@xsol.com

