CONSOLIDATION: WHEN YOU HAVE YOUR WORK CUT OUT FOR YOU

SMART SOLUTIONS FOR BUSINESSES WITH COMPLEX OPERATIONS AND MULTIPLE POINTS OF PRESENCE

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INTRODUCTION

For most companies today, the consolidation - or integration - of IT infrastructure and data originates from the need for reliable information, easy management and evaluation, greater data accuracy, reduction of operational expenditure, and management oversight (helicopter view).

This integration may concern systems and data from:

- Remote offices and branches to the main data center
- Various departments and operational units within the company
- Various software used within the same IT infrastructure
- Companies of the same Group of Companies

Successful integration of the computing environment requires time, planning and collaboration amongst departments and users. It is a process whose successful outcome will bring immediate and measurable benefits, but at the same time it comes packed with significant challenges.

This eBook is designed to describe common consolidation challenges that businesses face, and to explain how they can be successfully addressed. But first, let's see what **IT Consolidation** means.

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DEFINITION

IT Consolidation is the integration and correlation of systems and applications so that the processing and exploitation of various data takes place in a single point.

IT Consolidation allows users to manage different types of data via one access point and helps transform raw data into properly structured information that leads to better and faster decision making.

IT Consolidation presupposes radical changes in the computing infrastructure architecture and affects some of the most critical operations within an Organization or Group of Companies (from budgeting and capital expenditure to the function of individual business units). These radical changes, however, come with a quick return on investment (ROI) and invaluable benefits, both immediate and mid-term.

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GLOSSARY

To make it easier to read and understand, we've listed some common terms you'll come across below, along with their meanings:

Return on Investment (ROI):
The ratio between net profit and investment. It is calculated by dividing the net profit earned on an investment by the cost of that investment.

Change management:
Change management is the term we use to describe the set of actions (preparation, communication, etc.) to support individuals, groups and organizations in making significant organizational changes.

Data management:
Data management is the process of collecting, storing, organizing and maintaining business data.

Intercompany transaction:
Exchange of purchase and sales documents amongst companies within the same group.

IT consolidation:
The integration and correlation of computing systems and applications.

Key Performance Indicator (KPI):
A quantified measure of performance over a specific period of time and for a specific objective.

Service Level Agreement (SLA):
SLA is an agreement between the business and the supplier that defines in detail the level of service that the supplier will provide, and the response times per service.

Standard Operating Procedure (SOP):
A standard operating procedure is the written instructions that describe the procedure (step by step) that must be followed to correctly perform a repetitive task.

WHY IT CONSOLIDATION IS IMPORTANT

Today, most Organizations and Groups of Companies rely on data for their operations and decision-making. This data often has an impact on decisions pertaining to:

- The creation and implementation of a business plan
- Budgeting
- Key Performance Indicators (KPIs) such as productivity, efficiency, customer loyalty, etc.
- The operation of individual units within a Group, or departments of an Organization

In any Organization or Group there are various systems, multiple databases, multiple departments and dozens of third-party vendors that generate business and customer data for the business and its customers.

While this information adds value to the respective parties individually, it is only when combined and analyzed together that it's being exploited fully and provides a complete picture of what is really happening in the Organization.

The business decisions made by an Organization or Group of Companies are only as good as the data that supports them.

For example, companies with dated and/or fragmented information systems, where essential decision-making information is kept in emails or worksheets that are not fed automatically, while "manual" intervention by users is needed often or as a rule: this is a case where reliability of data is compromised and the decision-making tool is weakened.

CREATING A CULTURE FOR MERGERS WITHIN THE GROUP

We don't talk often or enough about the challenges that arise from acquisitions and integrating new businesses into a Group. Most Groups approach new teams with the motto "one organization, one vision, one unified strategy, one team"; forgetting to include "one computing environment".

However, IT is the backbone of today's business - almost all tasks and processes run through the computing environment. Therefore, the integration of new businesses or teams within the Group should start from the backbone, with the integration of systems and data.

The IT environment not only dictates, but often defines team culture as well. IT consolidation can therefore act as a catalyst for the faster and smoother integration of new teams into the Group.

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STRATEGY FOR A SMOOTH INTEGRATION

The process of IT consolidation is not easy, and often involves increased challenges and delays. In order to maximize the likelihood of a smooth transition and success, we need to implement the following five steps:

1 STEP

Incremental development of changes with a timetable

Divide the project into phases, calculate how much time you will need for each phase for implementation, configuration and testing, and write down what resources you will use.

2 STEP

Frequent performance testing

By incorporating regular performance testing, you ensure that the integration is progressing smoothly, while minimizing the chance of problems arising after implementation is complete.

3 STEP

Regular review of progress

Reviewing progress at regular intervals helps to stay "true" to the original plan and avoid delays.

4 STEP

Risk management and business continuity plan

Create your risk management plan so you don't allow unforeseen situations to delay implementation. Make sure you are prepared to deal with potential temporary loss of services (e.g. access to systems) or data.

5 STEP

Change management plan

Unfortunately, many such processes fail due to poor change management and low employee engagement. The more informed and engaged users are in the process, the greater the acceptance of changes, paving the way for overall success.

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BENEFITS OF THE UNIFIED ENVIRONMENT

We often tend to forget that technology is supposed to simplify work, not complicate it. However, by using multiple systems from different vendors we may multiply data processing, producing different results depending on the parameters each team uses for analysis. Furthermore, different reports from different teams may lead to erroneous conclusions.

The benefits of a unified computing environment are multiple and cover both the business and the operational priorities of an Organization or Group of Companies. Generating consolidated reports is just one of these benefits.

In addition, most benefits come with results that are immediately noticeable and measurable, ensuring a quick and significant return on investment (ROI).

Some of the advantages of a unified environment are:

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OPERATIONAL BENEFITS

Simpler processes

With the integration of systems, comes integration of procedures (SOPs); so that the Organization or Group follows specific policies that reflect its culture in all units and work departments without exceptions (e.g. unified policy for credit control, centralized access rights for data protection).

Increased functionality

Consolidating systems and simplifying processes can streamline and accelerate response times, improving productivity within units and departments.

Lower operating costs

If you don't have a holistic view of the technology and its workflows, you may be wasting money e.g. maintaining systems you don't need or buying licenses for applications which have been made redundant by other systems.

Better supply chain management

By modernizing processes, recording and tracking shipments based on international standards, and strengthening customer-centricity in product distribution.

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BUSINESS BENEFITS

Greater accuracy

Systems integration populates more accurate data, ensuring:

- One processing point for common entities (e.g. Customer) so that updates are made simultaneously across all systems
- Common filters and requirements for exporting reports
- Joint processing and consolidated financial results for the Group of Companies

Faster and better decision-making

Having global supervision but also the ability to analyze specific points, such as:

- Obligations and requirements for the Group and also per company
- Results per activity
- Timeless sales development
- "Net" result without intra-group transactions

management is empowered to make better decisions, faster.

Better experience for the end user

Fewer systems, easier data retrieval, unified user interface, multi-language functionality, better team collaboration - all contribute to a friendlier work environment and improved experience for users.

Improved go-to-market strategy

Whether it's different departments in the same Organization or companies belonging to the same Group, the rational dissemination of information can contribute to the creation of unified and more detailed "profiles" for the customer, helping the organization to offer more targeted services.

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BENEFITS FOR THE IT DEPARTMENT

1

Better use of resources:
Whether it's systems and applications or man-hours, the integration of the computing environment ensures better allocation and use of available resources.

2

Easier system management and upgrading
The management of repetitive tasks (e.g. backup, upgrades), as well as employee access to systems, becomes easier and faster.

3

Better collaboration with the technology provider:
By having a single technology provider, the IT Department has a better and more meaningful collaboration. In addition, it can prioritize tasks based on the needs of the business (rather than the various vendors), and better track SLAs.

4

Increased data security and business continuity:
Consolidation of systems and applications facilitates data security management, enhancing regulatory compliance and business continuity.

COMMON CHALLENGES

Of course, it's not all roses in the process of IT Consolidation. That's why we said you have your work cut out for you!

Many Organizations and Groups of Companies struggle a lot with the integration process, often due to insufficient planning or insufficient support from the technology partner. Some of the common challenges that businesses have to face are:

Data heterogeneity

When the same data is collected in different formats or for different purposes by different units or work groups, it becomes difficult to combine and analyze the data.

Poor data quality

When outdated systems are used, data is entered manually or essential information is kept in eMails or worksheets, the reliability and quality of the information is compromised.

Many customizations

In order to facilitate things, users often request customizations that do not align with the needs or goals of the business, while may complicate the integration process.

Different policies between companies of the same Group

Whether it is security policies, procurement policies or even data processing methods, the differences in operations make it difficult to form a single overview for the whole Group.

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COMMON CHALLENGES

Failure to update procedures
When we change systems, it is important to update the relevant procedures so that users have clear instructions regarding company policy. Unfortunately, updating processes is often done after implementation, when it's too late.

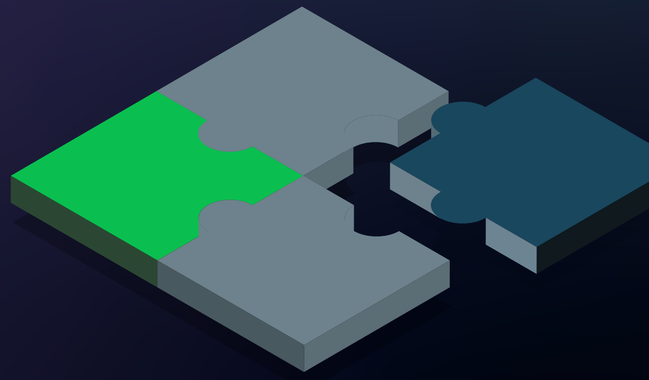
Low regulatory compliance
Not all companies have the same policy on security, privacy and data protection - and this can be a significant problem when integrating systems and processes within the Group.

Lack of flexibility
As much as we need a detailed plan to integrate the computing environment, we also need to show flexibility in order to solve problems and avoid delays.

Lack of user enthusiasm and cooperation
People are the most important asset for any business. They are also the most difficult to manage. As with any change, it is essential to have people **as allies** in the consolidation project.

Insufficient user training
Users are more likely to reject a system that is difficult for them to use, either because it is complex or (more often) because they have not been adequately trained to its use.

Little or no experience of the technology partner
The technology partner used by the Organization or Group must be able to understand the needs and challenges of the project, ask the right questions and have answers. It is very important that the partner you choose has solid experience with consolidation projects, in Organizations or Groups similar to yours.



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FACING THE CHALLENGES

They may seem insurmountable, but the above challenges can be avoided or dealt with properly, with the following steps:

Renewal of procedures

The procedures provide clear, "non-negotiable" instructions for the operation of units and the use of systems. In addition, they help increase regulatory compliance and converge culture. For these reasons, it is important that they are renewed to keep up with the changes in the Organization or the Group, but also to be part of the staff training.

Good communication

Change can often be upsetting for people, especially when it affects them directly and they have not been consulted! Communicate the plan from the start, explain the reasons, discuss the benefits and challenges, and ask for stakeholder buy-in. Good communication will help your people see what you are trying to achieve and how they can help you throughout the process.

Choosing the right partner

Like any IT project, a consolidation project relies on the expertise and experience of people for its success. Choose wisely, a partner with experience to guide you properly.

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LOOKING FOR THE RIGHT PARTNER

In your company, there are probably systems from various different vendors. Different vendors usually focus on promoting specific services or their systems, without concern about the overall integration with other systems, or how you will reduce the operating costs as a whole in the Group.

An experienced technology partner will look to find ways so that:

- ✓ The Group performs better
- ✓ To have a holistic and accurate picture of the operation of the individual units, departments and companies of the Group
- ✓ Your teams collaborate more
- ✓ Procedures are more efficient
- ✓ To strengthen regulatory compliance
- ✓ To have a realistic plan for data security
- ✓ To have the best technology tools at your disposal

THE ENTERSOFT EXPERIENCE

With more than 4000 customers in 40 countries around the world, Entersoft is a leader in the software market for Enterprises and Groups of Companies, offering a unified operating environment in ERP, CRM, Retail, Mobile, WMS, e-Commerce & B.I. Entersoft also offers specialized solutions for vertical markets, such as Transport & Logistics, Fashion Industry, Retail & Franchise, Food-Beverage, Industrial Materials, etc.
Entersoft's specialist consultants design and implement IT Consolidation solutions for Organizations and Groups of Companies, which include the following features:

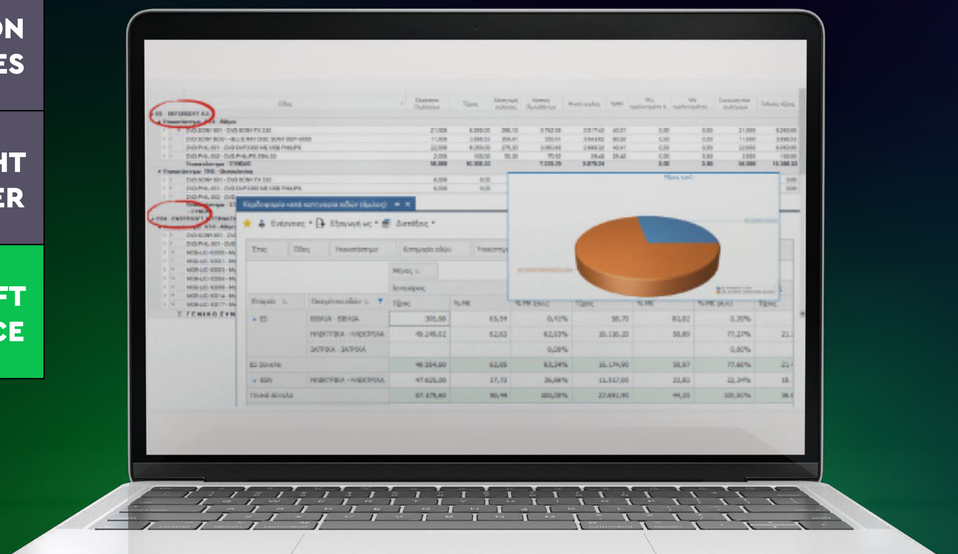
FLEXIBLE COMPANY DATA STRUCTURE

- Better Management oversight of the financial health of the Organization or the Group, with distinct financial data per company, cost analysis, historical sales data, gross profit analysis, turnover forecast, etc.
- Greater accuracy of data amongst departments and companies of the Group, with common contact and customer service information and lists - structure - segmentation - item properties, for unified management and consolidation scenarios.
- Increased compatibility with security and personal data protection policies, with common, unified identification of users, employees, departments and jobs, as well as access rights, to make things easier for the IT team.
- Reduction of time spent updating and correcting data, with a single point of entry and method of storing "shared" data to minimize errors and accuracy in reporting (e.g. titles, VAT numbers, brand names or commercial entities, professions, segmengtations, transport companies, Banks etc.).

INTERCOMPANY TRANSACTIONS

Automation and minimization of typing in cases of transactions amongst companies of the same group (e.g. sale for one company, purchase for another is done by "transformation").

Support for a multi-company and multinational environment with easy, fast switching amongst companies, currency integration, transactions, price lists and budgets in any currency, and multilingual functionality (automatic translation of selected text, ability to adjust user interface to the local language, etc.).



GROUP BUDGET

Checking progress of the budget using the company as comparator and comparing company results.

Automatic conversion of budgeting data into "base currency" or "single control currency".

CONSOLIDATED REPORTS (REPORTING)

- Group Balances
- Results with elimination of intercompany transactions
- Open balances
- Cost analysis
- Group obligations - requirements
- Sales Statistics and Sales Dashboards
- Revenue per point of sale

- Group cash flow
- Long-term sales development
- Gross Profit Analysis
- Analysis of Turnover & Profit by product category
- Sales analysis with hierarchical visualization
- Top customers - products
- Ratio of Turnover - Discounts
- Analysis of expected Turnover

Learn more at:
www.entersoft.eu/multinational-trade/

TRUSTED DATA: INTERCONNECTION OR INTEGRATION?

WHEN WE TALK ABOUT DATA RELIABILITY, WE ARE REFERRING TO HOW ACCURATE, COMPLETE AND CONSISTENT THE INFORMATION WE RECEIVE IS. IN ORDER TO HAVE RELIABLE DATA, WE OFTEN NEED, IN ADDITION TO APPROPRIATE SYSTEMS, APPROPRIATE PROCEDURES.

Consolidation of the systems can be the first step for the reliability of information, as long as it is accompanied by solid procedures. Points to consider in systems interconnection are the following:

- Need for synchronization and control,
- Strict rules for "locking" the primary data, and
- Need to materialize again integrations upon changes to business structures or units.

IT Consolidation integrates the system's workflow processes, providing significant advantages:

- Common information is maintained and stored in ONE point, without the need to synchronize and check multiple points with the same information, so as to ensure that there is association.
- No data transfer mechanism is inserted into a third "unified" system for management oversight, which would require strict "locking" of the possibility of data alteration or overwriting.
- The addition or change of any business structure (divisions, units, segments, cost centers, branches, groups) does not require a redesign of the way information is collected, etc.

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