GUIDELINES FOR CHOOSING A SYSTEMS INTEGRATOR

Cedric E. Nash

INSIDE
What to Expect from a Systems Integrator; Proven Expertise; The Right People for the Right Job; Do Not Overlook Knowledge Transfer

It was a nightmare that CEOs of major companies do not even want to think about. A leading candy manufacturer missed out on Halloween because a new computer system messed up big-time. This one was covered coast to coast in national and local television and newspaper coverage.

A major clothing manufacturer recently sued a software company and its systems integrator over an alleged botched attempt to install a new ERP system. Again, ugly stories in the news.

In a time right after Y2K jitters, stories about computer system failures become big news in a hurry.

Why do so many of these major system implementation projects go so wrong? According to a recent report from Howard Rubin’s annual Worldwide IT Trends and Benchmark Report, 85 percent of IT organizations in the United States fail to meet their company’s strategic business needs. Thus, one knows that things are not working the way they should. What no one seems to want to talk about is the very simple reason why things go so very wrong far too often.

Not long ago, a large consumer electronics manufacturer in the northeastern United States needed help implementing SAP. Like many companies, it turned to one of the Big 5 systems integrators. Surprisingly, that is when the headaches began.

Even after truckloads of cost overruns and missed deadlines, the manufacturer’s implementation was still not in production after a full year. Hoping for a better result, it turned — in frustration — to a second large integrator/outsourcer.

PAYOFF IDEA
Problems with systems integrators often start when the client company does not know what to expect from the relationship. To avoid failure, organizations should manage these four critical success factors when using a systems integrator: methodology, tools, proven expertise, and knowledge transfer. In particular, organizations should make a practical commitment to quality from the start, making sure they engage the right people, all the way through the project.
Two and a half years into the process, it was finally able to “go live” with its SAP implementation. But it should not have taken even half that time. After all, both systems integrators convinced the company of their ability to do the job. That is why it selected the big-name firms in the first place.

**WHAT TO EXPECT FROM A SYSTEMS INTEGRATOR**

Problems in the use of systems integrators usually start with the client company not knowing what to expect from a systems integrator. For the most part, there are four critical success factors to using a systems integrator that should be successfully managed:

1. **Methodology** — a proven approach or process to successfully implement a complex system in a complex environment
2. **Tools** — the systems, programs, templates, manuals, and other tangibles used to carry out the methodology
3. **Proven expertise** — people or consultants engaged in the project who possess experience, in terms of both technical and business-specific knowledge, obtained through performing similar tasks on multiple occasions under various situations
4. **Knowledge transfer** — the ability to pass on the critical knowledge and personal experience that will enable the client to effectively manage and maintain the system, after the high-priced talent has left the scene

Most of these major systems integrators are exceptional marketers and salespeople, and they will work hard to convince the organization that their methodology and tools are unique, and will ensure implementation success. But, according to studies conducted by Advance Manufacturing Research (AMR), they not unique, and do not provide additional assurance for project success. When it comes to implementing major systems, everyone pretty much takes the tried and proven methods. That means that almost everyone uses essentially identical methodologies and implementation tools that offer similar functionality. That is, methodologies and tools are not the answer to why things go wrong in an implementation.

So why do many of these major system implementation projects go so wrong? Projects typically go wrong when clients fail to pay very close attention to the two most critical success factors in using a systems integrator. So corporate project managers would do well to focus attention on these two factors that really make the difference: proven expertise and knowledge transfer.

**PROVEN EXPERTISE**

In the case where the major clothing manufacturer sued an ERP vendor and its systems integrator over an alleged botched attempt to install a
new ERP system, the Big 5 systems integrator said it was an expert on the software. However, the integrator had to rely on the ERP vendor’s customer service hotline to set up the system, which resulted in major problems when the system was activated. The clothing manufacturer later realized that the systems integrator and ERP vendor lacked the proven expertise they represented they had.

Here, “proven expertise” means highly comparable experience; that is, “been there, done that,” whereby the client retains people who have successfully completed projects just like the one they are being asked to do, and nothing less. The success or failure of the project depends on such a match-up, and this is where the mistakes are frequently made.

It is not that the intentions are not good; but systems integrator services are commonly sold on name recognition or presentation appeal. True, if an organization engages a systems integrator on that basis, it might get lucky. Many large systems integrators have excellent track records and employ high-powered experts, worth every penny of their fees. However, the people problem being discussed here typically surfaces somewhere down the road when the organization is ready to “cut over” to the new system, only to find out that a few nuts and bolts are missing.

**How It Happens**

Say the organization was originally promised top-quality experienced resources. And, for a while, everything goes well — until the real workload appears. Then, while the organization’s IT personnel are busy with important project management tasks like scope definition, putting out political fires, or creating workplans and issue management procedures, they may not notice something has slipped.

What happened? By the middle of the project, so many unscreened rookies have been subbed into the roster that the project starts to look very much like the campus of the local technical college. The varsity squad has hit the road, replaced by the junior varsity. Not only do productivity and deliverable quality take a death spiral, but guess who is paying the $250-per-hour tuition of all these trainees?

This has been seen it time after time. Very early in this author’s career as a consultant with two of the five Big 5 systems integrators, it was learned that clients all too often take the easy way out, only to pay big-time in the end.

On one occasion, this author was engaged as a consultant on a major reengineering project for a major west coast healthcare provider. Sure, the client company looked at my general credentials — which were good: the right degrees and the right schools. But the client never questioned this consultant’s ability to immediately add value to the project. The client never seemed to care about the fact that this consultant had never worked on a reengineering project nor a healthcare project, and
knew absolutely nothing about reengineering the new product development process for healthcare providers. Fortunately, the consultant survived. However, it was only at the client’s expense.

Proven Expertise, By Any Means Necessary

It is similar to hiring a specialized auto mechanic for your Mercedes — you knew you needed a Mercedes mechanic; but after dropping your car off at the German garage, Hans quietly assigned your problem to a young GM specialist.

Now, nothing against a Chevy repairman, but this particular repairman had never been under the hood of a Mercedes. And, because this was a learning experience on your car, it naturally took him much longer. Ultimately, you paid far more money. What is more, you noticed some nuts and bolts lying around when the Chevy repairman went on a test drive. He did not even do the job right!

Reflecting back on the clothing manufacturer that is suing its ERP vendor and systems integrator, the lawyer for the company cited that the systems integrator ran up millions of dollars in fees getting the system in place, only to have it fail when it went into operation.

So, how does a company guarantee that its systems integrator’s team possesses proven expertise? It should not blame the integrators entirely. Surveys show that companies often choose systems integrators on the basis of sticker price alone, and then fail to give their projects adequate follow-through attention. Many corporate project managers just do not go through the trouble of asking basic common-sense questions about the experience of their systems integrator’s resources. That is a set-up for failure. So, those working with a systems integrator should make sure that one of three things happen:

1. Implement a thorough screening process. Get involved. Dig into the resumes of the consultants being proposed, and make sure that the candidate’s experience reflects what your organization wants done, using the same technology that your organization intends to use.

   Most systems integrators provide a standard resume outlining the engagements that proposed consultants have worked on. Take the time to call recent clients, and ask the following:

   • Did the proposed consultant add value?
   • Would this consultant be hired if your organization had to do it over again?
   • What are the consultant’s strengths and weaknesses? Did the consultant meet deadlines?
   • Rate the consultant’s technical and business process and knowledge skills.
   • Ask if the consultant exceeded expectations, met expectations, or failed to meet expectations?
Remember the northeastern consumer electronics manufacturer mentioned earlier? It would have saved approximately eight months of wasted time and perhaps a million dollars if the company had made one phone call and asked one question regarding the integrator’s project manager: “Would you engage this consultant if you had to do it over again?” The manufacturer would have found out that the integrator’s project manager on his previous engagement was asked to leave because the client could not trust his judgment.

Time up front is well spent in avoiding problems later on. Skimming résumés does not measure up, no matter how pressed the organization is to get resources quickly engaged on the project.

2. Do not substitute speed for accuracy. Having exhausted all of the qualified resources the systems integrator has to offer and still short of help, do not substitute speed for accuracy. Instead, consider partnering with a leading contract staffing firm to find qualified independent consulting expertise. One can also strongly encourage the systems integrator to partner with a leading contract staffing firm to find qualified independent consulting expertise. In so doing, be prepared. The latter option will most likely cost the organization more, because systems integrators increase their charges, even when they offer their clients third-party consultants.

3. Work out a deal. Work out a deal with the systems integrator, if all else fails, to engage consultants with questionable qualifications at no expense, until one can decide if they are capable of adding value to the project. By no means should one jeopardize the project and be charged for consultants who do not possess proven expertise.

Understand that resistance is virtually guaranteed if one insists on thoroughly checking the qualifications of the systems integrators’ resources, recommends partnering with a leading contract staffing firm, or decides not to pay for questionable consultants until they can prove themselves. This is especially true if one must decline the services of someone the systems integrator recommends. If one does this, the integrator may feel their toes stepped on, or one may be accused of micromanagement. Alternatively, one may be told, “If you step in, you will risk losing the well-integrated team we are building,” thereby diminishing deliverable quality and consistency.

If this is the message, recognize it as a smokescreen. After all, you are the one who has to live with the results. It is your success and your company’s — not anyone else’s — that rides on finding the right people.

THE RIGHT PEOPLE FOR THE RIGHT JOB
Honestly, however, many employers do not like dealing personally with the sticky difficulties of screening potential consultants. They have enough on their plate already. That is why it often makes sense to have
a competent technical staffing firm take an active, upfront role. It can supplement the work of the systems integrator.

This is because technical staffing firms live or die by their daily reputation. These firms — and there are only a few at the top end — know that they will rarely get a second chance if they mess up an assignment. They understand how the right questions posed to the right people (namely, former employers) get quickly past the lingo, the slick presentations, and the pretty slides. With that in mind, they grill potential candidates more closely than anyone else.

The bottom line is this: one does not necessarily need to bail out on one’s integrator if already committed to one. Just make sure they are working for their money by bringing in the right people. And, once committed to a higher standard, decide whether to get involved personally or to engage a technical staffing agency that can be trusted. It is your call.

**DO NOT OVERLOOK KNOWLEDGE TRANSFER**

One more thing is nearly always overlooked when organizations use a systems integrator. After the job is done, are the integrator’s consultants that the organization has engaged able to successfully transfer what they know to the organization’s people? If they cannot, one may have an SAP or Baan project that starts with a roar, and then inevitably fizzes from lack of ability to maintain and move the implementation forward.

Now one has a major headache. Do not overlook the fact that sufficient knowledge transfer is the only thing that is going to keep the company running after the expensive consultants go home. Right from the start, make sure the systems integrator puts the same amount of effort that it did in selling its services into developing the organization’s people so that they can stand on their own. Insist on it.

**CONCLUSION**

This brings us back to the nightmare stories. Remember the electronics manufacturer, valiantly struggling with a 30-month, over-budget SAP implementation project? No, it should not have taken so long, nor cost so much. This author was only involved in the mop-up exercises. However, that manufacturer might never want to know how little time and money was spent on an identical implementation for a Boston defense contractor.

The simple truth is that the Boston defense contractor engaged a Big 5 systems integrator coupled with a competent technical staffing firm right from the start. It wanted to make doubly sure that only the best, most qualified people were engaged. And instead of two and a half years to cut over to the new system, the Boston company flipped the switch on its system in just nine months.

The difference was not the companies. In terms of size, operating budgets, and modules implemented, they were as close to “apples-to-apples”
as it gets. The Boston company in the comparison, however, made a practical commitment to quality right from the start. It made sure it engaged nothing less than just the right people — all the way through the project.

Using the “the system is working in production” criterion as the only measure of integrator success is very short-sighted. What about the company’s ability to maintain the system without the assistance of an integrator after the implementation is completed? What about the company’s ability to implement additional software functionality without the assistance of an integrator? What about the company’s ability to take the work products or deliverables of the implementation and leverage them for future projects?

Remember, the role of the systems integrator is to get you there faster and with a higher degree of quality by successfully managing the following four critical success factors:

1. Methodology
2. Tools
3. Proven expertise
4. Knowledge transfer

One could say that the use of a systems integrator will be successful if the following holds true:

- If the system is working in production. That is, the use of an integrator will be successful if the company is able to perform day-to-day business on the system that was implemented with the help of the systems integrator.
- The implementation support organization (e.g., IS, or the shared IT services department) is able to:
  - leverage the systems integrator’s methodology to plan new functionality enhancements to existing implementation
  - leverage the systems integrator’s implementation tools to assist in implementing future functionality enhancements
- The consultants that the systems integrator used to assist your implementation:
  - had the knowledge and proven expertise to help implement the system faster by eliminating unnecessary methodology steps, and with a high degree of implementation quality
  - provided adequate knowledge transfer to enable your staff to support the system and implement new functionality in the future on their own

By paying close attention to the four critical success factors in using a systems integrator, one will be able to remove the dependency on non-value-added maintenance and support consulting services. This empow-
ers an organization and saves the company time and money. So, before running off and using the same systems integrator for the next project, test their previous project performance against these four critical success factors to using a systems integrator, and see first how they measure up.

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Cedric E. Nash is owner of The Oakland Consulting Group, an Oakland, California, IT staffing firm he founded in 1997. Nash previously worked as an SAP consultant with two of the largest system integration firms. He continues to serve as an independent project manager on large-scale SAP and ERP projects. He can be contacted at Oakland Consulting, 519 17th, #420 Oakland, CA 94612. Phone: (510) 251-1401; e-mail: cnash@ocg-inc.com.