SOFTWARE TRANSITIONS: A FACT OF BUSINESS LIFE

Business software transitions are about as old as business software itself. Companies and the environments in which they operate change, as do the options available, leading to inevitable changes in systems. However, we have recently observed an uptick in the number of organizations that are considering or transitioning to other software options.

Members of the Morrison team have worked with software transitions going back to the early and mid-1980s when many companies were making their first move from all paper accounting. Some were installing computers for the first time. And while a lot has changed, there have been a number of constants that should be considered in making a smooth and effective transition.

DRIVERS:

We see a number of reasons for the growth in software transitions, but an informal survey of clients and others indicate a few key drivers:

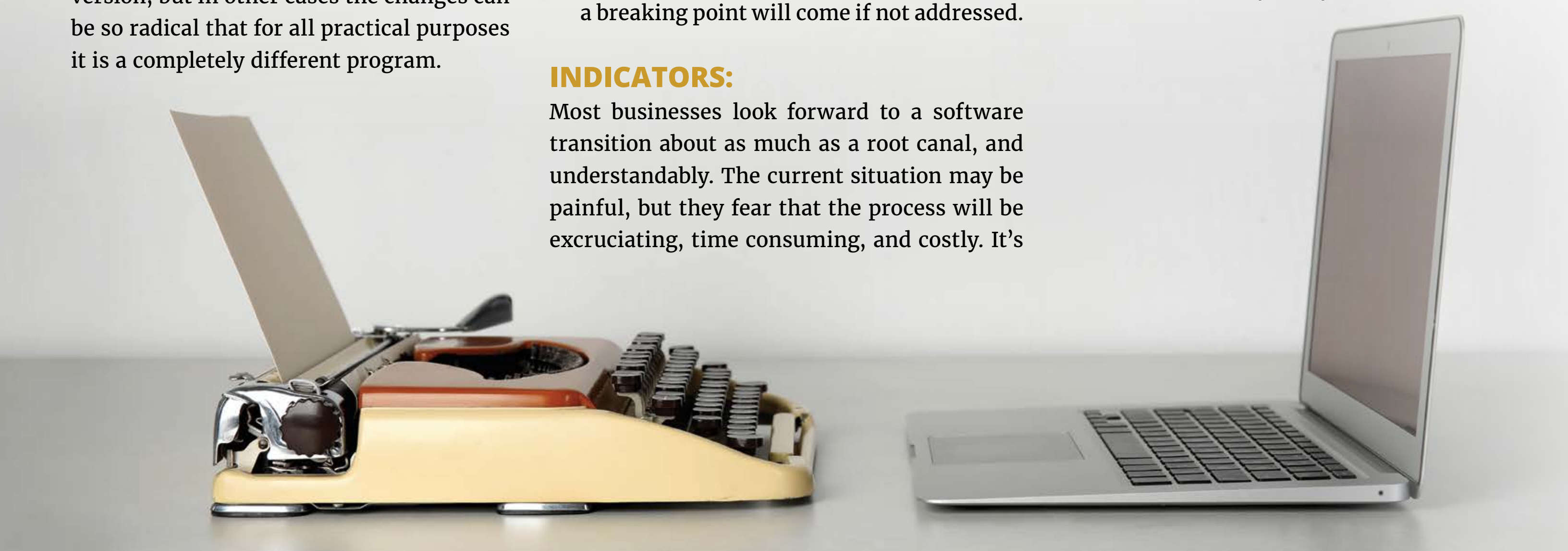
1. **OBSOLESCENCE.** Unlike fine wine, software does not age well. Software obsolescence comes faster than it once did, with frequent upgrades and options geared at specific needs. Let's face it: typewriters didn't change much after the invention of the electric machine, nor did pen and paper, but software and cloud options do. We ran across an article suggesting that software programming experience and education has a half-life of about three years; we'd guess it's even shorter for software. That's not to say that if you've used XYZ software for three years it's time to change, but you should make sure that it's a system that is continuously upgraded and improved by the provider.
2. **MINIMAL OR NO SUPPORT.** This can go hand in hand with obsolescence. As a program gets older the availability of support may decline or the version you are using may be simply discontinued. It may be straightforward to upgrade to the next version, but in other cases the changes can be so radical that for all practical purposes it is a completely different program.
3. **EASE OF USE.** Ease of use can be underlooked as a consideration when choosing software, and to be fair, some ease of use issues may not be obvious until you actually use it. We see software that has functions that sounded good when selected, but in practice proved not to be intuitive or to be clumsy to use. This may lead to underutilization of certain capabilities, or a cumbersome collection of software add-ins and other work-arounds.
4. **LACK OF KEY CAPABILITIES.** Perhaps the most common reason we hear for a software transition is a lack of key capabilities. For example, we work with many companies that process, assemble, or manufacture CPGs (consumer packaged goods) or other finished products, so tracking of inputs, work in process, spoilage, finished goods, etc., is critical. It is not uncommon for new or small businesses to start with QuickBooks, which is well-supported and user friendly. However, companies with critical manufacturing/processing costing needs may find themselves using work-arounds or simply lacking key information. We know of companies that have hung onto software well past its suitability, but a breaking point will come if not addressed.

INDICATORS:

Most businesses look forward to a software transition about as much as a root canal, and understandably. The current situation may be painful, but they fear that the process will be excruciating, time consuming, and costly. It's common to ignore or put off the possibility of a change, but there are indicators (think of them as "symptoms") that companies should look out for:

1. **KEY INFORMATION NOT AVAILABLE.** Information you need to guide critical decisions may simply be unavailable through your system, which ties back to what we often see in regard to lack of costing capabilities. Check first to be certain that the function you need is truly absent before going to add-ons or other work-arounds. We have seen cases where a function was available, but the organization was simply not aware of it and went on to implement unnecessary add-ons.
2. **UNTIMELY INFORMATION.** Information for decision making purposes is best served fresh. If a process is too cumbersome and time-consuming, it may be stale at best, and possibly worthless. If this is an ongoing issue, it's time to look at options.
3. **USE OF MULTIPLE ADD-ONS.** Some add-ons are almost inevitable, for example to meet certain industry-specific needs. But if it's beginning to look like Frankenstein's ERP, with countless limbs and appendages bolted on to make things work, it's time to reconsider.
4. **EXCEL-ERATING.** This is what we dub the stampeding creation of uncontrolled Excel workarounds by needy users. We see this when users, desperate for information, create their own Excel models simply because they know how and see no other options. Two or more people may try to create the same information, and will almost inevitably come up with different results.

There are more, but if you see any of these indicators in your organization, it is time to take a hard look at your systems.



QUICK WARNING SIGNS:

A detailed evaluation is necessary before choosing new software, but there are key signs that are relatively quick and simple to determine before taking the dive into the details. They include:

1. **LOW NUMBER OF INSTALLATIONS.** We have worked with organizations using software that has fewer than a hundred installations worldwide. Frankly, it may not be a whole lot more comforting if they have only a few thousand. The software may be fine to start with, but it will often be underdeveloped due to low user input and because the size and income of the software company isn't sufficient to provide adequate ongoing support or development. Smaller companies are also more vulnerable to economic downturns and other issues. Let's face it: SAP, NetSuite (Oracle), and Microsoft Dynamics aren't going anywhere, and if they do another software giant would snatch them up and life would go on.
2. **SPECIALIZED SOFTWARE.** Be careful when considering very industry-specific software. We have seen software specific to certain crops, to home delivery of farm products, and other niches. No doubt those businesses have their needs, but something that specialized is likely to have a small number of installations, and the providers will be vulnerable to anything that negatively impacts their industry niche.
3. **SCALABILITY.** It's one thing to outgrow QuickBooks; most businesses past the Ma and Pa stage will get there at some point. It's another thing to outgrow Sage. Unless you don't think you'll look much different over the next 10 years, make sure anything you consider can adapt with you to a reasonable extent. Software conversions can be necessary, but like a root canal, don't plan to do more than you need to.

HOW TO APPROACH:

There is an old joke that there are six phases of a major project: 1) Wild enthusiasm; 2) Total confusion; 3) Fear and uncertainty; 4) Search for the guilty; 5) Punishment of the innocent, and; 6) Promotion of the uninvolved.

There can be tinges of this in a software conversion, but a well-planned approach can avoid the worst of it. There is a lot more to it than can be summed up in one short article, but following are some key steps:

1. **GET THE RIGHT HELP.** The software provider may offer resources, but for many situations you'll need a good software tech firm specializing in the software you are transitioning to (and hopefully from). For the record, this is not Morrison and we are not a tech consultancy, but we can provide needed assistance as detailed below. We've seen companies try to stumble through transitions on their own, and it can be a bigger climb than anticipated. The right consultancy should be able to tailor their services to your needs.
2. **START WITH A DETAILED ASSESSMENT OF YOUR NEEDS.** This may seem obvious, but the best approach involves working with all user levels. It is a mistake to rely solely on executives, division heads, or managers. This is necessary for the big picture, but get direct feedback from users at all levels.
3. **GET USER SUPPORT.** This relates to the point above, but work to get the support of users at all levels. We have seen elements of transitions fail because the users weren't sold in the first place.
4. **PLAN, PLAN, PLAN—AND TAKE YOUR TIME.** This means the transition may take longer than you'd like but it is critical to get it right. You wouldn't rush a heart transplant, and an ERP conversion can be the business equivalent. We are aware of a major ERP transition for which the company was given only a few months; the old system was being unplugged on a set date and there was no moving it. Predictably, it was a fiasco. The issues were resolved over time and it was successful in the long-term, but years of challenges could have been avoided with better planning and transition time.

HOW MORRISON CAN HELP:

Morrison is not a software tech firm but a successful transition is also driven by an understanding of the needs of an organization compared to the options. We can assist in discussions with software providers to plan both the technical and practical help needed based on our work with the organization and experience with other transitions.

We can assist in interviewing users to determine their practical needs and concerns, assess reporting cycles (e.g., sales, expenses), identify audit points, determine lack of segregation of duties, and assist with other matters that could hamper a successful transition. We can help review the internal controls and procedures currently in place to avoid transferring less-than-ideal practices to a new system.

Clean-up and preparation is key, but there is often not enough internal staff availability to handle that along with everything else. We can help with both the planning and the day-to-day activities to avoid unnecessary disruptions.

You wouldn't climb Mount Everest without a guide, and we can serve in that capacity in software transitions. A software transition can have a great impact on a company's future. Make sure you plan and execute accordingly.

ABOUT THE AUTHORS

Brent Morrison and Ana Klein are principals at Morrison. Brent Morrison is Morrison's founder and oversees strategy and implementation, practice development, infrastructure development, and both serves and oversees services to Morrison clients. Ana Klein oversees the Business & Accounting Advisory team, serving clients in industries including food, agribusiness, trade associations, manufacturing and processing, distribution, and the non-profit sector. Ana also oversees practice development for the B&A practice, including long-term strategy, identifying and implementing service options, training, implementation of appropriate technologies, and business growth. To get in touch with Brent or Ana visit *www.morrisonco.net/contact.*