



# Conquer Application Erosion

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Published February 2014

WHITE PAPER

## Conquer Application Erosion

As long as there are people using systems, there are bound to be parts of or the whole of an application that is used less frequently, or even stops being used, over a period of time. This is essentially what Application Erosion is.

EOH Applications is presenting this White Paper to you, using best practices and our knowledge of and experiences with the SYSPRO ERP system, to help you optimise your investment. Keeping your SYSPRO ERP system fresh and relevant, will make it easier for you to keep using it and enjoy the benefits of your technological investment.

For 90% of companies in the Manufacturing, Distribution or Retail industries, the use of SYSPRO within the business is mission critical, as the operational day-to-day functioning of the business is dependent on it. When the business need is related to technology, it is clear that technology needs to ENABLE business growth and assist to improve overall business performance.

“It is estimated that companies with the most effective IT systems are 10 to 25% more profitable.”

*Source: Prof Peter Weill MIT Sloan School of Management*

In order for technology to enable your business growth, the following needs to be taken into consideration:

- An efficient system can reduce your costs ...
- An enhanced system can improve how your business operates ...
- But a transformed system can improve overall business performance!

Whether your system is efficient, enhanced or transformed, you are still at the risk of Application Erosion.

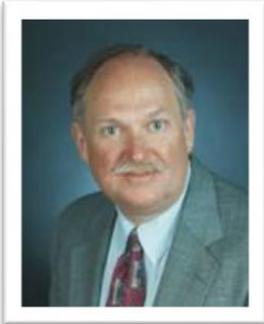
### **What causes Application Erosion and how can it be prevented or stopped?**

EOH Applications has researched and found solutions for the common root causes or barriers to success that you may relate to. Each solution is not cast in stone, but acts as a guideline that can be moulded around your primary interests and strategic objectives.

7 Common Root Causes of Application Erosion:

1. The ownership of the solution was in the wrong place
2. Functions or modules not often used tend to be forgotten
3. Insufficient handover to new staff or training of existing staff
4. Lack of Executive Buy-in
5. Lack of Data Accuracy
6. Changes in the company that results in misalignment with SYSPRO
7. There is no time or resources to monitor the performance of SYSPRO and the supporting infrastructure

According to Olin Thompson “The day any new system goes live, value has been created. This value was paid for in money, time, disruption and frustration. This value is lost slowly over time if you do not continually fight the Application Erosion syndrome. No one will come into your office and say “today we lost some value”. The problem is not easy to see and it is not easy to motivate a company to combat what is a slow but unyielding problem.”



*Olin Thompson, a principal of Process ERP Partners, has over 25 years' experience as an executive in the software industry with the last 17 in process industry related ERP, SCP, and e-business related segments. Olin has been called "the Father of Process ERP." He is a frequent author and an Award-winning speaker on topics of gaining value from ERP, SCP, e-commerce and the impact of technology on industry.*

A deeper look at the root causes...

### **ROOT CAUSE 1: The ownership of the solution was in the wrong place**

**SYNOPSIS:** On many occasions a SYSPRO ERP implementation did not achieve the predetermined corporate goals or there were changes to the goals during the project. There may have been agreements made and a project plan in place. However, the right people need to own and drive the solution at the end of the project.

**SOLUTION:** The leadership in the company should provide clear definitions of their goals and expectations. Whether there are 10 or 1000 users of, this is ultimately the most important step towards a successful implementation.

**RESULT:** Return on Investment (ROI) is evident from Day 1 – the business needs are met and business processes are enabled by the technology implemented.

### **ROOT CAUSE 2: Lack of Executive Buy-in**

**SYNOPSIS:** This root cause is closely linked with the one above. The biggest cause of Application Erosion is people! Someone has to do something to prevent the people from allowing the applications to erode. The philosophy at EOH is that “Systems make it possible, but people make it happen”.

**SOLUTION:** Executive management's buy-in is a critical success factor in the implementation and on-going use of SYSPRO. At its inception, the commitment will be evident by guiding the direction of the Implementation Project. Continuous involvement in the project and spear-heading the change management activities that are required, will be expected. Buy-in doesn't stop there. Executive management need to ensure that staff is as committed to the success of the new business and technology processes as they are. Including key goals by way of Key Performance Indicators (KPI's) or Performance Contracts, will ensure commitment across the whole company.

**RESULT:** Commitment to achieve the business goals together

### **ROOT CAUSE 3: Functions or modules not often used tend to be forgotten.**

**SYNOPSIS:** Users do not consciously decide to stop using features. As users are human, they just forget. By not using all the accessible modules, the perception can become that the system is no longer complementing business functions or the SYSPRO operators' tasks. This, in turn, can result in the users reverting back to external systems, such as spread sheets and manual reporting, which is decreasing the value of SYSPRO and productive time and increasing inaccuracies and rework.

**SOLUTION:** Implement a cross-skilling initiative, where more than 1 or a few users know a handful of the modules. A larger group of users understanding and competently using all the complementing functions of SYSPRO will result in it continuously enabling the company's growth.

**RESULT:** Use what you've paid for and work *smarter* not harder.

### **ROOT CAUSE 4: Insufficient handover to new staff or training of existing staff**

**SYNOPSIS:** According to Olin Thompson, "Staff turnover also impacts value. Unless a company decides to have a formal training program for new users, the existing users train new users. Even with the best intent, the existing users teach only 70 to 80% of what they know. This means that the first generation's 100% of knowledge drops to 70 to 80% for the 2nd generation, and to 49 to 64% for the 3rd generation. When people do not know how to fully use the system, they cannot generate the full value of the system."

As a company evolves over time, the people within the company together with its business processes also change. The technology implemented and utilised prior to any change in the company should be reviewed, to ensure that it still aligns to the business strategy.

**SOLUTION:** There are a few ways to combat this common problem, the most important one being to identify and enable a software evangelist within the company. This person's role is to understand the system being utilised to such an extent that its value-add can be demonstrated to its users. This, in turn, will encourage more use of the system. Coupled with this solution, it is pivotal to identify and follow-through with training programs attached to Personal Development Plans.

**RESULT:** All staff feel empowered and encouraged to continuously use the system.

### **ROOT CAUSE 5: Lack of Data Accuracy**

**SYNOPSIS:** A company's data is, in effect, its biggest asset alongside its people. Data being accurate is of paramount importance and should have the following characteristics:

- A true representation of reality
- Complete, valid and consistent (different parts of the system will have the same data)
- Can be used to derive information, trend analysis, reporting and business intelligence
- The input or capturing of data is performed in a consistent way, conforming to the same criteria
- Time stamped

Data inaccuracy can be as a result of any or all of the above characteristics being absent.

**SOLUTION:** Data can only be captured or placed into an ERP system by people. It therefore follows that these people must understand how they personally contribute to the success of the company. What will be useful is to demonstrate the flow of data in the company and how its data is transformed into useful management information.

**RESULT:** The right information is available to make the right decisions

### **ROOT CAUSE 6: Changes in the company that results in misalignment with SYSPRO**

**SYNOPSIS:** Structures and processes within a company are fluid and change is constant. ERP technology also evolves over time, where enhancements are included. Where your business was, even as little as 2 years ago, to where your business is now, is different. And yet, we leave our processes and procedures the same. We are all guilty of doing this – in varying degrees. There is a code-phrase for undocumented, informal approaches to completing tasks – “we have always done things this way”.

But in most companies, there is no plan to ensure that the supporting systems reflect those changes. When one starts using spread sheets more and more, with less and less being derived directly from the system, the impact on value is that it declines as the system drifts away from the needs of the business.

A company can only absorb a limited amount of change during a finite time period. Change is an on-going process. Successful companies understand this and encourage their employees to use the system to continue to improve.

**SOLUTION:** As you consider upgrading once again to the latest version, with the all the new features built into it, consider carefully to ensure that you do not simply embark on a technology upgrade, but rather because you can derive real business value out of the updated technology.

**RESULT:** Alignment between the evolving business and the supporting technology

### **ROOT CAUSE 7: There is no time or resources to monitor the performance of SYSPRO and the supporting infrastructure**

**SYNOPSIS:** The users of SYSPRO have their defined job descriptions. Some of which are Finance Clerks, Bookkeeper, Purchase Order Clerk etc. Given that their main responsibilities are time-consuming in itself, there is insufficient focus on the following key aspects:

- Monitoring of the SYSPRO environment (infrastructure and application)
- Investigation and resolution of technical errors or down-time experienced

**SOLUTION:** A business can't afford its SYSPRO users resolving issues of a technical nature. Unless they are specialists themselves, the time (and monetary) impact of not having dedicated resources ensuring the stability and functioning of the system is extremely high. Maintenance and Support costs should be seen as an investment rather than a burden.

**RESULT:** Comfort in the knowledge that someone is attending issues and ensuring business continuity

“Engineers do not design bridges to stand up. They design them not to fall down”  
*James A Robertson, also known as the ERP Doctor*



What can EOH Applications do to help you bridge the gaps?

Learn, apply and share from past experiences...

We have consulted with over 3000 companies across the Manufacturing and Distribution industries, since the early 1990's. As a result, we assisted in the implementation of enhancements to existing SYSPRO ERP's. The ROI of these enhancements was a renewed supporting system that was then re-positioned to complement the changes made in business processes since the initial SYSPRO implementation.

Consult, Analyse and Recommend...

Our business consultants can conduct an investigation at a high level of your organisation. The approach reviews processes and procedures, modules in use, pain areas, business performance measures and quick-win areas. All stakeholders, from management to users are interviewed. The analysis can take place with minimum disruption to your company. Each analysis is tailored specifically to your needs. It is not a process that need take weeks and months and therefore cost a fortune – we estimate that between 3 to 5 days is all that is required depending on the complexity of your environment.

Our consultants will deliver the following:

- Documented report on findings at a high level.
- Presentation to your management team:
  - Recommendations and business priority discussion
- Documented proposed plan going forward based on the business priorities. This plan will outline how to implement the suggestions in small steps over a period of time.

Deliver value-add to your business...

- Realignment of SYSPRO to your business to enable your business growth.
- Maximised utilization of SYSPRO functionality and technology in general.
- Identification of the opportunities for efficiencies, savings and improved performance.
- Improved staff morale and buy-in to your strategic direction.

Set your new goals in motion and conquer Application Erosion!

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