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Built to last vs. built to change

A new paradigm for speed to value with enterprise applications

In dynamic business markets, companies need to boost their speed to value — the pace at which they move from idea to revenue. Speed to value depends on many systems and processes. In many organizations, those systems and processes are limited by old inefficiencies.

"I've done a lot of solution implementations where a company's existing finance and HR back office systems were 20 or 30 years old," said Grant Thornton Technology Modernization Advisory Services Principal Greg Davis. "Since that point, their business has grown or diversified — but the original systems are too inflexible to accommodate the new operating model. And you don't even have to have been around that long for it to be an issue. You see the same problem at smaller, newer companies which are evolving so fast they outgrow their back office infrastructure in a matter of a few years."

The gap between dated systems and the way the business works today gives rise to a growing inefficiency as manual processes and patches are deployed to address the misalignment. This inefficiency becomes increasingly expensive and difficult to maintain as the current state continues to diverge from the baseline. Change is the only constant. "Companies have to start by understanding where they are, and how they are changing as they grow," Davis said.

Yet, those old systems can be part of a finance and HR application implementation that once required a large investment of time over multiple years. So, companies are afraid to move away from those systems — and they're afraid to start that process again.

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Greg Davis

Mindset of yesterday

There's a reason that traditional ERP and HR implementations required a large investment, and today's companies risk failure if they apply the same mindset to new implementations.
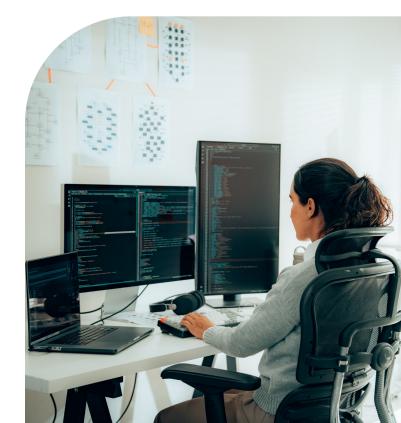
"They used to say, 'Design to last' when implementing an ERP," said Davis. "As that's what ERPs and the associated HR and payroll tools were intended to do, stand the test of time. So, organizations would sit down for months and attempt to gather up all the requirements of today as well as everything they'd ever think they'd need in the future [good luck] – and don't leave anything out, because we're going to etch this all in stone when you're done. There was no going back and changing it once you were done, because tools were so inflexible."

Today, technology capabilities have improved and business priorities have changed, too, now emphasizing the agility that companies require in dynamic business environments. Modern application platforms are open, making integration easy, and are architected to provide the flexibility to change and grow as needs arise. "If your system is only built to last, it becomes immediately outdated when there's disruption in the economy or your operating model. If change is a constant, then your system has to be designed to evolve."

Now, many companies recognize the shortcomings of their current solutions, but few are excited at the prospect of a switch. Envisioning a protracted and expensive undertaking, they are frequently resigned to 'better the devil we know.' Business leaders tasked with driving growth and profitability appreciate the need to address back office technologies, but they don't want it to take years and cost a fortune. As a result, even when embarking on change, they often take an approach to the new implementation which undercuts value. In an effort to de-risk and accelerate what they expect to be a long and expensive project, they opt to replicate or enhance existing mechanisms. The unintended consequence is, of course, bringing along many of the inefficiencies of the old system. Ergo, the much maligned 'lift and shift.'

When new systems are designed to replicate old systems, the end result is a lingering delta between the new system and the way the business actually operates today. Transformation is not achieved in this scenario. "What you need to do is eliminate that delta," Davis said. "That's how you mitigate that risk. Design your back office system to grow with you. Take a methodical approach to modernizing your technologies and establishing a platform that can support growth."

The key is targeted and efficient preparation. "If you don't do the right preparation before your implementation, then you'll perpetually be addressing preparation issues as you implement your software," Davis said. "And you will always have a delta between your target operating model and the tools that support your business. That is a big reason why companies always blame their systems for being a hindrance or a constraint. It's because there's a difference between their operating model, or target operating model, and their toolset capability."

This difference drags down a company's agility — and it can crush a company's innovation. "Many companies are stuck in a rut, perpetually just trying to address issues. They find themselves being expediters rather than visionaries," Davis said.

Updating your business analysis and growth strategy

To close the delta between your current business and the technology solutions that empower it, you need to make sure you understand particular aspects of your current business.

"What kind of company are you now, as opposed to when you designed your old system?" Davis asked. "What will you need to be able to do in the future? Not so that you can architect to detailed specifications today, but enough to select a vendor and tool that you won't outgrow. What's different about your industry and what are the metrics that matter to you and to your competition?" Even if you have leading practices, what are the KPIs that you're reviewing, or that you need to review, and how are you going to track them?

Most companies have a growth strategy, and every company should. Whether it's going public, expanding internationally, preparing for acquisition, product diversification, or hiring and growing, you will not achieve growth without transformation. So, once you have a strategy, you need to ask "What transformation is required to enable our growth strategy?"

- Operational efficiency
- Improved customer experience
- Enhanced user experience
- Identification of new or alternative revenue models
- Create capacity in previously constrained parts of the organization
- Develop agility and change readiness
- Advance your technology capabilities

We are now living in a digital world where all business is constrained or enabled by technology. You must have a technology platform that can not only enable your back-office operations, but all facets of the supply chain. Accept digital transformation — if you don't, you will get left behind.

Your metrics for performance and growth will literally define the success of your enterprise applications. "You have to define ROI levers ahead of the project," Davis said. "Then, make sure that the things you do as a part of the implementation tie back to one of those ROI levers. Make sure you're tracking that as you go through the project."

Track whether your project is achieving the transformations you identified, like improving the customer experience, and then track how that contributes to ROI and drives your growth strategy. "Make sure you're not just getting a new system that's different — make sure you're getting the business transformation you need," Davis said. Once you know how to align an enterprise solution or platform to your business needs and growth, you need to make sure that your implementation will succeed.

Structured preparation

If you fail to prepare, you are preparing to fail. To get new enterprise solutions and platforms up to speed without cost-prohibitive lengthy implementations, employ a proven methodology that includes a preparation phase before it moves into execution.

Preparation does not need to entail makework exercises like googling 'ERP or HCM requirements' to fabricate long lists of feature requirements – your vendors and consultants will be quick to point out feature gaps. It should, however, include a clear understanding of how you intend this project to assist your company's data strategy and operating model.

Additionally, particularly at small and midsize organizations, where you will likely want to leverage quick start packages and standard preconfigurations to avoid lengthy and expensive customized implementations, a clear articulation of your aims and needs will make you a smarter shopper.

"The insurance policy you have for a successful implementation that minimizes the cost and time required is that preparation phase," Davis said. "It addresses all of those things on the periphery of the tool. Most companies go into the implementation of the software tool without preparing." They pay for it in perpetual maintenance — and they probably did the same thing in their previous implementations.

In particular, companies often struggle to understand their reporting needs. "To have effective financial and operational reporting, you need to look at your measurement strategy — the metrics that you need in order to operate and proactively govern the business," Davis said.

Second, you need a data strategy. The classic Plan/Design/Test/Deploy/Support implementation is easy to choose, but it doesn't get you to ROI, modernization or other goals unless you're strategic and methodical about what you put through those steps.

And, ultimately, you need a reporting strategy that defines the reporting tools users will access for financial, operational and ad hoc reporting. Reporting is just one of the essential aspects that companies address in the preparation phase.

Preparation drives transformation — otherwise, you will be stuck in an endless implementation. Apply focus in these critical phases to ensure preparation, so that your implementation can be as quick, cost-efficient and effective as possible:
Critical technology modernization phases:

- Preparation
  - Data management
  - Operating model
  - Governance (business and IT)
  - Organizational change management
  - Reporting strategy
    i. Measurement (metrics that matter)
    ii. Data
    iii. Reporting
  - Implementation ROI

- Execution plan
  If you have the right tools, implementations and other changes can be time-and-cost-efficient
  - Gradual delivery (iterative, achievable, logical releases)
  - Design to change
  - Innovation platforms
  - Transformation management
    i. ROI levers
    ii. Organization change management
  - Sustaining the change
    i. Measure value
    ii. Innovation powered by governance
    iii. Enterprise operating model

To improve your implementation's efficiency, look at how to take advantage of the tools built into the platform. These tools are often tailored to particular industries, business needs or other factors and can help you ensure both alignment and flexibility to your current and future needs.

With the proper preparation, your execution phase can be aligned to deliver quickly — and help you quickly deliver future innovations, too. Business leaders want change that can be delivered in days or weeks, not months or years. The market demands this level of agility.

Executing for speed to value

If you have implemented a solution addressing the items in the preparation phase above, then you can achieve true speed to value — you can react to changes in the market or your growth strategy quickly. If you don't complete the preparation phase before your execution, you will have to navigate how to address these items in conjunction with making the changes. That usually doesn't end well.

"Today, you need to have environments that encourage innovation and creativity," Davis said. We've all heard that change is the new normal — so if you're not prepared for change, then you'll never be in control.

That's why it's important for your execution phase to empower innovation environments that let your teams create, test and drive new ideas with efficient speed to value. "You need to have sandbox environments where you inspire innovation and creative solutions. What if the supply chain drops tomorrow? What are you going to do? With digital transformation, you might have new and alternative revenue models. How can you launch these capabilities quickly?"

In competitive markets, businesses need to be able to shift which products and services they provide or how they provide them. "It might take six months to a year to implement a big change to your business model in the traditional ERP world, by the time you set it up, test it, implement it, put it into production," Davis said. "With today's solutions, CEOs and CFOs should be able to receive new business capabilities in weeks or a month. That's why you have to offer these innovative environments, where you can quickly go from ideation to realization and easily make changes." Initially, you implement. Everything after that, you make changes with innovation powered by governance.

The execution phase also needs to address the governance, transformation management and sustaining activities that help daily operations and new innovations succeed. "You have to keep measuring how you're doing, with people who can support the solution over time," Davis said. If you have a team focused on potential changes in the market, industry, economy and supply chain, and you have a system that supports innovative solutions, then your team can be modeling what-if scenarios and potential solutions to provide agility. "That's design-to-change, not design-to-last."

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Implementing for success

Your solutions and processes define your speed to value — and the success of your solutions is often determined by your implementation and management. "The way you own, operate and govern solutions ultimately contributes to their success or failure," Davis said. "Some people think that it's too costly and time-consuming to implement enterprise solutions and platforms. It doesn't have to be, and shouldn't be. It's pretty simple - Pick the right tool, prepare for it, and govern it.

"The amount you spend on your implementation typically has little to do with the cost of the software," Davis said. "It's more about how you prepare for and execute the project."

"With today's leading technologies, you can have a new ERP or HR system up and live in just a few months leveraging preconfiguration," Davis said, if you use the leading platform tools and packages that help expedite implementations.

Invest the time to address where you are today and understand your growth strategy. Prepare for the implementation to ensure that it's a transformation. "If you can do that," Davis said, "you mitigate the risk of poor tool implementation and you maintain the agility to make quick changes. You can also eliminate that delta — the difference between your business operating model and the tools that support your business." From there, you've paved a path to growth.

How Workday enables speed to value

Workday is a modern application platform with a toolset that enables growth and speed-to-value. We've seen many customers adopt Workday to grow "with" them. As a cloud-based application platform, Workday is plumbed to offer agility and scalability – and the high-maintenance reality of large "upgrades" goes away. As a bonus, it can be implemented quickly and easily – at a lower cost and risk than you might think, especially when you consider all of the point solutions you're able to replace and factor in the cost of maintaining connections and integrations between them. The Workday platform allows you to:

- Establish a best-in-class back office foundation that can scale essentially without limit

- Focus on growing your business and reacting to changes in the market or strategy

- Take advantage of the latest AI and machine learning innovations

"I've been impressed with Workday's focus on being a comprehensive enterprise solution and platform", says Davis

Workday unites finance and HR teams and processes onto a single platform, ensuring alignment across the organization. The applications are supported by a technology modernization toolset that facilitates innovation, extensibility and seamless integration. AI and machine learning are built into the core, so organizations, especially smaller ones that don't have significant data science resources in house, can benefit from the latest technologies. Workday Extend and the Solution Marketplace are very much a catalyst for ease of implementation and maintenance, allowing partners like us and customers themselves to build and customize apps as needed.

As the workforce makes a generational turnover, users frequently comment that the interface driven by natural language search is a welcome change over legacy tools that require users to recall long alpha and numeric code sequences to find journals and other useful data.

Workday has enabled us to help customers implement solutions quickly and easily – and we're seeing companies take advantage of these tools to expedite growth.

- Growth strategy (IPO, M&A, international, organic)
- Operating model
- Governance (business & IT)
- Org change plans
- Reporting/data strategy (KPIs)
- Implementation ROI

- Gradual delivery (Iterative, achievable releases)
- Designed system evolution
- Innovation platforms
- Org change management
- Measuring outcomes (ROI)
- Operating model improvement

Execution

Preparation

Powered by Workday Platform

Workday Technology platform
- Workday Financial Management
- Workday Human Capital Management
- Workday Adaptive Planning

Getting up and running fast

In today's environment, business leaders, particularly in small to midsize companies, want to achieve immediate value from their technology investments while also setting the organization up for sustained value moving forward. With thousands of successful deployments, many of which we've contributed to as an implementation and advisory partner, Workday's reputation for project delivery speaks for itself – more than 95% completed on time.

The question for the SMB market is, 'Is it fast enough?' It's here that we've been witnessing a new trend driven by push and pull forces on both sides says Grant Thornton, Technology Modernization Advisory Services Senior Manager, Stu Reeves. From customers, we've seen smaller organizations increasingly needing to do 'big company' things – transact in multiple currencies, expand internationally, do M&A, operate like a public entity. That's driven demand for back office tools to support those activities and customers getting ahead of those requirements, putting in infrastructure when they're smaller, so as not to derail growth with disruptive switches later on.

From our side, as the implementation advisor, and Workday's, as the software vendor, this interest has forced us to think about the packaging and preconfiguration necessary to deliver an 'enterprise grade' solution at an SMB price. Our answer has been Workday Launch, low-risk, predictable, fixed-fee packages curated for your unique needs and industry. Packages developed based on our extensive experience – which include preconfigured worker data fields, benefits rules and eligibility, payroll options, hire/term processes, charts of accounts, financial reports – that can get you live fast with the functionality you need.

Workday Financial Management

Given Workday's strong brand association with HR, many accounting folks aren't even aware that Workday offers an ERP / general ledger solution, much less that they've been named a leader in the Gartner Magic Quadrant for Cloud ERP several years running. Tackling major workflows from record to report, procure to pay, and contract to cash, Workday has designed a finance system that has enabled customers to automate processes while allowing for maximum control. Workday's ERP is a good solution for service-based industries, such as financial and business services, tech, hospitality, retail, and healthcare, that want to align their people and financial systems. Highlights our customers have benefited from include:

- Managing a multitude of processes including accounting, close & consolidation, revenue, expenses, projects, grants

- Embedded what-if, scenario planning and reporting and analytics capabilities

- Audit and internal controls to stay on top of risk and effectively manage compliance

Workday Human Capital Management (HCM)

Workday continues to be the gold standard when it comes to HR. Our customers have found the platform robust enough to address the recruitment, retention, administration and payroll challenges they face today and flexible enough to adapt as requirements evolve. Multidimensional org structures enable workers to be grouped and managed into hierarchies by cost center, department, and geography. Process flows are easily established and changed, complete with configurable business logic. Also important, especially when customers are expanding globally, is the ability to accommodate local variation while still maintaining a consistent employee experience and security approach across regions and worker types. Highlights our customers have benefited from include:

- Employee profile support for +200 countries, territories, and regions

- Access to a skills cloud of more than 55,000 searchable, reportable skills

- Improved employee engagement, recruitment, retention, recognition and feedback

Workday Adaptive Planning

In 2018, Workday acquired one of the leading independent cloud planning providers, Adaptive Insights, and since then has worked to integrate those scenario modeling capabilities into the transactional systems of record for HR and finance. The result is now a single platform on which customers can plan, execute and analyze their business – their people as well as their financials. We, as an implementation and advisory partner, view this consolidation as incredibly valuable for customers as it helps accelerate deployment with reduced data integration costs, minimize data movement and the propensity for errors, and assist with challenging variance reconciliation. Highlights our customers have benefited from include:

- Unlimited versioning for what-if scenario analysis
- Embedded machine-generated forecasting and anomaly detection
- Self-service, drag and drop variance reporting

Workday technology platform

Workday is a modern technology platform which affords customers numerous benefits when it comes to openness, extensibility, security, automation as well as innovation. Workday's AI and ML strategy has been to embed it directly into the core of the platform, helping to level the playing field for smaller organizations without dedicated data scientists. Workday is built with a true cloud architecture, meaning all customers are on the same version, with new features and enhancements releasing constantly.

And, as you'd expect from a vendor with a modern, open architecture, Workday has a Solution Marketplace where partners like us can post apps they've developed either inhouse or using the Workday Extend toolset. These prebuilt templates and packaged offerings are very helpful in getting customers deployed faster. Highlights our customers have benefited from include:

- Embedded AI and ML, natively leveraged in workflows, analytics, and user experience
- Open, extensible, and interoperable platform is easy to connect to and build new apps with low- and no-code tooling
- Marketplace with hundreds of prebuilt solutions and templates to accelerate deployment

About Workday:

Workday is a leading enterprise platform that helps organizations manage their most important assets – their people and money. The Workday platform is built with AI at the core to help customers elevate people, supercharge work, and move their business forever forward. Workday is used by more than 10,000 organizations around the world and across industries – from small and medium-sized businesses to more than 60% of the Fortune 500.

Ready to learn more?

Contact sales at workday.com/contact to further explore how we can help you lead in a changing world. workday.com/smb

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