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Is Your ERP Promoting High Performance?

Three Fundamentals of Next-Generation Government Enterprise Systems

It is more important than ever that governments become high-performance organizations with high-performance people, business processes, operating models and technologies. Getting beyond today's tough challenges—a tough economy, budget and resource constraints, and rising citizen service expectations—demands it.

While our research reveals that getting significant value from ERP systems is key to high performance, many government organizations are falling behind here.¹ To achieve high performance, they must break free from traditional ERP in favor of next-generation ERP, which centers on three fundamentals—business process-led design, cost reduction and continuous improvement.

1. Next-generation ERP is rooted in high-performance business processes.

The traditional way of looking at ERP—solely as a technical exercise in making the software work—is contrary to everything we know about what a high-performance organization does. In fact, Accenture research reveals that high performers routinely emphasize optimizing business processes when it comes to their enterprise systems.²

Deriving high performance from ERP begins with business process-led design, which is inherently about focusing on value. Government organizations must assess the efficiency and effectiveness of existing processes through the lens of the business outcomes that must be achieved. What processes need to change? Which are more standard? Which provide the most value?

This assessment means worrying less about technology requirements and thinking more about the alignment between processes and outcomes. It's about assessing how a business process should ideally work and then enabling the technology to support it, rather than force fitting existing—and even less than ideal—processes to a technology solution. A business process-led design allows an organization to improve processes that bring sustained value, and prevents it from “freezing” ineffective processes into the ERP solution.

With next-generation ERP, this process-led design is completed right out of the box. For example, the Accenture Government Enterprise Services link our High Performance Business Research with industry-leading business processes to the major ERP software solutions. This approach provides essential building blocks and implementation accelerators that are different from traditional ERP implementation. Instead of a complex customized implementation, organizations can get 80 percent of “commodity” processes out of the box and the other 20 percent are tailored to an organization's specific business needs—often cutting implementation time in half. Moreover, this approach allows organizations to focus on their most value-driven processes, optimizing them while still getting faster implementation results. These processes—combined with new technologies—can bring newfound outcomes, such as supporting more nuanced approvals or driving more flexible process logic.



2. Next-generation ERP drives new forms of cost reduction.

This business process-led design inherently surfaces new cost reduction opportunities for government organizations because it is fundamentally value focused. Savings are not just in implementation, but in cost avoidance opportunities related to day-to-day operations. Experience shows that complexity drives cost, and cost reduction is accomplished through the simplification and standardization made possible by optimized business processes.

Scale also drives cost. Government organizations are also reducing costs by using next-generation ERP systems as engines of cross-jurisdiction collaboration because they can support multiple agencies with common business requirements. More and more, agencies are coming together out of necessity to reduce costs while providing better or new services for citizens.

For example, the Singapore Ministry of Finance consolidated the IT systems and operating environments 11 agencies used to manage their human resources, payroll, finance and procurement functions. This move made sense given the similarities in administrative procedures across the agencies. In addition, the Government would drive efficiency gains and cut costs

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by sharing IT services and best practices, and improving reporting. With Accenture's help, 11 government agencies in Singapore developed a shared human resources, finance and procurement system which is expected to help them cut IT infrastructure costs by 30 percent over the lifespan of the system.

3. Next-generation ERP is an evolution.

Business process-led ERP also promotes a culture of continuous improvement and modernization, which is a stark contrast to yesterday's ERP system implementations. These were typically 24-month implementations that involved tremendous effort and focus—and often heartache—and that could easily drain resources, money and organizational confidence. After implementation, the system was often left to run as it was developed, with only minimal upgrades to keep the product "in support."

Thankfully, next-generation ERP offers a very different experience. It can be a much faster implementation followed by ongoing enhancement steps that bring new value to an organization. It is an approach where continuous learning and improvement happen on an ongoing basis in a best practice-driven, often multi-tenant environment that is continually refreshed with the latest business processes. This speed and ongoing improvement is essential in today's dynamic environment where government organizations must compete for resources and demonstrate value every day.

For more information

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The idea is that change is always possible. There are ready opportunities to evolve cost savings, make the most of innovation, optimize resource use, and make data-driven decisions so staff can focus on front-line business initiatives rather than back-office needs.

What does this mean in practice? With business process-led ERP, an organization can define key performance indicators at the business process level for a game-changing view of performance. An agency can understand what it is achieving, in shared services or cross-jurisdiction models, and create baseline benchmarks to track and compare performance. This creates a virtuous loop where agencies can learn from each other to become high performers creating new value. It also drives efficiency, transparency and creates a self-perpetuating basis for ongoing transformation.

About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with more than 244,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US \$25.5 billion for the fiscal year ended Aug. 31, 2011.

¹ Mobilizing More Value from Your Enterprise Resource Planning (ERP) Systems, Accenture 2010, www.accenture.com/us-en/Pages/insight-mobilizing-value-enterprise-resource-planning-summary.aspx.

² Using Enterprise Systems to Gain Uncommon Competitive Advantage, Accenture 2008, www.accenture.com/SiteCollectionDocuments/PDF/growth_systems.pdf.