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When businesses purchase enterprise resource planning (ERP) and business management software, they typically end up spending as much for implementation and consulting services as they do for the software licenses. Knowing this should serve as important motivation for customers to inform themselves of the key factors contributing to successful software implementations and the pitfalls they must avoid.

The 2006 CHAOS survey by The Standish Group reveals that across all industries only 35% of software implementations are considered successful, 19% are considered failures, and 46% are considered to be challenged.[1] Why? Inadequate project planning and requirements gathering, unclear roles and responsibilities, and unreasonable customer expectations are the primary reasons why so many implementation projects fail.

Too often projects turn out to be more costly than foreseen or take longer than anticipated. Furthermore, the software implemented frequently does not meet the unique business requirements of an organization and customer expectations in terms of functionality and usability. SAP knows that in today's business environment, companies simply cannot afford to spend a long time implementing software solutions. Not only will a lengthy implementation reduce staff productivity and lower customer service, it can also make your market position vulnerable to threats from your competitors.

Accelerated Implementation Methodology

Implementations need not morph into ordeals. Well-planned, customer-focused implementations that follow a structured framework are likely candidates for success, with straightforward migrations and integration, few interruptions, and low user stress to yield a rapid ROI.

With that in mind, SAP developed an accelerated implementation methodology to provide a clear, proven framework to manage the project and customer expectations and provide guidelines for communication and documentation.

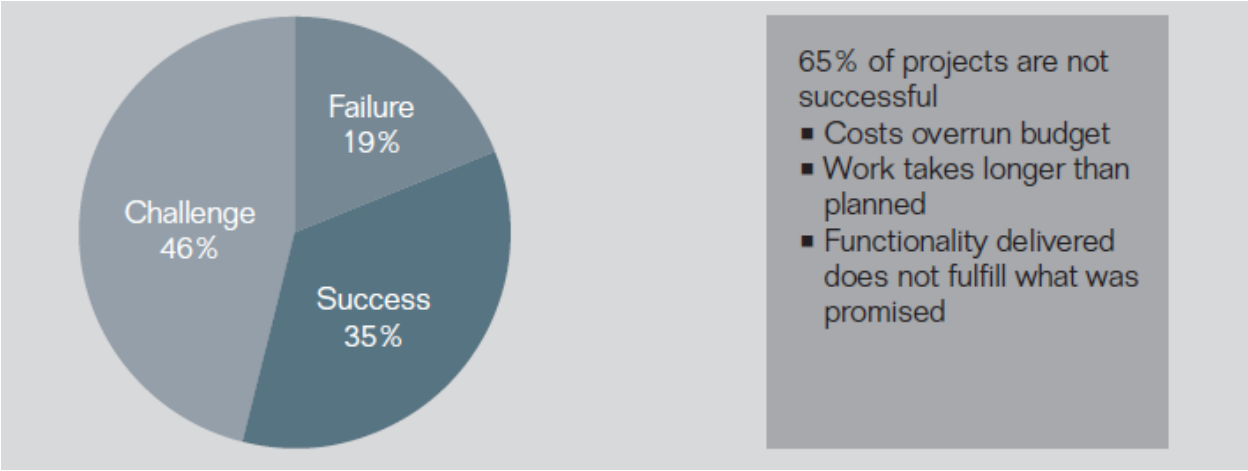

Figure 1: Success Rate of IT Implementation Projects[1]

1. "CHAOS Report 2006," The Standish Group International Inc., 2006.

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SAP created the accelerated implementation methodology in conjunction with their active implementation partners, thus tapping into their years of experience in the field. Since its release, the methodology has been used in several thousand implementations worldwide and has become the standard for best-practice implementations.

The objective of this document is to acquaint you with the major stages of the accelerated implementation methodology and give you a better understanding of how Algorithm goes about implementing your ERP investment. For each phase in the implementation, we describe the major milestones and relevant components. We also estimate resource requirements and suggest the best practices customers should be prepared to follow before implementing.

Five-Phase Implementation
The accelerated implementation methodology divides the implementation projects into phases. It starts when the customer signs the contract – the time when the sales organization hands the project over to the consulting and implementation organization. It goes on to cover the entire implementation process and the concluding review and optimization conference, which takes place several weeks after the project is handed over to the customer.

Figure 2: Five Phases of Accelerated Implementation Methodology

The fives phase of the methodology are described below.

I. Project Preparation
The purpose of this phase is to provide initial planning and preparation for implementation. Although each implementation has its own unique objectives, scope, and priorities, the steps in the project preparation phase help identify and plan the primary focus areas that need to be considered. This includes technical issues as well as project management topics. With the kickoff meeting, the Algorithm implementation team communicates the project plan along with the expected commitment your organization will have to make in terms of time and resources. Roles and responsibilities of the various participants in the project are identified. In addition, the software is delivered and the preliminary installation of a test system is completed.

Major Milestones
The major milestones of the project preparation phase are:

- Project handover to implementation
- Customer kickoff meeting
- Delivery and installation of test system for the software
- Project phase review and sign-off from customer

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Best-Practice Recommendations

The best-practice recommendations for the project preparation phase include:

- Make sure the Algorithm sales team is present at the kickoff meeting to recap your expectations – informed during the sales phase – and clearly align them with the product functionality
- Explicitly confirm hardware, software, and resource availability with your project manager or IT administrator during the kickoff meeting
- Present a high-level demonstration of the software as part of the kickoff meeting in order to acquaint your team members with the product
- Discuss when and how your staff will be available
- Create an executive steering committee in order to tie executive management support in with the implementation
- Have your project manager perform a final review of the project preparation phase and sign the "Project Phase Sign-Off" document provided by the Algorithm implementation team

II. Business Blueprint

In this crucial phase, how you would like to run the software to support your business is examined. One or more workshops for gathering your requirements are conducted, during which business processes and individual functional requirements of your organization are identified and analyzed. The workshops provide the opportunity to fine-tune the original project goals and objectives as well as to revise the overall project schedule, if necessary. The result is the business blueprint, which documents in detail the results gathered during the requirements workshops. The business blueprint serves as a technical and functional guide during the subsequent phases of the implementation project.

Major Milestones

The major milestones of the business blueprint phase are:

- Workshops to gather business requirements with the customer's functional leads
- Creation of the detailed business blueprint document
- Determination of changes to initial project scope and time schedule (if applicable)
- Project phase review and sign-off from customer

Best-Practice Recommendations

The best-practice recommendations for the business blueprint phase include:

- Algorithm to make the software available during the workshops to allow you to see the product in action in order to evaluate how it addresses specific business requirements
- Suggest using your own chart of accounts instead of creating a new one, as this will significantly reduce effort for data migration and open balance reconciliation
- Communicate right away if you would like to migrate the historical transaction data of your business
- Make sure all requirements of your business are discussed and documented in the business blueprint as even seemingly small changes to initial scope or requirements can have a significant impact on the cost, resources, and timeline of the project

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III. Project Realization

This is the most significant phase of the accelerated implementation methodology. The goal of project realization is to implement all the business process and technical requirements gathered during the previous phases and documented in the business blueprint. The consultants validate and update the configuration and demonstrate processes while your project team updates the work instructions (business process procedures, for example) and performs unit and integration tests.

Major Milestones

The major milestones of the project realization phase are:

- Software installation and customization based on the business blueprint
- Data migration (if applicable)
- Validation of system setup
- System testing
- Definition of training and cutover plan
- Project phase review and sign-off from customer

Best-Practice Recommendations

The best-practice recommendations for the project realization phase include:

- Minimize the number of changes to setup and scope as such changes significantly affect testing and training
- Communicate clearly that your project and IT teams will be responsible for ensuring data quality and integrity of data migration
- Ensure your project leads are present during all or large parts of system validation and acceptance testing
- Review all output documents – for example, invoices, purchase orders, and reports as well as financial statements – before sign-off

IV. Final Preparation

This phase focuses on preparing both the software and the customer for going live. Key activities during this phase include completing user and administrator training as well as final fine-tuning of the software. As part of final system tests, necessary adjustments are made to resolve all remaining critical open issues.

Major Milestones

The major milestones of the final preparation phase are:

- Key-user and administrator training
- System readiness for going live
- Completion of cutover activities
- Project phase review and sign-off from customer

Best-Practice Recommendations

The best-practice recommendations for the final preparation phase include:

- Officially announce to all stakeholders the training and cutover plan and the schedule
- Make sure each user participates in the relevant training and works directly with the software during that training

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V. Going Live and Support

Completing this phase is the ultimate goal and the most exciting step of the implementation project. This is when your organization goes live with the software and starts managing all daily activities independently. The going-live and support phase consists of two distinct subphases. First, the project is completed with a formal project closing. During this time, the software is used productively in day-to-day operations, all issues and problems are resolved, transition to the production support team is finalized, knowledge transfer is completed, and the project is signed off. Subsequently, the continuous improvement subphase begins during which the production support team monitors the software and resolves live business process issues. Proper change management procedures are established and ongoing end-user training is conducted. Plans are made to continuously review and improve business processes. The review and optimization conference is scheduled and conducted.

Major Milestones

The major milestones of the going-live and support phase are:

- Full production implementation of software
- Project phase review and sign-off from customer for going live and support as well as for final project completion
- Review and optimization conference

Best-Practice Recommendations

The best-practice recommendations for the going-live and support phase include:

- Involve your executive steering committee in the project closing meeting for final project acceptance
- Schedule a review and optimization conference four to six weeks after the project closing meeting and make sure your entire project team participates
- Make sure your functional leads of the project:
    - Monitor how end users work with the software to ensure correct and consistent use of the software
    - Record all issues and required enhancements to performance, functionality, and usability to be discussed during the review and optimization conference
- Request initial on-site going-live support with at least one consultant with expertise in the software

Benefits for Customers

The accelerated implementation methodology brings many benefits to Algorithm customers. It provides customers with a clear understanding of the scope, structure, and duration of implementing software at the outset of the project to eliminate surprises and overruns in time or budget. In addition, the methodology brings customers peace of mind because they know that Algorithm will provide best-practice implementation services according to the standards set by SAP.