

Package Selection

What are the Advantages and Key Risks of Package Integration?

Advantages

- Business process improvement
- Leverage of industry best practice
- Development cost savings
- Reduced development risk

What are the Key Risks?

- Time and effort for research
- Enterprise architecture incompatibility
- Poor requirements fit
- Product difficult to modify
- Underestimating integration costs
- System growth limitations
- Lack of product support
- Implementation delays
- Vendor reputation and stability
- Vendor technology architecture dependence



Package vs. In-House Development

Package Solution

- **PROS**
- No dedicated resources needed for application development.
- Software development is not a core business competency for the company
- The continued development of a software system is left to a vendor who specializes in and budgets for that activity.
- The package solution has a solid software foundation which is then customized rather than building everything from scratch. ('Re-inventing the wheel')
- Keeping the package on the forefront of new business technologies and direction is in the interest of the software vendor.
- Usually much more cost effective.
- Past vendor project successes.
- Contract protection if vendor fails to deliver.
- Vendor typically has support services available.

In-House Development

- **PROS**
- You know your business better than anyone.
- Project schedule is flexible - easier to add more time.
- Incorporates constant input from system's eventual users.
- Software is unique to your business.

CONS

- Reliance on vendor's or system integrator's abilities.
- Client resources must manage the project to ensure project success.
- Components delivered may not be necessary, or may be developed in subsequent releases.
- May have to change business processes in order to conform with new software.
- With a 'best of breed' approach, system interface development may still be required.

CONS

- Major financial commitment to dedicate in-house staff to this development - full time.
- No protection if an application development or project fails.
- No lessons from past clients to steer in the right direction
- Growth strategy must be clearly mapped out.
- Usually requires a large amount of time to complete.
- Lack of ongoing knowledge transfer regarding best industry practices.

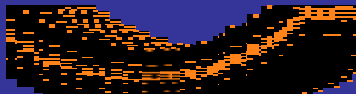


Of the many motivations for adopting packages, speed and cost effectiveness stand out clearly

Introduce systems quickly

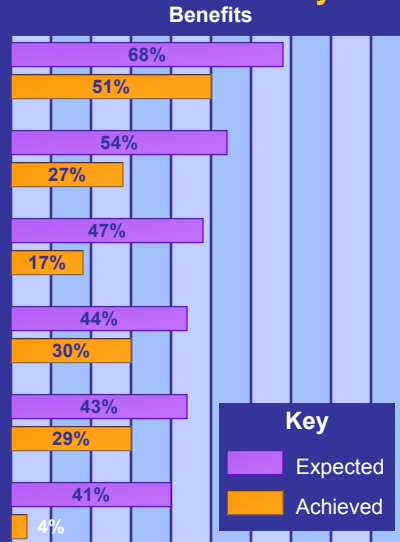
Improve cost-effectiveness

Improve business processes



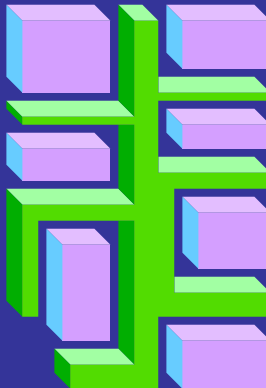
Reduce risk of non-delivery

Continuously change our way of doing business



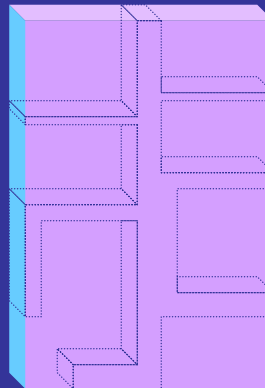
Two conceptual approaches to software selection are being followed

Best of Breed



Client manages the interfaces

ERP



Vendor manages the interfaces

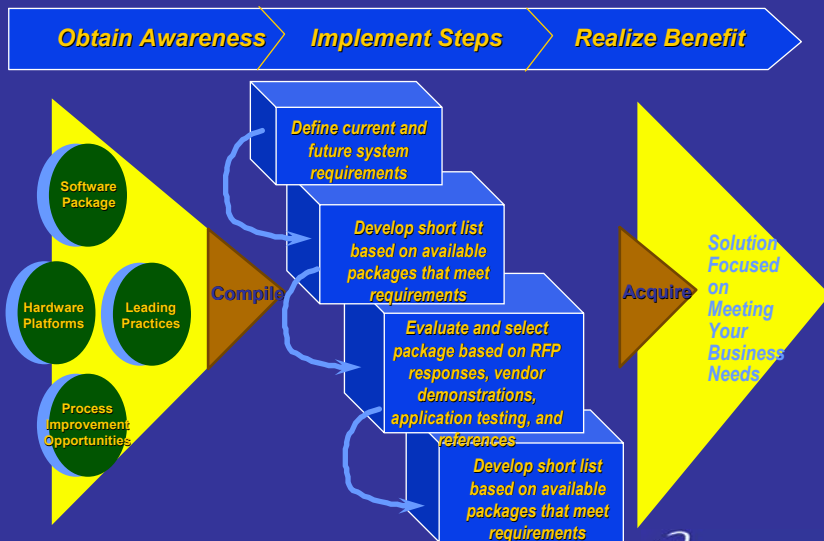
A Word of Caution !

Vendor packages will be at least 25 percent more costly to integrate into the enterprise architecture than applications designed and developed in-house (0.9 probability)

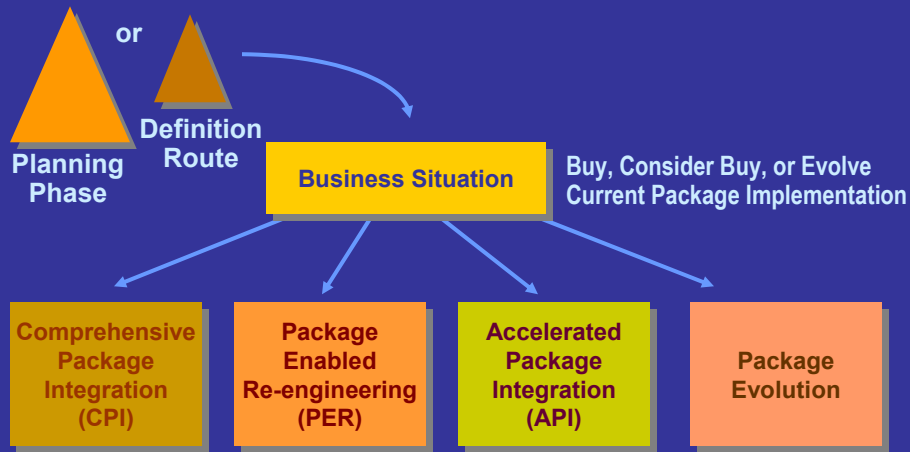
Source: Gartner Group



Software Selection - Choosing the right package



Package Route Map Alternatives



Package Route Map Overviews

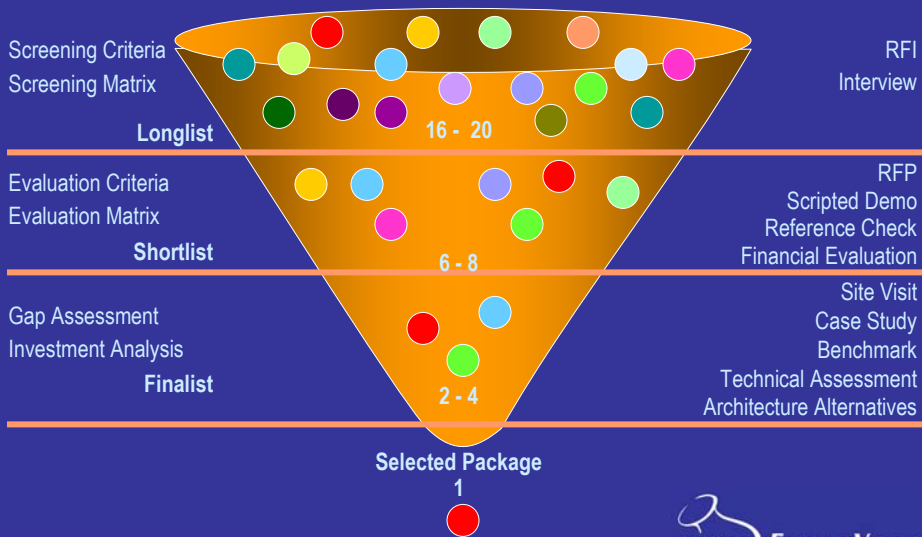
Comprehensive Package Integration (CPI)	Package Enabled Re-engineering (PER)	Accelerated Package Integration (API)	Package Evolution
<p>IS Principles dictate package consideration</p> <p>Budget and timeframe based on proposed solution</p> <p>Specialised needs or value chain support</p> <p>Solution may require custom modifications</p> <p>Requirements sensitive</p>	<p>Buy-only decision</p> <p>Business processes designed to package constraints</p> <p>Customisation via bolt-ons and exits</p> <p>Business infrastructure type applications</p> <p>Cost and time sensitive</p>	<p>Same as FPI, plus</p> <p>Package expert and business area expert on project team</p> <p>Flexible business culture</p> <p>No change in base technology</p> <p>Easily enhanced and extensible package</p> <p>Time-sensitive</p>	<p>Evolve current implementation</p> <p>Implement new commercial release</p>

Project Priorities Matrix

	Optimise	Constrain	Accept
Cost		X	
Schedule			X
Quality / Scope	X		

Principles: Three Xs must be put on the mark
No one row or column can have more than one X in it

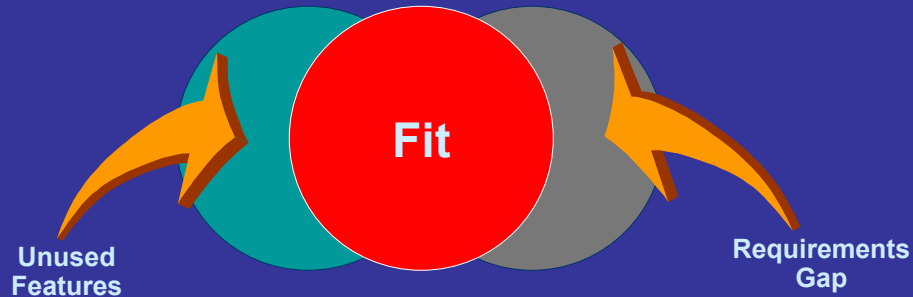
The Package Evaluation Model



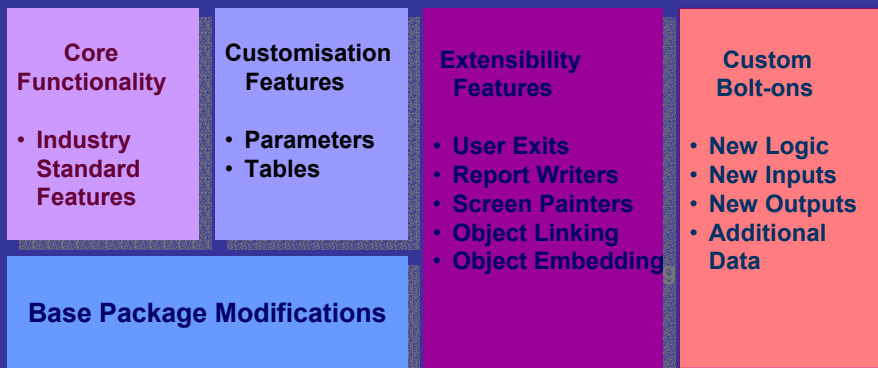
Requirements Fit and Gap Analysis

Package
Features

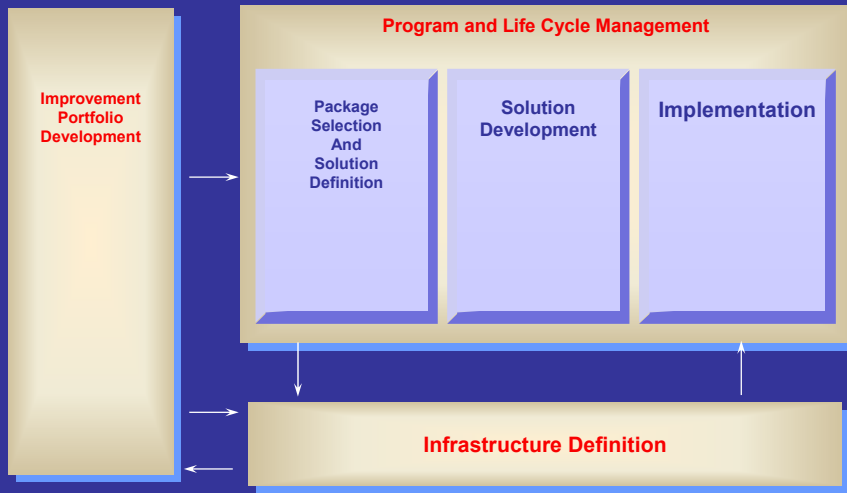
Requirements



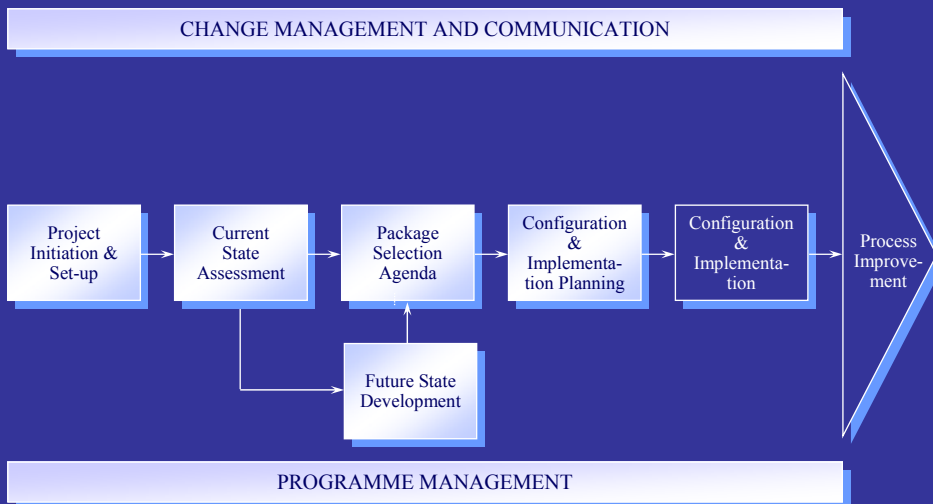
Package Application Design Domains



The PER Approach

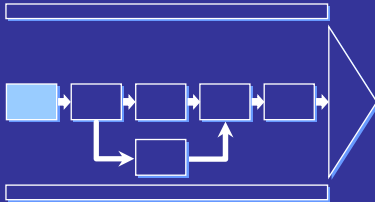


Generic Approach - Project Route Map



In scope for this phase

Project Initiation & Set-up



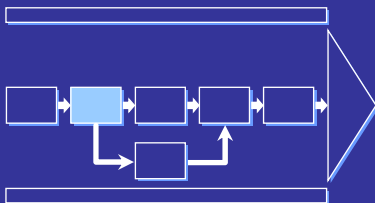
Objective: To plan in detail the project activities and train the project team

Activities: Confirmation of scope and terms of reference
Agreement on team roles and methodology
Communication to the management units
Schedule meetings
Agreement on analysis
Confirm key milestones to year end

Deliverables: Project Charter
Project Plan with goals and milestones
Communicated objectives



Current State Assessment



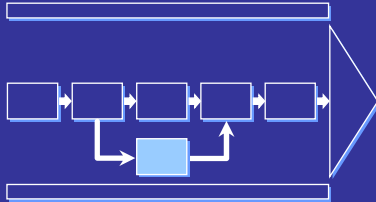
Objective: To Identify and highlight key elements of the business and IT strategies that will influence and drive the package selection.

Activities: Business and IT Strategy confirmation and alignment.
Initial business information model development and assessment.
The following will be assessed:
Business processes
Process performance
Customer requirements
Supplier requirements
People and organisation environment (including change readiness assessment)
IT principles, architecture and competency.

Deliverables: Initial Business Information Model
Strategic package selection drivers and opportunity listing
People, Process and Technology current state assessment



Future State Development



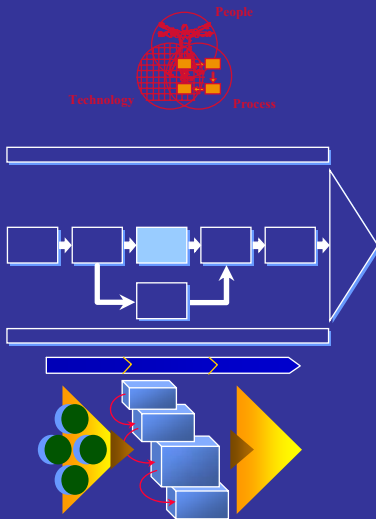
Objective: To develop a future state vision of the client's operations that incorporates industry leading practices and identified improvement opportunities and provides the high level business requirements framework for evaluating alternative package solutions

Activities: Leading practice research
 Conduct workshops to develop future state vision
 Document future state description
 Management review and sign off

Deliverables: Future State Vision
 Revised business information model



Package Selection Agenda



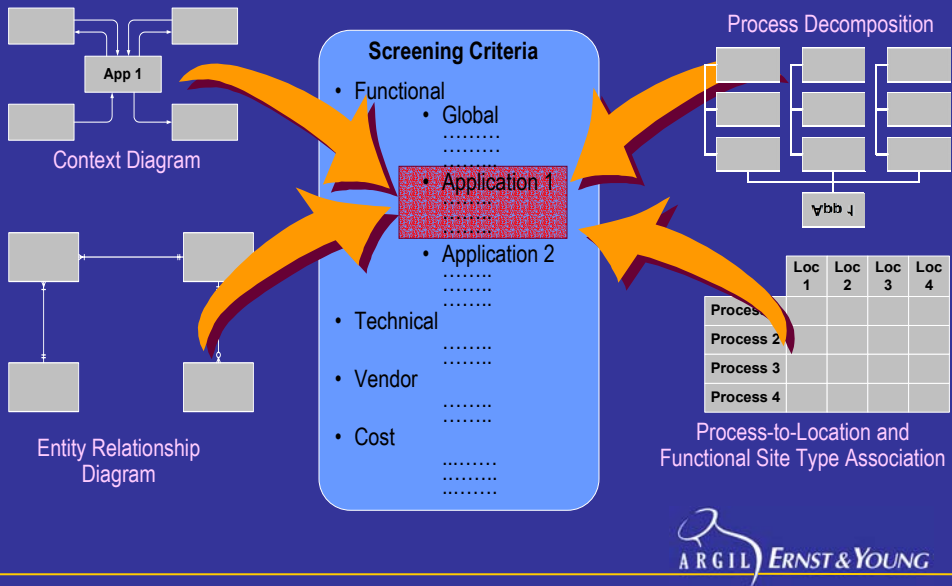
Objective: To provide a comprehensive model of the information required to evaluate the package finalists in order to choose the right package solution.

Activities: Define Business and IT requirements
 Confirm package shortlist
 Develop selection criteria and evaluation and scoring models
 Develop and send out RFPs (request for proposals)
 Conduct demonstrations and site visits (if required)
 Assess package requirements gap and define preliminary resolutions
 Develop package investment analysis

Deliverables: Request For Proposal (including Requirements Analysis)
 Package fit assessment and gap resolution
 Package recommendation



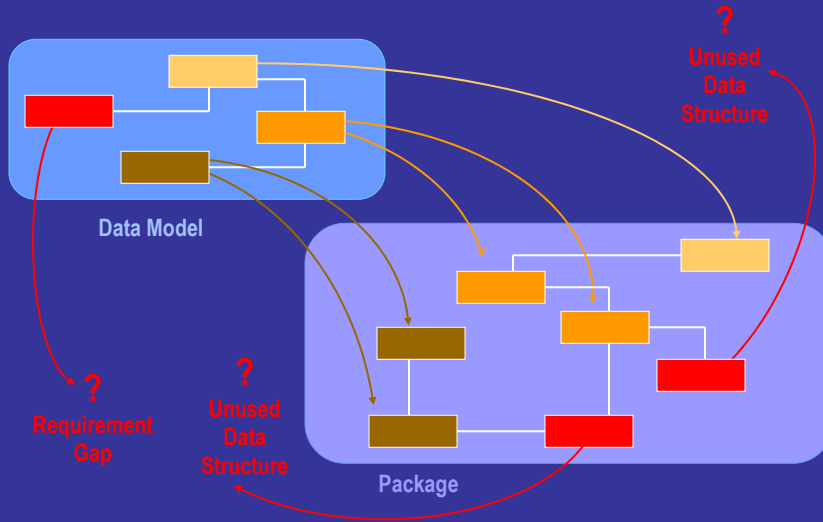
IBAIM Functional Requirements



Mapping Business Transactions to the Package

EP	Candidate BT	Operational Method	PKG Function	Gap	Resolution

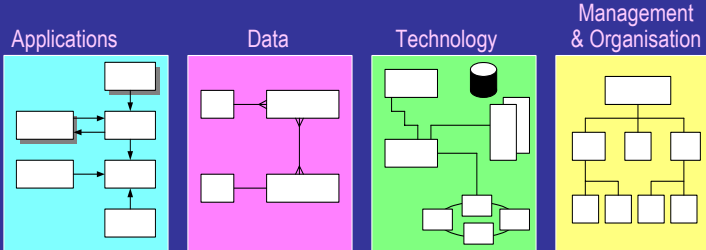
Mapping the Data Model to the Package



Package Integration Architecture Alternatives

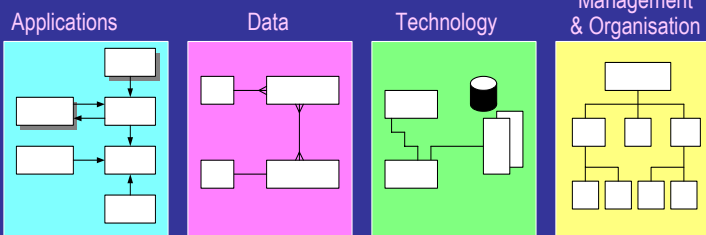
Alt #1 Advantages

Disadvantages

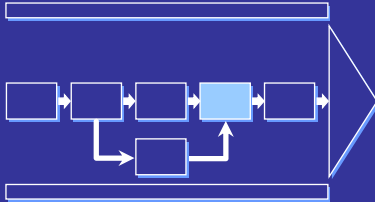


Alt #2 Advantages

Disadvantages



Implementation Planning



Objective: To prepare macro package configuration and implementation plans for the implementation of the selected package and for medium to long term improvement opportunities

Activities: Formalise activities required for each area
Agree resources and timescales
Finalise project milestones and targets
Agree project structure and monitoring mechanisms
Communications exercise
Sign off by management
Prepare for contract negotiations and technology acquisition

Deliverables: Macro implementation plans