

State and Local Government ERP Implementation Risks

Manage these risk domains to increase implementation confidence and likelihood of project success.

Managing a successful Enterprise Resource Planning (ERP) implementation requires a thorough understanding of the business case, the ability to assess the right vendor and implementation partner, and a quantifiable return on investment. It is composed of multiple critical phases, including data migration, integration, testing, end-user training, and go-live support. Given the complexity of many public sector organizations and current outdated systems in need of immediate replacement, many public sector ERP implementations flounder. Common failure points include a lack of executive leadership, insufficient planning, budget overruns, lack of change-management support, improper staff training, and excessive customizations. Hence, risk management and controls can no longer be an afterthought.

State and local government ERP failures can be wide-reaching and impact entire departments, municipal functions, or even the public. Therefore, it is critical to have a clear understanding of factors that increase the likelihood of project failure, insights into why projects fail, early identification strategies for project risks, and the implementation of active risk response and mitigation strategies.

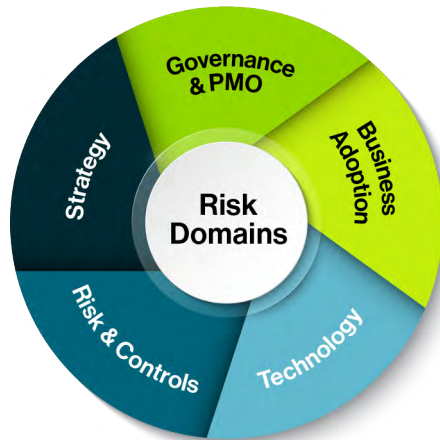
For state and local governments, citizen engagement, providing public services, and securing data are crucial aspects of everyday business. To effectively manage risk, public sector organizations need a comprehensive understanding of risks across all project areas and early insights into areas that pose the most significant risk to the ERP implementation success. These risk domains are:

- **Strategy:** The implementation strategy is based on a clear, unified future-state vision supported by stakeholders. Program benefits are clearly defined and aligned with organizational priorities. Protocols monitor and anticipate the impact of changing priorities and external market factors.
- **Governance and Project Management Office:** The governance structure ensures that decisions are made at the right level at the right time. The solution is delivered within the planned timeline, on budget, and to the agreed specifications.
- **Business Adoption:** Impact of people and process changes required to support the new solution is communicated and understood, maximizing effectiveness, and enabling continuous improvement from the very beginning.
- **Technology:** Data and infrastructure supporting the new solution are thoroughly validated, establishing an environment that can be efficiently supported from immediately after go-live.
- **Risk and Controls:** Impact on existing financial reporting and statutory/regulatory controls, including opportunities to enhance the current control environment, have been applied and designed into the system. Risk management is integrated into the overall delivery of the program.

These risks will manifest at various stages during the project. Your project can start to organize and categorize project risks and issues using these domains. Go beyond the risk log and identify executive level risk champions to own each domain. Make it a priority to regularly evaluate the risks, not just with the core project team, but with the executive steering committee and executive sponsor. Actively manage risk and make each member of the project team responsible to identify and help manage risks.

How can Guidehouse help?

Guidehouse is uniquely capable, as it can leverage its deep experience in state and local consulting with its hands-on, results-oriented ERP implementation knowledge. We have a team of highly qualified consultants and ERP experts who have worked closely with various state and local governments to design and conduct detailed current state assessments of each client's needs across a comprehensive set of project areas. Guidehouse has provided clients with key findings, current-state capabilities fit-gap analyses, future-state visions, and roadmaps that have led to actionable recommendations, and identified and mitigated risks associated with each implementation stage.



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Impact of people and process changes required to support the new solution are clearly communicated and understood, maximizing Day 1 effectiveness and enabling continuous improvement.

Data and infrastructure supporting the new solution are thoroughly validated, establishing an environment that can be efficiently supported from Day 1.

Impact on existing financial reporting and statutory/regulatory controls, including opportunities to enhance the current control environment, have been applied and designed into the system. Risk management is integrated into the overall delivery of the program.

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About Guidehouse

At Guidehouse, we combine unequalled expertise, specialized resources, and deep domain experience to solve problems that cross sectors, industries and geographies for clients of the public sector and the regulated commercial markets they serve. Guidehouse is the only scaled consultancy in the world to fully integrate commercial and public or government businesses within each of our industry segments because complex problems require both perspectives to address and outwit. We see this integrated model as the future of consulting and the only way forward reshaping the future together with our clients.