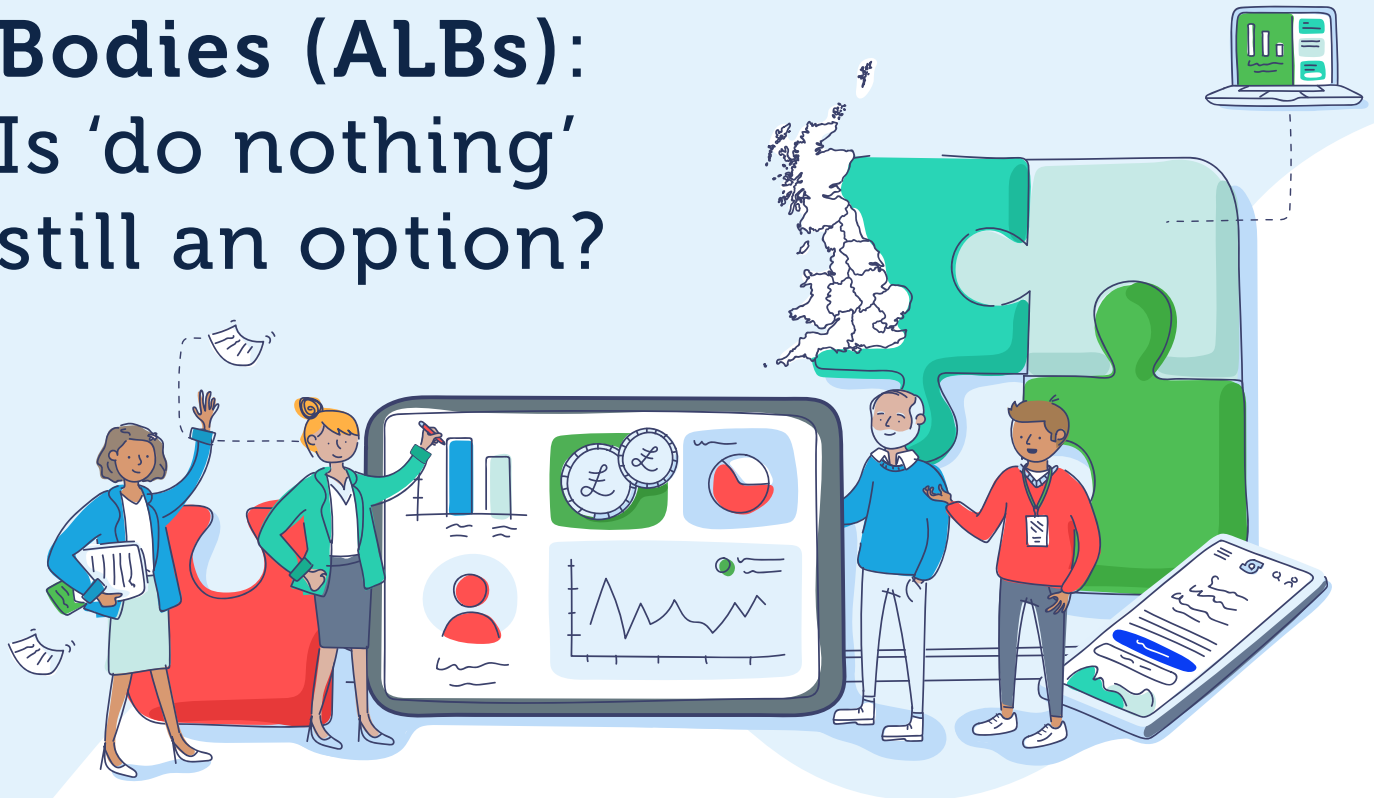


ERP in Arms Length Bodies (ALBs): Is 'do nothing' still an option?



Many HR, finance, payroll and procurement systems currently in place in ALBs are quickly running out of contracted support or are not fit for purpose in a modern world.

If you are an ALB with an ageing, on-premise system we feel it is imperative that you make changes now, rather than waiting for the shared services strategy to be enacted.



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The Government's shared services strategy has been running for several years - with an updated version last released in March 2021. Within this strategy Government Shared Services (GSS) has outlined five shared services centres (or 'clusters') to which all Government ministerial departments have been allocated. Each cluster will select and contract an Enterprise Resource Planning (ERP) solution as a group, alongside associated contracts such as Systems Integrator (SI) and Business Process Services (BPS).

There is an expectation that agencies and public bodies associated with each department will also onboard into the same shared service centre as its sponsoring department, having minimal, if any control over the chosen technology solution(s).

Shared service model outlook

It is assumed that it will be several years before such a move to a shared services model will be a realistic proposition for these agencies and public bodies. SaaS roll-outs are usually shorter than the painful experiences of the past with on-premise, heavily bespoke system configuration, at around 18-24 months.

However, in advance of implementation we expect an additional 24 months to cover the time needed for creation of a robust business case and to run a competitive tender process for the SI and BPS elements. During this time there will also be work in each of the individual departments to start on the change management to ensure user adoption and maximise benefit realisation.

Finally, there will be extended time needed to cover the additional requirements of multiple departments. We would expect it to be at least five years before a shared services solution is running for every department across each of the clusters. It is likely that different approaches are taken but likely that some clusters will phase their implementation for each department.

Action required now

If you are an agency or public body, we feel it is imperative that you make changes now to your HR, finance, payroll and procurement offerings. Many systems in place are quickly running out of contracted support or are not fit for purpose in the modern working world. Also, data is often being held on a variety of different systems - including spreadsheets - without any control, which can lead to costly mistakes, inefficiencies and dissatisfied internal customers.



Key considerations

With the shared service centres and new solutions unlikely to be ready to welcome you onboard for a number of years, what can you do in the meantime?

The options available are to:

- 1 Move to an interim cloud solution of your own, or;
- 2 Conduct a readiness assessment for a move to a shared service model - leading to improvements in processes and/or culture in your organisation

1 Moving to an interim cloud solution

Moving to any cloud solution will have benefits - with functionality having progressed in a way which could significantly support HR, finance and procurement in achieving your objectives, for example around talent management in HR. Cloud solutions will also be more secure than current systems - especially if your organisation is currently relying on off-system storage of data.

These are broadly two options with regards to moving to a new system - either an integrated cloud ERP solution could be purchased covering HR, finance, payroll and procurement, or a 'best of breed' combination of separate systems for each of these, with robust interfaces connecting data and processing between them.

ERP options

There are several SaaS ERP platforms available. In alphabetical order Oracle Cloud, SAP and Workday are the three Cloud ERP platforms sponsored by Cabinet Office under the shared service strategy, and Microsoft Dynamics is also deployed within central government.

The benefits of moving to a Cloud ERP system are well documented – you will have a fully integrated system covering all aspects of your back-office solution. Whilst they are initially costly, ERP systems have a better ROI over the longer term.

Agencies and public bodies may want to ensure that they are moving to the same solution as the eventual shared services centre in order to avoid significant costs of changing systems again.

Best of breed options

The other option is to move to a best of breed platform solution – these are systems that just cover one aspect of your back-office solution e.g. HR or finance, rather than an integrated system to cover both. There are many different combinations of solutions available in the market.

Moving to any cloud-based system will focus your organisation to standardise processes and will encourage a move to more self-service. All these changes will mean if you need to be moved again to the 'cluster' solution it will be much easier and much less of a culture change.

However, it may be that moving to different best-of-breed systems now and then having to move again will cause confusion and change fatigue. It is worth noting that 'best of breed' solutions require costly integrations between

systems (which require regular revisiting) and do not give the 'single version of the truth' most organisations crave. But it may still be a good option if you are currently working from spreadsheets or totally disjointed solutions.

Next steps

At Socitm Advisory we have worked with many public sector bodies on creating options appraisals to enable them to select the right solution for their organisation.

It is likely that the 'best option' will differ for different organisations depending upon the challenges being faced. The options appraisal will clearly outline the variety of approaches available whilst taking into account the unique



environment you are working within and the 'pains' that are most pressing.

2 **Readiness Assessment and improvements to process and/or culture**

The other option that is open to you is to conduct a readiness assessment – looking at your readiness to move to a new shared services model. When moving to the new shared services model and solutions there will be a need to comply with standardised processes – these have already been created in the global design principles for both finance and HR. These processes also rely on end-user self-service with no system being effective unless those responsible input the correct data in a

timely manner ('rubbish in-rubbish out'). Therefore our readiness assessment would outline how aligned you were to the standardised model.

Understanding the culture of your organisation is also important – are individuals willing to take responsibility for data management and self-service themselves? If not, change management activities will need to be completed in order to shift the organisation to greater maturity in this area. This will mean when the time comes to move to the new ERP solution proposed, the gap between what is required and the current ways of working, will be minimal. Our readiness assessment would also cover this element.

Next steps

The readiness assessment will provide you with a good understanding of how ready you are to move onto a shared service and how close your current processes are to the global design principles.

Socitm Advisory would also be able to continue working on addressing areas of focus that come from the assessment and working with you to standardise your processes to help you because more efficient and effective moving forward.



Getting support

At Socitm Advisory, we have experience in supporting hundreds of public sector organisations with their ERP solutions. We can help you discover the issues you face and implement new ways of working supported through cloud-based technologies. Get in touch to find out more or talk to one of our customer references.

