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Smooth Flying Ahead: Safe Passage to Oracle ERP in the Cloud

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For a potential means of growing their businesses while keeping operating expenses flat, finance executives are increasingly seeking a secure and speedy route to "the cloud."

"The cloud" is attracting a burst of attention. Early movers, mainly in the HR and sales space, are demonstrating the ability of cloud-based solutions to provide greater flexibility and lower total cost of ownership (TCO), while vendors are investing in their on-demand products and pushing them towards maturity. As cloud-based solutions become more robust, finance organizations are starting to wonder about the possibility of moving back-office processes to the cloud, such as financials, procurement, and projects portfolio management. What are the business drivers for moving to the cloud? Can it provide greater agility? Is it secure? Can it co-exist with on-premise applications? The answers, of course, will vary, depending on the chosen solution as well as upon a particular organization's requirements and objectives. But one thing is certain: CFOs and finance executives need to start thinking about the potential of this disruptive technology to enable growth and efficiency since the market has begun to move in this direction. And for some, the time may be now to set a course for the cloud as an exciting new means of growing their businesses while controlling operating expenditures and reducing execution risks.

Business Drivers

Cloud-based solutions, which are known for their agility, can potentially assist CFOs in fulfilling their responsibilities as strategists and business catalysts by providing a competitive advantage, accelerating speed to market, and improving productivity among business users. Accordingly, many are taking a hard long look at moving traditional back office processes to the cloud. The business case behind their decisions frequently includes one or more of the following drivers:

- *Better Economics* — By allowing someone else to build and maintain the architecture, a company can avoid making a huge upfront investment in hardware and the personnel to support it. Subscription models also help to keep costs commensurate with current requirements while still providing the means to scale quickly if necessary. All of these advantages offer the benefit of freeing up cash that can be used to further business strategy. Lower overall TCO also gives a company more control over its spending.

- *Agility* — By moving to the cloud, a company can continuously harness the latest technologies and functionalities, including frequent updates and additions that would have previously been too laborious or expensive to deploy. Furthermore, it typically takes a shorter amount of time to deploy a cloud-based ERP application and to start realizing value from it. Upgrading also becomes faster and easier in the cloud since it doesn't require the extensive lifecycle of a standard ERP implementation. The agility of the cloud, along with its ability to promote process standardization, additionally supports both organic and inorganic growth strategies by accelerating speed to market and facilitating M&A integration.

- *Talent* — Retaining and attracting the workforce of the future is a pervasive business challenge. In a cloud scenario, the vendor is constantly developing and enhancing the product and pushing the latest advances out to its customers. This facilitates access to the very latest software and tools, which is critical in meeting the demands of the Millennial generation. Mobile technology, social media, and online collaboration tools are all common features of many cloud-based solutions, and they are tablestakes for attracting and retaining younger workers who expect their employers to offer the same level of interactivity and mobility they have grown up with. Overall, these types of tools tend to boost system adoption and enhance workforce productivity.
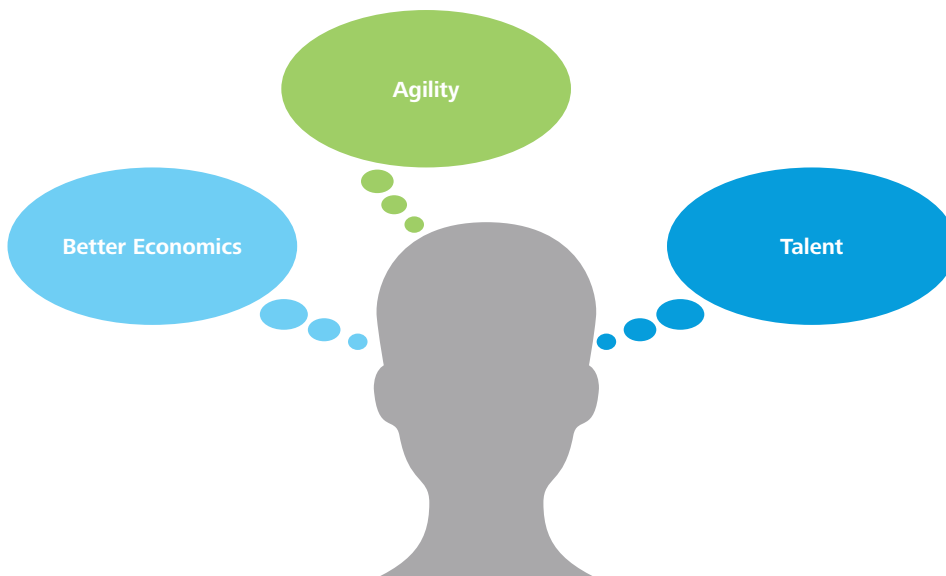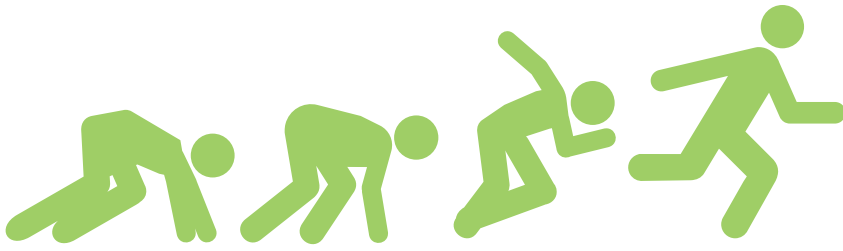
Ready, Set, Wait, Are you sure?

Many companies are at an inflection point, or will be soon, about moving their businesses, or at least certain aspects of them, to the cloud. The main question is, "when?" On the one hand, the move may be voluntary, prompted by an impending change in business model or projected growth beyond what legacy systems can accommodate. On the other hand, the move may be mandatory because current systems are being de-supported by a specific deadline. Regardless, CFOs and finance executives typically have many questions and concerns about potential cloud providers, consulting firms, the deployment process, and how to prepare — all of which should be addressed before saying, "Go!"

Choosing a Cloud Provider

What should you look for in a cloud provider? Flexibility, excellent performance, user-friendliness, and solid user support are often cited as "must haves." But if a company really wants to get the most out of its investment, it should expect and demand more. In our experience, there are three main areas in which cloud providers can differentiate themselves from the pack.

- *End-to-End Capabilities* — Cloud applications are known for their flexibility and the ability to evolve with a business. However, if a company expects to grow and gain market share, it needs a complete platform and deep functionality now, not later. Cloud providers that can easily demonstrate end-to-end processes as well as advanced functionality are often viewed as the most desirable. In choosing a cloud provider, decision-makers should delve beneath the surface to make sure the offering has the full range of capabilities the business needs today.

- *R&D Investments/Company Profitability* — "You get out of it what you put into it." This adage aptly applies to cloud providers. A company should look for one that has the market presence and financial heft to continuously develop its products. After all, you don't want to make a "down payment" on a provider that is not profitable and unable to invest in R&D, or even worse, that might not be around in a couple of years.

- *Maturity and Lineage of the Product* — While new market entrants may be cheaper or offer some unique capabilities, rarely will they have a robust system worth banking one's success on. That's why it's critically important to perform due diligence on the provider, its product development capabilities, and its track record of delivering sustainable applications — especially when moving critical back office functions to the cloud. How the application has evolved, its maturity, and where the provider intends to take it next are all essential considerations.
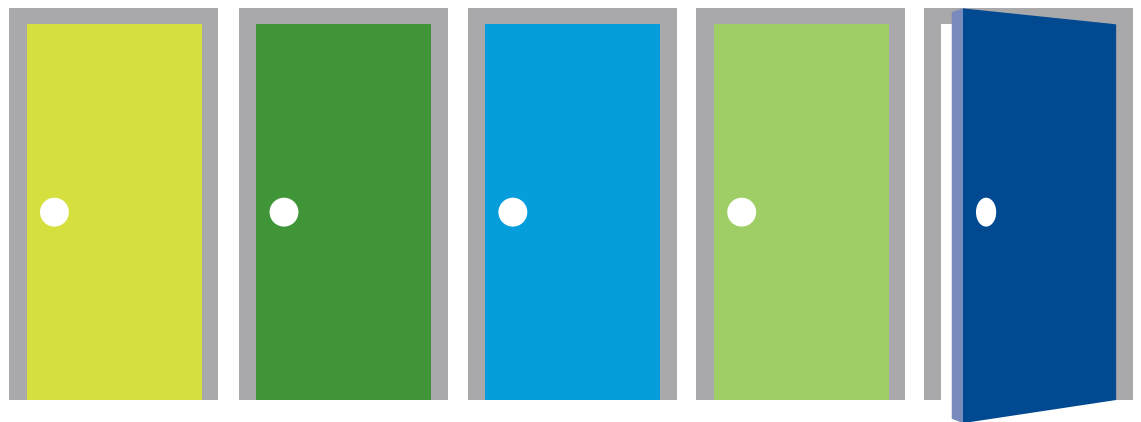
It's starting to get crowded in the cloud, but the aforementioned criteria make it much easier to narrow down the field to a short list of providers with high potential for generating measurable business value now and of growing alongside a company to drive future profitability. Based on these criteria, Oracle often makes this short list. Oracle offers a broad and integrated portfolio of cloud-based applications in the marketplace. These applications include Oracle® ERP Cloud Service, an integrated financial management suite designed to automate, streamline, and control financial processes end-to-end without expensive hardware and system management overhead costs. But choosing a suitable cloud provider is only one variable in the equation, you'll also need to understand what's involved in implementing a cloud-based system.

Understanding the Deployment Process

Cloud implementations are different. This is generally good news considering traditional ERP implementations are sometimes characterized by heavy investment, long timelines, multiple phases, and many customization options. With the exception of some extremely complex, global enterprises, the cloud alters these characteristics. For instance:

- The design process in a cloud implementation is typically more agile, feeling more like prototyping. This allows the business to rapidly see the results of design decisions, which often boosts the rate of adoption and sign-off.
- The cloud by nature means configuration rather than customization. Because few changes can be made to the system, business processes need to be streamlined and standardized, a discipline that often leads to efficiency gains and productivity improvements.
- Implementation teams can usually begin to build interfaces right from the start. Since the cloud solution prescribes a standard format, there is no need to wait until a lengthy design process has been completed before beginning development.
- In a cloud implementation, providers continuously improve their systems, practically eliminating the need to wait for the "next release cycle" to address deficiencies or add new capabilities. This enables quicker fixes and updates, allowing customers to fully utilize the most current functionality.

In other words, cloud implementations allow organizations to focus more on realizing measurable business value rather than negotiating system and implementation challenges. But realizing this business value isn't a given, and safe passage to the cloud is not guaranteed. Cloud implementations involve resetting the norm. In order to be successful, a company must be willing to embrace standardization and make significant changes in how it approaches technology in general. Accordingly, the choice of a consulting firm to assist with value realization and change management, as well as technology implementation, can/may play a major role in whether or not an organization can make a safe passage to the cloud.

Choosing a Consulting Firm

Because the cloud naturally emphasizes configuration, there are many "mechanics" in the market. A well-qualified consulting firm will go beyond the nuts and bolts of the application to help a company identify the business value that a cloud application can deliver, develop strategies for realizing it, and measure the results on an ongoing basis. In evaluating consulting firms, companies should consider the following attributes:

- Business-led, technology enabled approach — The main purpose of moving to the cloud is to achieve cost savings while enabling revenue growth. While cloud deployments are more straightforward than traditional on-premise implementations, an organization still needs to make smart choices to get value out of the system.
- Strong relationship to the cloud provider — In a Software as a Service (SaaS) environment, the cloud provider becomes a major component of a company's IT department. During this transition, a consulting firm with deep experience can be extremely valuable in serving as a go between, navigating any issues between the cloud provider and in-house IT personnel.
- Continued investment in practitioners — A well-qualified consulting firm should continually invest in its people. This allows them to stay ahead of the curve not only from a technology and application perspective, but also from an industry perspective so they know how to leverage the cloud to address specific business issues.
- An agile methodology — The typical "waterfall" approach frequently doesn't apply to a cloud implementation. A well-qualified consulting firm should be able to identify activities that can be accelerated in order to facilitate faster buy-in from the business community.

- Tools and accelerators — As in a traditional ERP implementation, demonstrated tools and accelerators, such as a configured system, industry process flows, and end-to-end business scenarios, are essential for expediting the project and reducing risks. An experienced consulting firm should have many of them.

Since trust and experience go hand-in-hand, perhaps the most important ingredient in a successful cloud implementation is choosing a consulting firm with a substantial track record, including methodologies and tools that have been demonstrated over time. Deloitte is one of only a few firms that has both the field experience and the business acumen necessary to guide a company in its efforts to gain safe passage to the cloud. Trained business professionals, implementation accelerators, and tools to identify and measure business value differentiate Deloitte from other consulting firms as do its strong relationships with leading cloud providers such as Oracle. As an Oracle Diamond-level alliance and having won multiple Oracle Excellence Awards in several consecutive years, Deloitte has the experience and the process know-how to assess a company's IT architecture and to use that assessment to develop an Oracle technology roadmap. This roadmap, in turn, can be used to explore potential options and next steps in moving to the cloud.

Preparing for the Cloud

Whether your finance organization is just starting to think about moving its back-office processes to the cloud or the decision has already been made, it's rarely too early to begin preparing for the actual move. Where should you start? One of the main benefits afforded by the cloud is the opportunity to standardize and streamline processes. Therefore, encouraging a "standard frame of mind" through appropriate messaging is an important preparatory step in almost any cloud implementation. The objective is to encourage employees to think about ways to standardize non-value-added activities. By getting into the habit of looking at processes through the lens of standardization, they are more likely to understand and ultimately adopt the system's prescribed configurations and processes.

Along the same lines, employees should also be encouraged to think beyond traditional functional silos to consider how changes made in one area can affect operations elsewhere. For example, with a new cloud-based system, an accounts payable administrator may have to click an extra box during the approval process, and this extra step may not seem necessary at first glance. However, the extra click may save two clicks upstream and three clicks downstream, thus streamlining the end-to-end process. In a cloud implementation, what's good for the overall company is often bigger than any one area or process.

In addition, ERP programs have the connotation of being long and complex, but this is not the case with the cloud. The streamlined implementation process allows the engagement team to focus on delivering tangible business value. However, identifying that value and understanding the variables that drive it should start now — long before the actual implementation begins.

Lastly, it's important for a company to engage its cloud provider early. In a cloud scenario, the provider essentially serves as a new, off-premise IT department, which means employees can no longer walk down the hall and ask someone to run reports or troubleshoot a problem. Thus, it's very important to establish trust and an operating rhythm with the cloud provider as soon as possible, as well as to set expectations and procedures for making sure both organizations fulfill their ends of the bargain.

Smooth Flying Ahead?
Moving to the cloud is big decision, but it need not be a
turbulent one. Selecting a well-qualified consulting firm can
help you smooth out the flight. For more information on
how to prepare for safe passage to Oracle ERP in the cloud,
please contact:

Drew Scaggs
Principal, Deloitte Consulting LLP
dscaggs@deloitte.com

David Maher
Director, Deloitte Consulting LLP
damaher@deloitte.com