THIRD STAGE
CONSULTING GROUP

2024 DIGITAL ENTERPRISE

OPERATIONS REPORT

INTRODUCTION

As we look ahead to 2024, the technological landscape is reaching a pivotal juncture. Crafting a detailed and nuanced digital strategy roadmap is now more crucial than ever before. Businesses are confronted with a dual-edged sword of challenges and opportunities brought forth by burgeoning technologies, necessitating a strategic approach, particularly in digital transformation trends and Enterprise Resource Planning (ERP) solutions.

Today's business leaders need to possess a profound understanding of the currents shaping the technological ecosystem. This playbook is meticulously curated to illuminate the top technical strategies poised to redefine the landscape in 2024. From the enhanced sophistication of emerging technology, leading ERP and enterprise operation systems, and human workforce strategies, our in-depth exploration provides a lucid roadmap for those committed to maintaining a competitive edge in their respective fields.

TOP TECH TRENDS AND PREDICTIONS FOR DIGITAL TRANSFORMATIONS AND ERP IMPLEMENTATIONS IN 2024

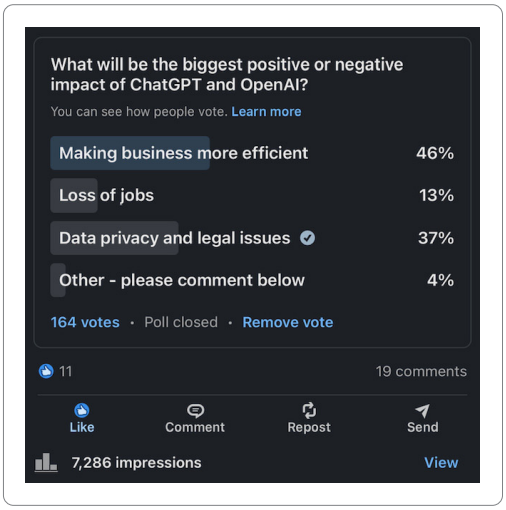
When defining a digital strategy roadmap for 2024 and beyond, it is crucial to understand the emerging technology trends. What are these trends?

In guiding clients to formulate their digital strategies and roadmaps, a primary consideration is the current technology trends in the market. As the world undergoes rapid changes, it becomes imperative to understand these shifts. The aim is to delineate a digital strategy and roadmap tailored to an organization's specific needs. This discussion will explore the five most significant trends observed by our team, relevant to organizations undergoing digital transformations in 2024 and the subsequent years.

REALIZATION OF AI AND ANALYTICS

In 2022-2024, there was a noticeable breakthrough, or a tipping point, in the adoption of ChatGPT, OpenAI, and other artificial intelligence solutions at the consumer level. This evolution has elevated the standards and anticipations regarding the capabilities of artificial intelligence and analytics for enterprises. With the broader consumer base now familiar with tools like ChatGPT and how OpenAI solutions such as DALL·E can be beneficial in their daily lives, there is a growing realization of the potential benefits for enterprise solutions. This insight has illuminated the possibilities of harnessing AI, analytics, business intelligence, and other long-standing technologies that have often been misunderstood or underutilized within organizations.

As we anticipate the developments of 2024 and beyond, we foresee significant advancements in the integration and utilization of AI within enterprise structures. This pertains not only to how enterprises themselves harness technology but also to how ERP vendors and other enterprise technology providers integrate AI into their offerings. With a more profound understanding of AI's potential, influenced by models like OpenAI and ChatGPT, expectations regarding enterprise technology capabilities have heightened. Therefore, 2024 is projected to be the pivotal year when artificial intelligence and analytics attain widespread adoption at the enterprise level.



DIGITAL TRANSFORMATION FAILURES

Another trend anticipated to persist in 2024 is the escalation of digital transformation failures. While there are advancements and introductions of intriguing technologies in the marketplace, the implementation of these technologies often faces challenges, leading to an increasing rate of failures. Several factors contribute to this increase.

Firstly, vendors are pushing their clients away from legacy on-premise systems , particularly within the ERP software sector. Established providers like SAP, Oracle, and Microsoft, which have extensive user bases for their on-premise ERP systems, are now compelling those users to transition to cloud solutions. This shift generates an artificial demand and a concurrent surge in of implementations. Many organizations, whether prepared or not, find themselves thrust into the process of digital transformation due to this vendor-driven change. As a consequence, organizations that are unprepared or that don't genuinely require a transformation end up facing greater challenges and potential failures.

Secondly, some of the newer cloud solutions lack the maturity of their on-premise predecessors. Although these cloud solutions can offer unique capabilities not present in on-premise solutions, they sometimes miss out on essential processes developed over the years for on-premise systems. Until these legacy vendors fully transition their functionalities and capabilities to the cloud, disparities between previous and upcoming technologies will persist.

Lastly, labor shortages, driven by the sudden and artificial demand for digital transformations, exacerbate the problem. There's a deficit of consultants familiar with specific technologies, primarily because numerous transformations are occurring simultaneously. This rush resembles the surge witnessed during the transition to Y2K, where the demand outpaced the available resources and consultants to handle the projects.

Based on these factors, the proportion of digital transformation failures is predicted to continue its upward trajectory. This trend, which began in earnest in 2024, is expected to further intensify in 2024 and subsequent years.

DETERIORATION OF ERP SYSTEMS

Another trend anticipated for 2024 and subsequent years is the decline in market share for ERP software vendors. While the ERP software category is not predicted to become obsolete, major ERP software providers are likely to witness diminishing market shares as they face competition from emergent software categories. Several factors and alternative software types contribute to this potential decline:

Software Platforms: Some providers are now offering software platforms rather than traditional all-encompassing ERP systems. These platforms grant users greater flexibility, allowing them to develop their own products or utilize third-party offerings tailored to specific platforms. Salesforce, for example, has its Force platform on which it built its primary system. This platform has been made available to third-party developers and even Salesforce's own customers, enabling the development of diverse products and capabilities that might extend beyond Salesforce CRM's intrinsic functions. Such platforms offer organizations more versatility and choices compared to the conventional ERP systems.

Best-of-Breed Model: An increasing number of organizations are demonstrating reduced tolerance for expansive ERP implementations. Instead, they are concentrating on individual organizational components or specific functions that can deliver quicker value within their digital transformations. For instance, an organization primarily focused on augmenting its top-line revenue might opt for a specialized CRM (Customer Relationship Management) system rather than overhauling all of its ERP systems. Such targeted solutions can often provide immediate value with reduced costs and risks, making this "best-of-breed" technology approach a growing alternative to traditional ERP systems.

Interoperable Solutions: Vendors offering interoperable solutions are also contributing to the erosion of traditional ERP market shares. Software products like Paller and Snowflake are designed not to replace an entire back-end ERP system, but to offer workflow automation, business intelligence, and reporting capabilities that complement pre-existing systems within an organization.

In summary, these represent three primary ways in which the conventional ERP software market could face challenges, losing market share to competing entities in the sector.

SOFTWARE PLATFORMS

Another trend to monitor is the rising significance of software platforms. While I previously discussed this in the context of a software category eroding the market share of ERP software, it's crucial to emphasize that software platforms represent a forward-looking trend. This is not merely due to their impact on ERP vendors, but because numerous organizations are gravitating towards this approach. Instead of heavily investing in a singular technology provider, organizations are opting for software platforms that offer the flexibility to expand and incorporate new technical capabilities progressively. This strategy can present a lower-risk method of technology deployment, eliminating the need to overhaul all systems simultaneously.

Within the realm of software platforms, the "low-code, no-code" movement is gaining prominence. An increasing number of software vendors offer low-code or no-code solutions, enabling the deployment of new technologies with greater flexibility. This movement eliminates the need for extensive customizations or in-depth technical expertise to modify or support the software. Even though some consider the low-code, no-code movement to be its distinct category, it's increasingly integrated within ERP and other enterprise technologies.

In conclusion, anticipate a surge in the adoption and momentum of software platforms in 2024 and the subsequent years.

IT LABOR SHORTAGE

The fifth and concluding trend for 2024 pertains to IT labor shortages. Observations from 2024 indicate a burgeoning shortage of IT professionals, and this trend is anticipated to persist and intensify in 2024. While there is a broader challenge in securing skilled talent across various functions, IT, given its specialized and high-skill nature, stands out. This shortage is exacerbated by the simultaneous occurrence of numerous digital transformations and the rapid pace of technological change. Such a landscape makes it increasingly challenging for the workforce to stay abreast of evolving technological requirements.

Consequently, organizations will face difficulties in sourcing talent to not only maintain their current technological frameworks but also to support their digital transformation journeys. This impending challenge in acquiring the necessary IT skills and navigating the labor scarcity is predicted to be one of the most pronounced trends in 2024 and the subsequent years.

To summarize, understanding these overarching trends in the IT and digital transformation sectors for 2024 is crucial. For further insights into emerging technological trends, best practices, and lessons drawn from global digital transformations, one can refer to specialized resources and studies.

I would enjoy brainstorming ideas with you if you are looking to strategize an upcoming transformation or are looking at selecting an ERP system, so please feel free to contact me at eric.kimberling@thirdstage-consulting.com. I am happy to be a sounding board as you continue your digital transformation journey.

TOP TECH TRENDS AND PREDICTIONS FOR DIGITAL TRANSFORMATIONS AND ERP IMPLEMENTATIONS IN 2024:

In the whirlwind of technological evolution, 2024 is slated to be a watershed year, with specific digital transformation trends poised to reshape industries. Organizations need to not just adapt but preemptively pivot to harness the power of these transformations. Recognizing the imperatives of AI, addressing digital transformation pitfalls, understanding ERP market dynamics, acknowledging the rising significance of software platforms, and navigating the IT labor landscape will be non-negotiable for success.

As the curtain falls on this section, it's evident that the journey ahead, though challenging, is rife with opportunities. By equipping ourselves with knowledge and strategic foresight, we can navigate the future confidently, turning potential challenges into unparalleled growth catalysts.

TOP 10 ERP SYSTEMS FOR 2024:

In today's digitally-driven business landscape, the search for the perfect Enterprise Resource Planning (ERP) system has never been more critical. As organizations embark on the journey of digital transformation, the choice of ERP software emerges as a cornerstone decision, one that can shape future growth trajectories and operational efficiencies.

With a vast number of options flooding the market, the challenge is to identify a system that aligns seamlessly with an organization's unique requirements. By spotlighting the top 10 ERP systems of 2024 and beyond, this section arms decision-makers with an unbiased perspective, ensuring a selection that fuels sustainable growth.

TOP 10 ERP SYSTEMS
FOR 2024

When selecting the optimal ERP software for your organization, it is beneficial to consider the top 10 systems available in the marketplace. In this discussion, I will address the top 10 systems for 2024 and beyond.

During these transformations, we assess various aspects, including feature evaluation, functionality, implementation costs, risks, and alignment of ERP technologies with digital transformation goals.

However, organizations often feel overwhelmed by the multitude of options available, making it challenging to determine the best fit for their needs. In this discussion, my aim is to present an agnostic perspective on the top 10 systems to consider for 2024 and beyond.

Please note that Third Stage Consulting has no affiliations with any software vendors or systems in the market. This list is solely based on our experience aiding clients in selecting and implementing various solutions.

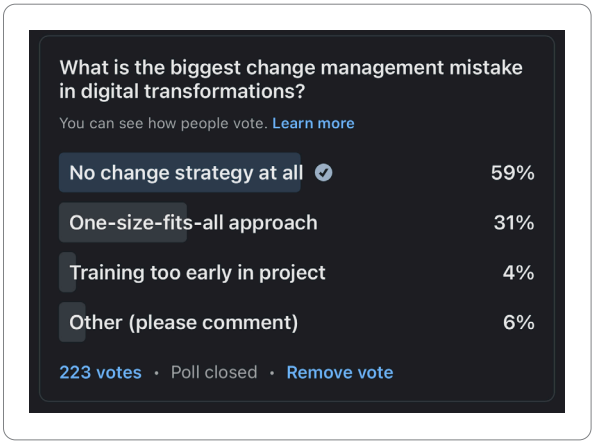
Before delving into this year's top 10 list, it's essential to discuss the methodology we employed this year compared to previous years, along with highlighting the high-level changes that occurred.

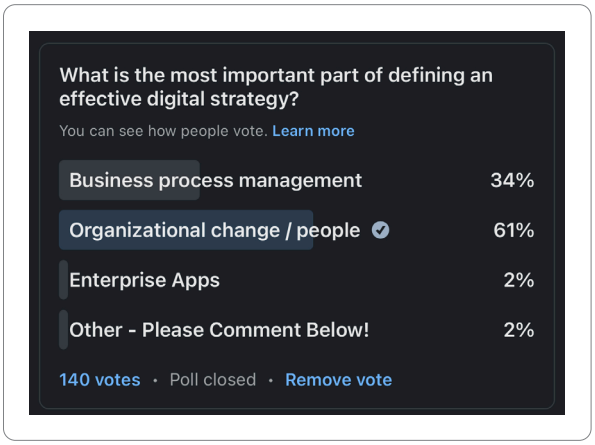
To begin, let's address the alterations. We need to consider the systems that are no longer part of the top 10, although they were featured in the previous ranking. Two vendors, in particular, have dropped out of the top 10. These vendors are Sage X3 and Acumatica. It's important to note that this change isn't indicative of any shortcomings in these products. The ERP software landscape has grown increasingly competitive, witnessing numerous advancements. As a result, other vendors made significant strides and secured spots in the top 10, causing these two to be displaced. Therefore, these two vendors are no longer among our top 10 selections.

Shifting focus to our ranking methodology, how do we determine which systems make the top 10 and how do we compare them to each other? Our assessment is comprehensive. We evaluate the overall functionality of the software, consider the costs and risks associated with technology deployment, and analyze the outcomes our clients achieve through their adoption and implementation of these diverse technologies. Our technology-agnostic and unaffiliated stance with software vendors provides us a comprehensive understanding of the marketplace, encompassing both positive and negative aspects of each vendor's software, as well as the outcomes our clients experience.

A noteworthy difference this year, carrying more weight than in the past, is the implementation failure rate. We conducted an in-depth examination of the failure rates associated with different vendors' implementations. This factor had a significant impact on the rankings for some vendors. Several vendors found themselves positioned in the top 10 primarily due to their implementation outcomes, rather than the technical features and capabilities of their software.

Having clarified the methodology, let's now proceed to explore the top 10 list.



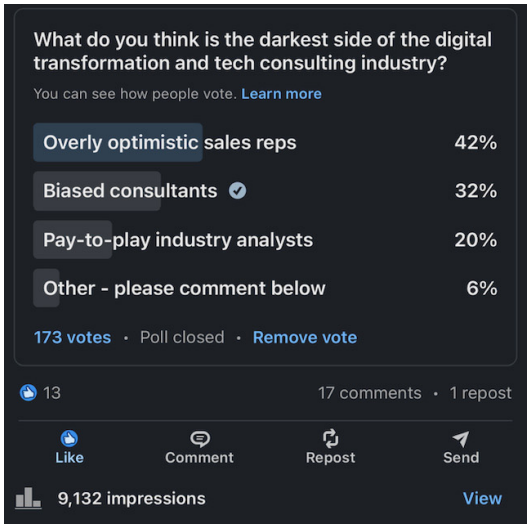


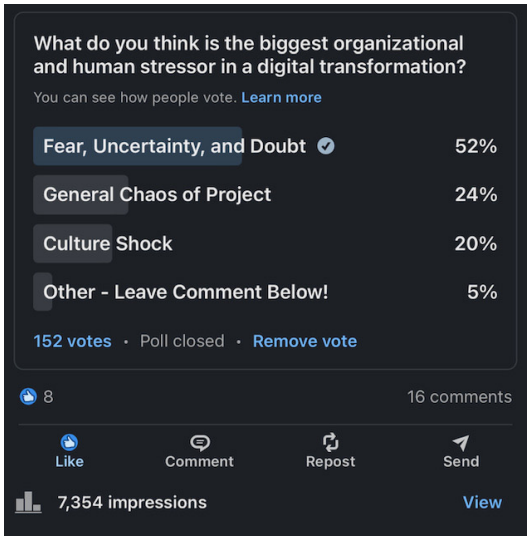
FORCE PLATFORM BY SALESFORCE

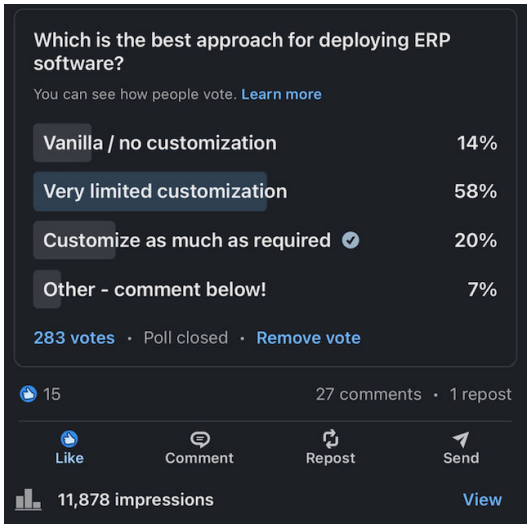
1. At the 10th position, we have the Force Platform. This platform is under the ownership of Salesforce and is developed by the same company. Force Platform serves as an extension to Salesforce's well-known CRM solution. Its purpose is to enable Salesforce to offer more than just CRM capabilities.

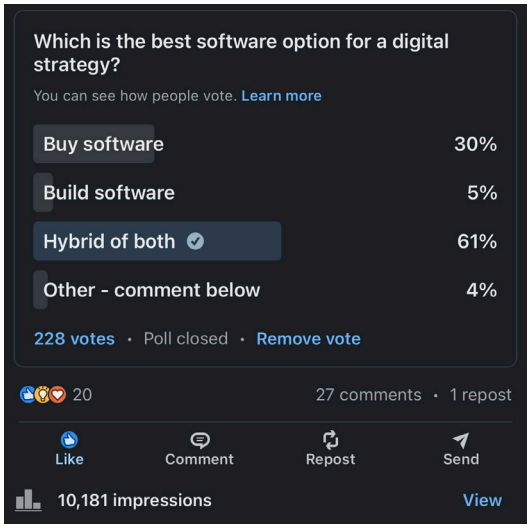
2. Force Platform empowers organizations and third-party developers to expand Salesforce's functionalities or modify them. This is achieved through the creation of third-party applications that add supplementary layers of features and functionalities. These applications cater to specific functions or industries, enabling organizations to create semi-tailored solutions akin to broad ERP offerings.

3. In the previous year, Force Platform occupied the 9th spot on our list. It has now shifted to the 10th position. Despite this, it remains a robust solution, offering an alternative approach for organizations. It suits those that seek a versatile platform rather than a singular application. This platform offers ample flexibility for integrating various systems and even constructing custom applications that can be seamlessly integrated with the Force Platform.









Securing the 9th position is Odoo. This open-source system has garnered significant attention and momentum within the marketplace. While it occupied the 8th spot on our list last year, it has slightly shifted to the 9th position this year. This change is due to the emergence of two new entrants that surpassed Odoo in our ranking. Nevertheless, Odoo's strengths still warrant its place within the top 10.

Odoo is a particularly appealing option for small and mid-sized organizations seeking flexibility and simplicity amidst a landscape filled with intricate ERP systems. Moreover, it boasts cost-effectiveness, making it a viable choice for organizations with limited budgets. However, it's important to note that Odoo might lack the scalability and complexity required by larger organizations. Furthermore, there's a concern that Odoo, as an organization, might be overreaching by targeting larger enterprises while its software may not fully address the complex needs of such entities.

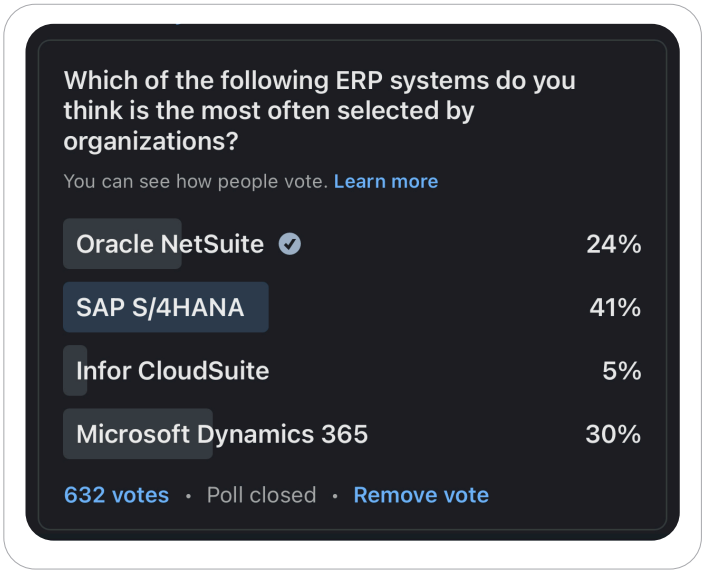
Despite these drawbacks, the strengths of Odoo have earned it the 9th spot on our top 10 list.

ORACLE NETSUITE

Securing the 8th position is Oracle NetSuite. In the previous year, Oracle NetSuite held the 2nd spot; however, it has dropped several places to the 8th spot. This shift is primarily attributed to implementation challenges witnessed among their customer base. Let's begin by highlighting the strengths that contribute to Oracle NetSuite's inclusion in our top 10 list.

To start, Oracle NetSuite is a pioneer in the Software As A Service (SaaS) or cloud space. Their product is highly mature, having a substantial track record, in contrast to several legacy on-premise vendors that are now transitioning to the cloud. Another noteworthy strength of NetSuite is its strong alignment with small and mid-sized companies. If our assessment solely focused on smaller clients, Oracle NetSuite could potentially secure a higher ranking, perhaps even reaching the number one position. Yet, since we assess companies across various sizes and industries, NetSuite's capabilities fall short for supporting larger and even mid-sized organizations.

The predominant factor hindering Oracle NetSuite's ranking this year stems from the implementation outcomes reported by some of our clients. Certain clients have encountered challenges due to the relative inflexibility of the product, coupled with its inherent complexity. This complexity is linked to its Software as a Service (SaaS) model, which, being multi-tenant, imposes limits on customization compared to other cloud solutions. Despite these considerations, Oracle NetSuite remains a robust product widely adopted by numerous organizations. For those operating within the smaller to mid-market range, it might hold particular appeal.



An additional noteworthy aspect concerning Oracle NetSuite is its standing as the 2nd most frequently selected system among our client base. This statistic is worth acknowledging.

Securing the 7th position this year is IFS. IFS offers a distinctive solution that places significant emphasis on construction, field services, and some manufacturing and distribution sectors. Unlike many other software vendors, IFS does not attempt to cater to every conceivable need. Instead, they focus on their strengths and maintain a niche approach. Last year, IFS held the 5th spot on our list, and their ranking remains significant this year due to their prominence as the 7th most selected system within the Third Stage Global client base.

The strengths of the IFS product encompass its dedicated focus, as mentioned earlier. Additionally, they exhibit robust global growth and substantial dedication to expanding their partner ecosystem, which facilitates the sales and implementation of their solution.

However, there are also a few drawbacks. As this ranking encompasses systems across all industries, IFS's limited fit across industries can hinder its position. Despite this, their intense industry focus often correlates with a higher implementation success rate.

Ranking at number 6 is SAP S/4HANA. In comparison to last year's placement at number 4, SAP S/4HANA has experienced a decline to the 6th position. However, within our global client base, it maintains its position as the 4th most frequently chosen ERP system.

SAP S/4HANA is indeed a robust product capable of diverse functionalities, tailored for Fortune 500 companies and other major global organizations. This positive aspect is coupled with certain challenges. Notably, as SAP continues the transition from on-premises solutions like ECC and R3 to their cloud-based S/4HANA, certain notable deficiencies persist in the product.

Another contributing factor to SAP S/4HANA's drop in our top 10 ranking pertains to the implementation outcomes. These outcomes haven't been as favorable as those of other software vendors. There has been a notable number of implementation failures within the SAP realm in recent years. Even within our own client base, instances have arisen where clients have opted to cancel their S/4HANA implementations due to significant concerns related to the product and its implementation process.

Despite these considerations, SAP S/4HANA remains a potent and widespread product within the marketplace. Thus, it retains its 6th position in our ranking.

Securing the 5th spot in our top 10 is a new contender, Epicor. Epicor is a vendor with ownership over various systems, including Vantage, Prophet 21, and other distinct ERP systems, each tailored to specific industries. These industries encompass manufacturing, distribution, and retail—three sectors commonly associated with Epicor's offerings. In fact, across our client base, Epicor ranks as the 5th most frequently chosen ERP software, contributing to its newfound presence in the top 10.

Epicor's presence in the top 10 is not solely due to its common selection but also because of its journey. In preceding years, the organization encountered struggles, particularly concerning troubled implementations. Their Professional Services Group experienced reductions, and their ecosystem of implementation partners was scaled back. However, recent times have witnessed a significant turnaround. Epicor has established a fresh leadership team comprising experienced industry executives—an "All-Star" group. The vendor's trajectory, along with their products, appears promising and headed in a positive direction.

Combining these factors with the outcomes observed among our client base, Epicor has secured the 5th position on our list.

Ranking 4th on our list is Workday. Although Workday has made appearances on our list in the past, it was not among our top 10 last year. This exclusion was primarily attributed to certain gaps in core ERP functionality. Historically recognized as more focused on financials and human capital management (HCM) or HR technology, Workday has recently undergone substantial investments in Supply Chain management, substantially broadening the product's ERP capabilities.

A significant reason for Workday's resurgence to the top 10, at a notably high position, is the growing adoption of their solution. The organization is gaining substantial traction in both the sales cycle and the marketplace. Moreover, despite facing implementation challenges like any software vendor, Workday is amassing a favorable track record for implementation success.

It's crucial to reframe how one perceives Workday. While it may have been previously associated solely with HR or financial systems, it's imperative to recognize it as a comprehensive ERP system.

Claiming the 3rd position is Infor CloudSuite, a rise from last year's 6th place. Notably, it also stands as the 3rd most frequently selected system within the Third Stage client base. The advancement of Infor CloudSuite in our ranking is chiefly due to its accelerated selection rate among our clients. Moreover, this progression is further attributed to the increasing stability and traction witnessed in the CloudSuite solution. For an extended period, Infor encountered challenges concerning M3, Syteline, and other legacy products. However, recent times have brought about clarity in the roadmap for CloudSuite, both in terms of individual product paths and a unified direction.

The fruits of their investments in CloudSuite's development are becoming increasingly apparent. The product has advanced significantly. Nonetheless, it's important to acknowledge that imperfections still exist. Some confusion persists, as a mix of solutions is sometimes required to address diverse client needs. Despite this, the progress Infor has made sets them apart. Their product is notably more comprehensive than several alternatives in the marketplace.

For these reasons, Infor secures the 3rd position on our list this year.

ORACLE
ERP CLOUD

Securing the 2nd position is Oracle Fusion Cloud ERP, a rise from its 3rd-place ranking last year. This upward shift in our ranking underscores Oracle's proficiency and appeal. Additionally, it stands as the 6th most selected software within Third Stage's global client base.

Oracle's elevation in our ranking and its notable placement are rooted in its offering of a flexible solution tailored for large organizations. Oracle primarily targets multinational corporations. The product itself is robust, capable of diverse functionalities that cater to a range of needs. Crucially, Oracle Fusion Cloud ERP boasts a higher degree of flexibility compared to, for instance, SAP S/4HANA. This added flexibility contributes to its higher ranking in comparison.

Furthermore, Oracle fares better in terms of implementation outcomes compared to its competitors. Although challenges and occasional failures are observed, Oracle Fusion Cloud ERP has a comparatively lower failure rate than SAP. Noteworthy is Oracle Fusion Cloud ERP's open architecture, enhancing its compatibility with various systems and solutions.

Microsoft Dynamics 365

Taking the top spot once again this year, as it did last year, is Microsoft Dynamics 365 Finance and Operations (F&O). The "F&O" stands for Finance and Operations. The primary reason for its continued number one ranking is the extensive appeal that Microsoft Dynamics 365 holds across a broad customer base. Microsoft tends to target mid-market and larger organizations, encompassing a scope between SAP/Oracle's focus on larger corporations and Netsuite/Odoo's focus on smaller companies. This positioning allows Dynamics 365 to scale effectively while remaining suitable for small to mid-sized companies seeking technology deployment.

Microsoft's top ranking is further cemented by being the most frequently selected software within our client base. Its flexibility, familiar user interface, reminiscent of Microsoft's signature look and feel, and its open architecture for seamless integration with third-party solutions contribute to its popularity.

However, considering potential drawbacks, one significant concern pertains to its value-added reseller ecosystem. Microsoft lacks control over this diverse ecosystem, resulting in varying quality among different vendors. Thus, selecting the right implementation partner becomes paramount.

While these are the top 10 systems in our list, several others deserve honorable mentions. Among them, Ultimate Kronos Group (UKG)—a merger of Ultimate Software and Kronos—excels in HR and workforce management. Additionally, Palantir serves as a workflow management platform, and ServiceNow, often seen as a pseudo-ERP for service-based organizations, warrants attention. Snowflake, a potent business intelligence tool, showcases significant potential. Sage X3 and Acumatica, both previous top 10 contenders, remain strong options.

I trust this information proves valuable. For further insights into software options and best practices for successful digital transformations, please refer to the resources available.

I would enjoy brainstorming ideas with you if you are looking to strategize an upcoming transformation or are looking at selecting an ERP system, so please feel free to contact me at eric.kimberling@thirdstage-consulting.com. I am happy to be a sounding board as you continue your digital transformation journey.

TOP 10 ERP SYSTEMS FOR 2024:

Selecting the right ERP system is more than just a strategic decision – it's an investment in an organization's future. The top 10 systems highlighted in this section offer a diverse range of solutions, each with its strengths and considerations.

The key is not merely to adopt the most popular or advanced system but to find one that aligns with the organization's unique needs and digital transformation aspirations. Leveraging the insights provided here, organizations are better equipped to make informed choices, ensuring the ERP system chosen today serves as a reliable pillar for tomorrow's growth.

MOST IMPORTANT DIGITAL TRANSFORMATION ACTIVITIES [DIGITAL STRATEGY AND IMPLEMENTATION FRAMEWORK:

Digital transformation has fast become a cornerstone for business growth, propelling companies into a new era of innovation and competitiveness. But while many organizations are embracing this shift, the path to successful transformation remains intricate and often misunderstood.

This section focuses on demystifying the core tenets of effective digital transformation, from establishing alignment in strategy to ensuring robust program management. Our aim is to provide a clear roadmap, helping businesses identify critical areas that can make or break their transformation journey.

MOST IMPORTANT DIGITAL TRANSFORMATION ACTIVITIES

[DIGITAL STRATEGY AND IMPLEMENTATION FRAMEWORK]

There are several crucial components essential for a successful digital transformation. However, many individuals are unaware of these distinct work streams. In this discussion, I aim to address these major work streams that are fundamental to a successful digital transformation.

Many individuals are keen on digital transformation, with a significant number eager to expand their knowledge on the topic and manage a successful transformation. However, the major components of an effective transformation are often not well-understood. In this discussion, I aim to elucidate these critical work streams that are essential for a successful transformation.

STRATEGY AND ALIGNMENT

The foremost essential aspect of any digital transformation is assessing the overall strategy and alignment. This involves two distinct dimensions of strategic alignment:

1. **Alignment with Organizational Goals:** This dimension assesses how congruent the digital transformation framework, which includes its goals, objectives, parameters, and project governance, is with the broader organizational goals and objectives. It is imperative to ensure that these aspects are in harmony with the organization's overarching aims.

2. **Alignment Among Stakeholders:** This dimension evaluates alignment among individuals, particularly key stakeholders within the organization. It's vital to ascertain whether these stakeholders are in agreement with the proposed direction. Even if a strategy is impeccable and ideal for an organization, it will falter if the team is not unified. A less-than-perfect strategy with strong alignment can often be more effective. Therefore, the emphasis should be on achieving synchronicity between the transformation strategy, the organization, and the key stakeholders and executives.

A pivotal initial step towards strategic alignment is the articulation of the strategy. The primary output from this step is typically a strategic articulation map. This map serves to distill the broader organizational goals and objectives into specific digital transformation goals and objectives. Such a translation often sets a vision and direction for the transformation. It also helps identify areas of alignment, potential misalignment, and the necessary adjustments to ensure congruence.

Business Process Management

The subsequent vital component of an effective digital transformation is business process management. Within the realm of business process management, there are numerous facets.

To encapsulate, it's essential to delineate our business processes. This is imperative to craft a business blueprint that outlines how technology might facilitate business process enhancements. To achieve this, it begins with an assessment of our present business processes and workflows. This evaluation aims to identify what's functioning optimally, discern pain points, and pinpoint opportunities for enhancement. The objective is to define an envisioned future state, detailing improved business processes and ascertaining how technology might aid in streamlining these processes.

It's noteworthy to mention that software vendors and system integrators occasionally advise organizations to bypass this crucial phase. They might suggest postponing business process management until the implementation phase. This is a detrimental oversight that many organizations succumb to. The rationale behind emphasizing this stage is that it acts as a visionary blueprint and provides direction on technological deployment. Without a clear understanding of the present and desired future state, organizations risk ineffective technology deployment and fail to extract optimal business value from their technology investments.

While it's not necessary to delve into intricate details early on, during the design and build phase, more granular, transactional workflow details will be essential. In the initial stages, when defining the digital strategy, evaluating potential software solutions, and prepping for the implementation, the focus should be on delineating macro end-to-end processes. These processes should provide sufficient detail without being tied to a specific technology, offering an unbiased view of the organization's prospective state. Hence, business process management should commence early in the digital strategy and software evaluation phase, continuing iteratively throughout the implementation.

ORGANIZATIONAL CHANGE MANAGEMENT

The next work stream vital to digital transformation is organizational change management, which focuses on the human aspect of the transformation. Organizational change management encompasses various components that gain prominence at different stages of a project.

Output of organizational change management is assessing organizational readiness. This evaluation gauges the organization's preparedness for change and identifies areas of resistance. Resistance to change is inevitable in any organization, but the challenge lies in identifying its sources, including those deeply-rooted factors that might not be immediately evident. Organizational assessments are instrumental in pinpointing these areas of resistance.

With this possible to formulate a change strategy and plan that address these concerns.

Following the development of this strategy, numerous facets of organizational change. These include organizational design, pinpointing the impacts of change on the organization, crafting effective communication strategies, and devising training modules.

Numerous elements of change management must seamlessly integrate for a successful outcome. Despite its pivotal role in digital transformation is often undervalued.

It is imperative to prioritize this aspect, potentially allocating more resources than initially anticipated to ensure its efficacy and, by extension, the success of the digital transformation.

ARCHITECTURE, DATA, AND INTEGRATION

The following work stream, distinct from the previously discussed technological aspect, revolves around architecture, data, and integration. Rather than focusing on specific software solutions or applications, this stream concentrates on the cohesion of multiple technologies. Given that most digital transformations involve various technologies and technical touch points throughout an organization, it's imperative to delineate an overarching solution architecture. This involves understanding how to cohesively integrate multiple systems, determining data storage locations, managing master data, migrating data to new systems, and maintaining a consistent source of truth.

Even when implementing a single, enterprise-wide system or an ERP system, these considerations remain relevant. ERP systems comprise different modules and workflows that necessitate integration, underscoring the significance of architecture, integration, and data management.

A common pitfall for project teams and broader transformations is relegating this work stream to the project's latter stages, leading to overwhelming workloads that delay the project. Initiating this work stream early is essential, as decisions made in the architecture, integration, and data strategies can influence the overall implementation timeline. This stream is often a critical component in ensuring timely project completion. Addressing both the software and non-software aspects of the technology work streams is crucial for a successful transformation.

PROGRAM MANAGEMENT AND QUALITY ASSURANCE

The final work stream under discussion is program management and quality assurance. This process commences in the digital strategy phase and extends through to post-implementation. It›s crucial to differentiate between project management and program management. The latter integrates all the work streams discussed previously and manages resources from various origins. This includes internal project participants, system integrators, change management teams, architects, data specialists, and more. Given the multitude of tasks and resources, program management provides a cohesive plan for efficient execution.

Beyond simply adhering to a plan, program management emphasizes the identification and anticipation of potential risks, a facet where quality assurance becomes paramount. The goal is to proactively recognize risks and formulate strategies to mitigate them throughout the implementation. Effective risk mitigation and quality assurance are integral to program management. It›s worth noting that many system integrators, software vendors, and even internal project teams may not excel in these areas. Therefore, it›s advantageous to engage external expertise for assistance.

In summary, understanding these critical work streams can significantly enhance the success of a digital transformation.

I would enjoy brainstorming ideas with you if you are looking to strategize an upcoming transformation or are looking at selecting an ERP system, so please feel free to contact me at eric.kimberling@thirdstage-consulting.com. I am happy to be a sounding board as you continue your digital transformation journey.

MOST IMPORTANT DIGITAL TRANSFORMATION ACTIVITIES [DIGITAL STRATEGY AND IMPLEMENTATION FRAMEWORK:

Selecting the right ERP system is more than just a strategic decision – it's an investment in an organization's future. The top 10 systems highlighted in this section offer a diverse range of solutions, each with its strengths and considerations.

The key is not merely to adopt the most popular or advanced system but to find one that aligns with the organization's unique needs and digital transformation aspirations. Leveraging the insights provided here, organizations are better equipped to make informed choices, ensuring the ERP system chosen today serves as a reliable pillar for tomorrow's growth.

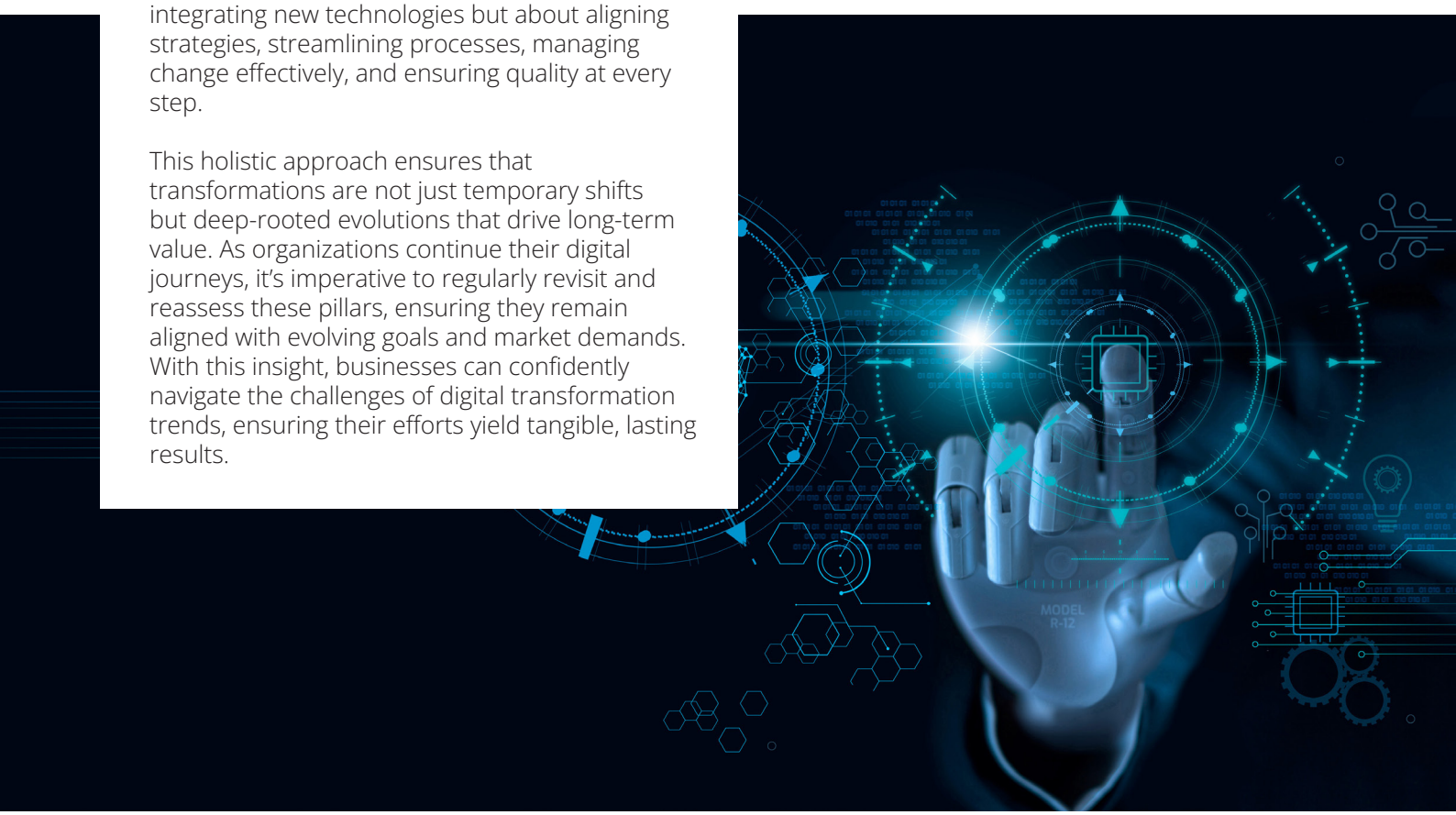
Understanding the multi-faceted nature of digital transformation is crucial for any organization aiming for sustainable growth in today's digital age. As we've explored, it's not just about integrating new technologies but about aligning strategies, streamlining processes, managing change effectively, and ensuring quality at every step.

This holistic approach ensures that transformations are not just temporary shifts but deep-rooted evolutions that drive long-term value. As organizations continue their digital journeys, it's imperative to regularly revisit and reassess these pillars, ensuring they remain aligned with evolving goals and market demands. With this insight, businesses can confidently navigate the challenges of digital transformation trends, ensuring their efforts yield tangible, lasting results.

HOW TO SIMPLIFY DIGITAL TRANSFORMATIONS AND ERP SOFTWARE IMPLEMENTATIONS:

In an era where digital transformation has become a byword for business evolution, simplifying this complex journey is paramount. The challenge? The intricate dance of technology, processes, and people often creates an overwhelming labyrinth. How does one declutter the noise and streamline the path to a successful digital evolution, particularly when integrating ERP software?

In this section, we'll dive deep into strategies like narrowing technical scopes, employing point solutions tailored for specific business challenges, and the indispensable importance of focusing on people and alignment. Digital transformations are multifaceted, but by highlighting these essential elements, our goal is to offer a clearer, more navigable roadmap for businesses venturing into the vast digital terrain. With this guidance, businesses can approach digital transformation and ERP software implementations with clarity, precision, and confidence.



HOW TO SIMPLIFY DIGITAL TRANSFORMATIONS AND ERP SOFTWARE IMPLEMENTATIONS

Digital transformations are complex endeavors. With numerous details and moving parts to consider, understanding the concept and ensuring its success can be overwhelming. The key question is: how can we simplify digital transformation? This is the topic we will explore today.

When delving into the world of digital transformation, the intricate details and complexity can be daunting. The myriad of technical terms, diverse technologies, and numerous considerations can be overwhelming. Amidst this complexity, it is vital not to lose sight of the fundamental principles of digital transformation. Our objective today is to distill the essence of digital transformation into a comprehensible format, enabling you to manage your projects more effectively.

LESS TECHNICAL SCOPE

One of the primary strategies we recommend to clients aiming to simplify their digital transformation is to consider reducing the technical scope of their project. While it might appear counter-intuitive to decrease technological components during a digital transformation, many organizations often overextend. They attempt to incorporate an excessive amount of technology in a limited timeframe, consequently overlooking crucial aspects of digital transformation. While I will delve deeper into these vital components later, the essential point is to concentrate on those high-value areas that provide maximum returns for your business organization while minimizing risk. Overambitious approaches often lead to unnecessary complexities in the transformation process, diverting attention from more crucial areas. Furthermore, this could result in the acquisition of technology that remains underutilized, offering no substantial value. Thus, to genuinely simplify digital transformation, it's paramount to streamline the technology aspect, focusing primarily on areas promising immediate and enduring business value.

POINT SOLUTIONS

To reduce complexity and streamline digital transformation, organizations should prioritize technologies that address specific business needs rather than adopting expansive systems intended to oversee an entire enterprise. Implementing point solutions, or functionally-focused solutions, can be a strategic approach. These solutions concentrate on addressing a limited set of issues, rather than attempting to remedy every organizational challenge or improvement area.

For instance, instead of introducing a broad, enterprise-wide technology that would be both time-consuming and costly to implement, and would introduce significant risks, organizations might consider targeting specific functional domains with immediate improvement opportunities. If the primary concern is enhancing sales and revenue generation, a Customer Relationship Management (CRM) system might be a more appropriate and straightforward solution. Conversely, if talent management and human resources present challenges, HR technologies such as Workday, UKG, or other Human Capital Management (HCM) technologies may be better suited. Moreover, for organizations facing challenges in managing their supply chains efficiently, specific supply chain management solutions could be more beneficial than a holistic, enterprise-wide system.

In summary, it's advantageous for organizations to narrow their technology deployment focus, concentrating on point solutions or sector-specific solutions. This approach is often more effective than attempting to deploy extensive technology across the entirety of the enterprise.

FOCUS ON PEOPLE

The human aspect of digital transformation is arguably the most challenging and intricate facet of the entire process. While technology can introduce a multitude of complexities, risks, and hurdles during implementation, these technical difficulties are often overshadowed by the challenges posed by human-centric aspects. Human behavior is inherently resistant to change. Introducing organizational change invariably results in unforeseen challenges and intricacies.

Interestingly, dedicating substantial effort to this particularly intricate component of digital transformation, namely the human or change management element, is more likely to mitigate complexities. Implementing a comprehensive change management plan, having a clear change strategy, and purposefully addressing the human elements of digital transformation are paramount methods to diminish complexity and risk within the process.

FOCUS ON ALIGNMENT

One of the most effective strategies to minimize complexity and risk in an organization's digital transformation is to emphasize alignment. More precisely, it is crucial to address and rectify any misalignment present within an organization. Inherent in every organization are issues like internal politics, organizational psychology, diverse individual personalities, and various facets of organizational behavior. These elements can lead to misalignment, introducing further complexity.

The primary objective should be to identify the sources of misalignment, understand its nature, and ensure everyone comprehends the goals and implications of the digital transformation. Achieving this can transform potential obstacles, caused by misalignment, into supportive forces that enhance the project's momentum and foster alignment.

For illustration, consider an organization where the executive team is divided and lacks a unified vision. Such a setting makes it highly improbable for any digital transformation to succeed, regardless of the excellence of the technology, implementation team, or the suitability of the chosen solution. The inherent misalignment is likely to produce numerous challenges, making success difficult. Thus, it is imperative to address these alignment issues, ensuring everyone is synchronized, to effectively reduce the intricacies of digital transformation.

BENEFITS REALIZATION AND VALUE CREATION

Another method to diminish complexity in digital transformation is by offering clear focus and direction to the digital transformation team. This can be achieved by setting measurable targets and outlining expectations for the digital transformation's impact on the organization. While many emphasize metrics such as project completion timelines and budget adherence, which are undeniably vital, it's imperative to also assess the tangible impact of the digital transformation on the organization post-implementation.

Establishing a detailed roadmap outlining expected business benefits, value realization, and a value creation plan is crucial. This not only ensures the attainment of anticipated business value from technological investments but also serves as a guiding principle for the digital transformation team. By concentrating on deliverables that yield genuine business value, the team is less likely to deviate or become entrenched in technological intricacies that don't enhance the organization's value. Therefore, a significant step in reducing complexity in your digital transformation is honing in on these quantifiable elements of the process.

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HOW TO SIMPLIFY DIGITAL TRANSFORMATIONS AND ERP SOFTWARE IMPLEMENTATIONS:

Digital transformation and ERP implementations, when stripped of their inherent complexities, are fundamentally about driving business value. As we've highlighted, it's evident that the key to simplifying these processes lies in a balanced blend of technology, human-centric strategies, and alignment. By honing the technical scope, focusing on specific solutions tailored to business needs, prioritizing the human element, and ensuring seamless alignment across the board, organizations can streamline their digital endeavors.

Remember, simplicity isn't about doing less – it's about doing the right things effectively. By anchoring our efforts on value creation and measurable benefits, businesses can not only reduce complexities but can ensure that their digital transformation endeavors yield tangible, lasting results.

WHY DO ERP SOFTWARE IMPLEMENTATIONS FAIL? [TOP 5 ROOT CAUSES OF ERP FAILURES]:

With a staggering 70% to 80% of ERP implementations reported to fail, the need for clarity on why they falter has never been greater. Over our two decades of experience in aiding ERP implementations, one thing is evident: the rate of failure has stubbornly remained consistent. But why? This section explores the heart of the issue, uncovering the primary root causes behind ERP implementation failures and offering key insights on how to steer your project away from potential pitfalls.

WHY DO ERP SOFTWARE IMPLEMENTATIONS FAIL?
[TOP 5 ROOT CAUSES OF ERP FAILURES]

Implementations fail. However, the secret lies in understanding why those implementations fail. That's the topic I intend to discuss today.

Numerous studies indicate that a significant percentage, ranging from 70% to 80% or more, of ERP implementations fail. Remarkably, this statistic has remained relatively unchanged throughout the 25 years I have been helping clients with their ERP implementations.

While technology and the world have undergone significant changes, companies continue to struggle with their ERP implementations. Today, I aim to delve deeper into this issue, exploring the common root causes behind ERP implementation failures. Moreover, I will provide insights into what you can do differently to ensure the success of your project. Fortunately, this is not rocket science, and there are no major surprises. By understanding these root causes and actively avoiding them, you can significantly increase your chances of success while minimizing the risk of failure.

UNREALISTIC EXPECTATIONS

One common reason for ERP implementation failures is organizations having unrealistic expectations from the outset. This is particularly powerful because technology advances rapidly, giving rise to a false hope that organizations can swiftly adapt to new software and realize immediate business value. Don't get me wrong, ERP software today can bring significant benefits to most organizations. However, the problem lies in the fact that most organizations underestimate the difficulty of transitioning from their current state to the potential benefits offered by new technology.

As a result, when organizations realize that a project will take longer, cost more, and require more resources than initially expected, they often scale back on critical success factors necessary for project success. For example, let's consider an organization that believes it can complete its ERP implementation in 18 months. In reality, it might take 24 or even 30 months for them to complete the implementation. When the organization reaches the halfway or two-thirds mark of the project, they start to recognize that they have compressed the timeline unrealistically.
At this point, they face two options: either delay the project and allocate more time and money than anticipated (which may not be feasible given accountability to boards of directors and executives) or force the ERP implementation into a shorter timeframe by scaling back on project activities. The latter approach often results in cutting critical success factors. Organizational change management efforts may be reduced, iterations of user acceptance testing might be skipped, and less time may be allocated to requirements gathering upfront.

These are just a few examples of how organizations make poor decisions later in the project due to their initial unrealistic expectations. To avoid this pitfall, it is crucial to have realistic expectations. Take proposals from software vendors, system integrators, and implementation partners regarding timeframes and budgets with caution. Incorporate your own objective perspective to ensure the project is allocated the appropriate time, budget, and resources.

POOR IMPLEMENTATION PLANNING

Another common mistake that organizations make, leading to failure, is inadequate time and effort dedicated to the implementation planning process. Throughout my career, I have observed this fascinating organizational dynamic repeatedly. Here's how it typically unfolds: An organization commits to a digital transformation and ERP implementation. They go through an evaluation process and select the software they believe will be the right solution for their future. And indeed, it likely is a good or even the best choice moving forward. At this stage of the project, momentum and excitement for the implementation are at their peak, never to be that high again. Consequently, the team rushes into the implementation phase due to their enthusiasm. They want to start building, experiencing the technology firsthand. This eagerness is positive and necessary, but it comes with a drawback.

The problem arises when organizations jump into the implementation phase too quickly, without a robust plan and a clear vision of their desired future state. As a result, they end up wasting significant time and resources later, struggling to define become during the implementation process. To mitigate this, it is crucial to allocate dedicated time in the project timeline for what I call a implementation planning phase. This phase comes after the software selection phase but before the actual implementation begins. During this phase, you should invest time in establishing a project blueprint, defining your business processes, envisioning the future state of the organization, determining which modules to deploy and when, and mobilizing the necessary resources. It is also essential to develop a change strategy.

The more time and effort you devote to this implementation planning phase, the more time and resources you will save in the long run. Therefore, it is critical to prioritize defining this phase.

LACK OF EXECUTIVE VISION AND ALIGNMENT

Another common reason for ERP implementation failures is the lack of a clear vision from executives or the failure to articulate that vision to the organization. Additionally, executive teams often lack alignment on the vision, exacerbating the problem. When executives don't have a shared understanding of the ERP implementation's purpose and fail to communicate it clearly to the organization, it leads to confusion, chaos, and misdirection throughout the implementation.

While it is common for executives to state that they are undergoing an ERP implementation due to vendor requirements or the need for updated technology, these reasons alone cannot serve as the sole justification for the entire project. It is crucial to establish and articulate a more comprehensive vision for the ERP implementation. For example, how will it improve the customer experience? How will it enhance employee experience? What specific improvements and operational efficiencies will it bring? Will it contribute to increased sales and revenue generation? It is essential to define not only the benefits but also provide detailed insight into the future operating and organizational models.

Mere mention of deploying like Microsoft is insufficient. The vision must go beyond that and clearly describe the desired project outcomes. Spending time and effort on defining this vision, and being effective in its communication, will provide valuable support and momentum team during the ERP implementation.

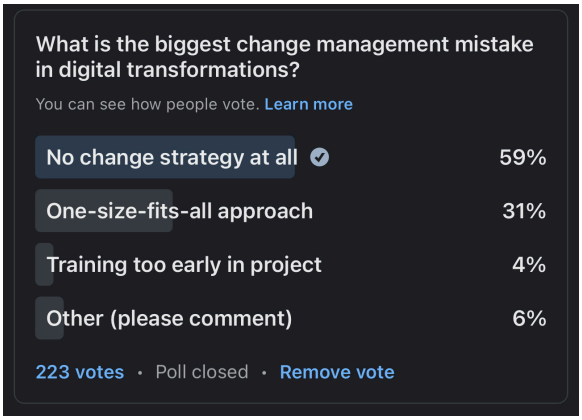
To avoid ERP implementation failure, one of the most critical steps is to ensure that before commencing the implementation, there is clear alignment and a shared vision among the executive team.

POOR ORGANIZATIONAL CHANGE MANAGEMENT

One of the most common root causes of ERP implementation failure is a lack of focus on organizational change management or ineffective implementation of change management strategies. This particular root cause can give rise to various issues within the ERP implementation, leading to symptoms that hinder its success. Simply put, if the people side of change is not adequately addressed, including ensuring full adoption of new processes and tools, the result will be a collection of unused technology investments that fail to deliver business value. This raises the fundamental question of why the project was initiated in the first place if the expected value is not being realized.

To address this issue, it is crucial not to become overly fixated on the technological aspects of the ERP implementation. Instead, allocate more time and effort to focus on organizational change management. The better the organization manages change at the people level, the higher the likelihood of success. When examining ERP implementation failures, particularly those involving lawsuits where our expertise has been sought for testimony, we consistently find a common theme: a lack of organizational change management. These organizations did not prioritize or adequately address the human aspect of change, instead placing excessive emphasis on the technological aspects.

To increase the chances of success, it is essential to develop a robust and effective change management strategy and plan before commencing the ERP implementation.



NO CLEAR DEFINITION OF SUCCESS

The fifth and final reason I will discuss today regarding ERP implementation failures is the lack of a clear definition of success for the organization. It is essential to determine how we will define success in our ERP implementation. For some organizations, success may be achieving the project on time and within budget, which in itself can be a challenging goal that many organizations fail to achieve. However, beyond that, most organizations lack a clear vision of what they aim to achieve from the ERP implementation. In other words, what is the business case? What is the expected return on investment (ROI)? Where will the business value come from in terms of tangible benefits? These aspects must be clearly defined not only to maximize the post-implementation business value but also to provide a clear direction throughout the implementation process.

Having a clear vision of success serves as a guide and guardrail for the project. It acts as a North Star, leading the way during the implementation. ERP implementations involve numerous decisions, often numbering in the hundreds or thousands, that impact how the business will operate, its appearance, and the technologies to be deployed. Decisions regarding software configuration, customization, and integration with third-party systems have a significant effect on project scope, cost, and risk. Without a clear vision of what success looks like for the project and the desired future state of the organization, the implementation process becomes a aimless journey into the uncertain realm of digital transformation and ERP implementation.

These are the five most common reasons why ERP implementations fail. I hope I have provided you with some tips and guidance on how to avoid these common pitfalls.

I would enjoy brainstorming ideas with you if you are looking to strategize an upcoming transformation or are looking at selecting an ERP system, so please feel free to contact me at eric.kimberling@thirdstage-consulting.com. I am happy to be a sounding board as you continue your digital transformation journey.

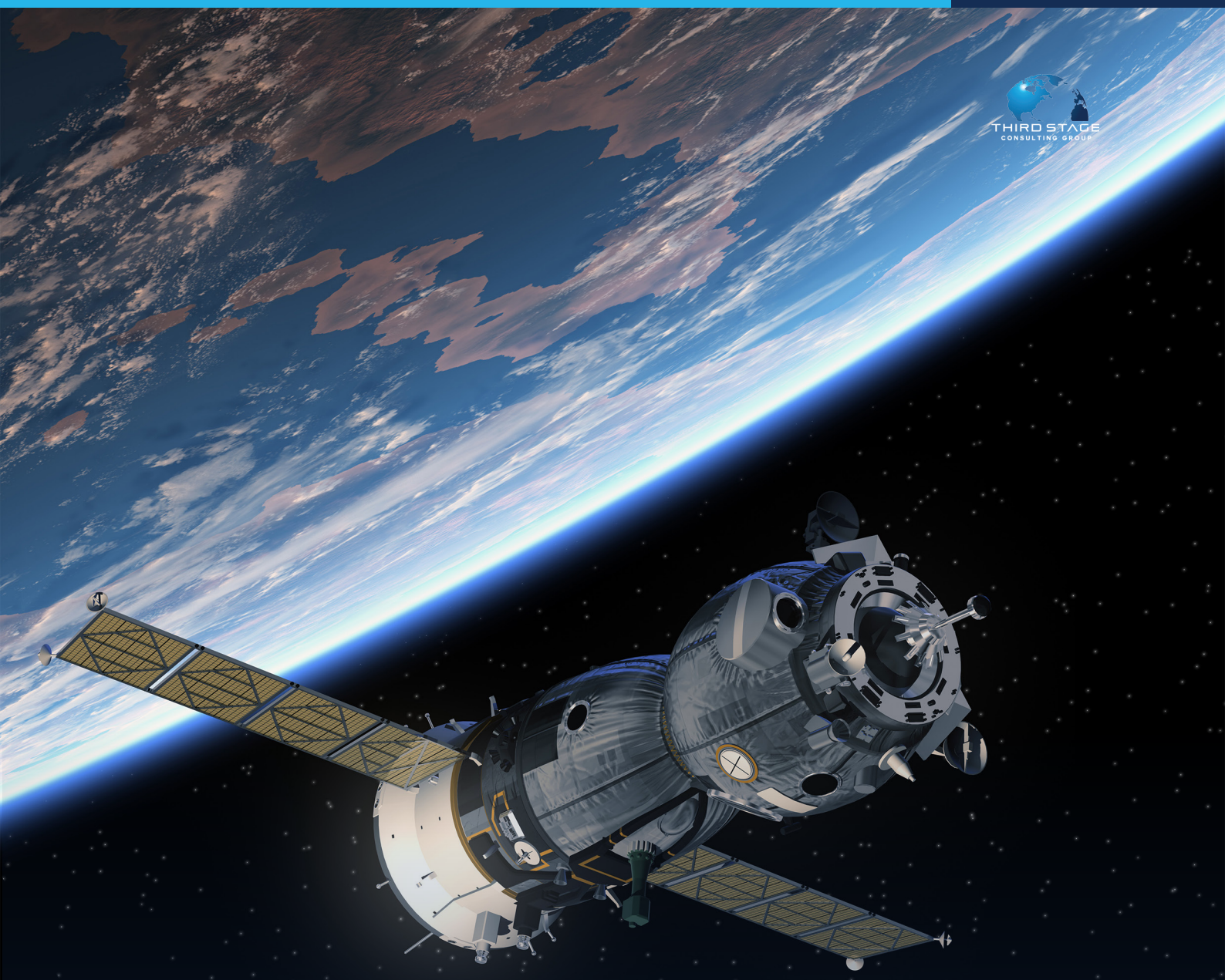
WHY DO ERP SOFTWARE IMPLEMENTATIONS FAIL? [TOP 5 ROOT CAUSES OF ERP FAILURES]:

The journey of ERP implementation is riddled with potential challenges, but awareness and preparedness can tip the scales in your favor. By recognizing and addressing the five common reasons for ERP failures - unrealistic expectations, poor planning, lack of executive vision, inadequate change management, and an unclear definition of success - you can navigate this transformative process with confidence.

Remember, the right knowledge and strategy not only increase your chances of success but also empower your organization to realize the full potential of your ERP investment. Armed with these insights, you're better positioned to embark on a successful ERP journey.

TOP 10 TYPES OF BUSINESS SOFTWARE [ERP, ACCOUNTING, SUPPLY CHAIN, CRM, MARKETING AUTOMATION, ETC.]:

Business software functions as the technological backbone of modern businesses. This section provides a comprehensive overview of the ten pivotal software types that form the pillars of today›s organizations. Whether you›re laying the foundation for a fledgling startup, fortifying an already established SME, or striving for seamless operations in a global conglomerate, understanding these software tools is paramount. As we venture deeper, we›ll shed light on how each software type not only augments specific functionalities but also combines with the power of other systems to drive holistic growth.



Top 10 Types of Business Software [ERP, Accounting, Supply Chain, CRM, Marketing Automation, etc.]

The beauty of growing a business today lies in the availability of numerous technologies and software that can aid in its expansion. However, it is important to understand the various types of technologies that are at your disposal. This is what I aim to discuss in this article.

During our clients' digital transformation journeys, one of the initial questions we often receive is regarding the suitable technology options available in the market. They inquire about the different software types and which one is the best fit for their organization. Ultimately, they want to know which software will enable their business growth most effectively. Today, I would like to discuss the top 10 types of business software that you should consider and understand as part of your digital transformation journey.

FINANCIALS & ACCOUNTING

One of the most common types of software used by businesses to support their growth is financial and accounting software. These packages enable you to manage your finances, including your general ledger, accounts payable, and accounts receivable. Typically, organizations begin by implementing finance and accounting technology and then add other technologies as their needs evolve and their business grows. Some popular accounting and finance systems include QuickBooks and Xero, but there are many others available. For more detailed information on accounting and finance software options, I recommend checking out the related video on my YouTube channel, where I provide a countdown of the top 10 systems.

Business Intelligence (BI) is another type of software that can be utilized for finance and accounting purposes, specifically for financial reporting. However, its functionality extends beyond that, as it can integrate and analyze data from multiple systems. If your organization already has separate systems for finance and accounting, warehouse management, sales, or customer service, BI can serve as a central portal to gather and consolidate data from these various sources. While accounting and finance software automates financial processes and provides basic financial reports, BI enables the consolidation of vast amounts of data from across the enterprise, even beyond finance and accounting. Business intelligence is increasingly prevalent in the business world and is worth considering as part of your digital transformation efforts.

ERP SOFTWARE

Another common technology utilized by organizations, particularly as they grow and become mid-size or larger, is ERP software. ERP stands for Enterprise Resource Planning, and its purpose is to integrate and streamline various functions and data points within an organization. Unlike software that focuses on a specific function, ERP software provides workflows and automation for the entire operations. For a more in-depth understanding of ERP software, I recommend watching the video on my YouTube channel titled "What is ERP Software." Additionally, on my channel, you can find a couple of videos that present a countdown of the top 10 ERP systems available in the marketplace. These resources will provide you with further information on the nature of ERP software.

CRM SOFTWARE

CRM software is another powerful and commonly used software, especially among high-growth organizations that prioritize sales and revenue acceleration. CRM stands for Customer Relationship Management, and it is sometimes referred to as salesforce automation. This software allows you to automate the entire sales process, starting from the initial contact with prospects or potential customers, and encompassing all sales activities throughout the customer lifecycle. It helps you effectively manage your sales funnel, optimizing lead flow and converting as many leads as possible into qualified and paying customers. CRM software provides a specialized solution tailored to sales and customer service needs.

MARKETING AUTOMATION

Marketing automation is a highly effective and beneficial technology that many organizations utilize, even from the early startup phase. It involves the use of software that enables lead capture, targeted marketing campaigns, and the creation of email campaigns and landing pages to attract potential customers. Marketing automation optimizes lead flow and ensures that marketing efforts result in actual leads for further engagement. There are several examples of marketing automation software commonly used in the industry, such as HubSpot and Oracle's marketing automation products. Additionally, there are niche-focused solutions available that automate specific marketing processes. I encourage you to explore these options. If you are in the early stages of growth or seeking to enhance the scalability of your marketing activities, I recommend considering marketing automation software as a valuable category.

ECOMMERCE

E-commerce has experienced significant growth, particularly in the post-pandemic era. Many organizations were compelled to shift from in-person sales to e-commerce as a means of reaching their customers. This led to the adoption of e-commerce platforms by numerous retail organizations, allowing them to sell their products and services online and facilitate digital transactions with customers. Consequently, the use of e-commerce software has become increasingly common, particularly in the business-to-consumer (B2C) sector. However, there is also a rising demand for e-commerce functionality in the business-to-business (B2B) space. This trend can be attributed, in part, to consumer expectations shaped by user-friendly platforms like Amazon and Alibaba. As consumers, we have become accustomed to seamless online shopping experiences, and we now anticipate similar convenience in our business interactions, even in B2B environments. Implementing e-commerce enables organizations to provide online access to their product and service catalogs, facilitate direct online purchases, and drive revenue growth, making it a valuable strategy for high-growth organizations.

WAREHOUSE MANAGEMENT

If your organization falls into the manufacturing, distribution, or supply chain-intensive sector, it is likely that you have a warehouse or distribution center to manage. In such cases, implementing warehouse management software can greatly assist in automating warehouse operations. This type of technology enables you to efficiently manage inventory, storage locations, identify stock shortages, anticipate potential stock shortages, and streamline pick-pack-ship processes. There is a wide range of warehouse management software options available in the marketplace, and for more detailed information, I recommend watching my video on YouTube that covers the top 10 warehouse management systems currently available. Rest assured, there are numerous excellent warehouse management technologies that can help enhance your supply chain and distribution processes, leading to growth and improvement in your organization.

SUPPLY CHAIN MANAGEMENT

Supply chain management software is a broader category that encompasses warehouse management and other aspects of the supply chain. It includes functions such as supply and demand planning, logistics and transportation, and procurement. Utilizing supply chain management software allows for the automation of various processes related to supply chain management. If you're looking to optimize your end-to-end supply chain processes beyond just warehouse management, considering supply chain management software is a viable option.

For more comprehensive information and insights into specific vendors and types of supply chain management software, I encourage you to watch the video on my YouTube channel that provides a top 10 ranking of supply chain management systems available in the marketplace.

FIELD SERVICES SOFTWARE

Field services software is another valuable technology that can greatly benefit many organizations. It is particularly relevant for organizations that have remote work crews, such as construction companies or utilities. In these industries, where field crews are deployed, capturing and collecting data from the field is essential. Field services management software facilitates this process by enabling the management of field crews, tracking their time, and even monitoring inventory and workflow steps. This technology ensures effective communication with field service teams and facilitates data capture during their business operations. If your organization operates in industries that rely on remote crews and field services, field services software can be a powerful solution.

PROJECT MANAGEMENT

Project management software is a widely used and powerful tool for effectively managing projects. It is particularly beneficial for professional services organizations and companies involved in the production of capital or fixed assets, which require extensive project management. Examples of industries that heavily rely on project management software include construction, aerospace, and defense.

Project management software goes beyond traditional tools like Microsoft Project's Gantt chart. It offers enhanced capabilities, capturing tasks, progress tracking, resource management, cost estimation, billings, inventory allocations, and other vital components of project management. It seamlessly integrates with various systems across the organization, enabling comprehensive enterprise-wide project management.

If your organization has significant project management needs, it is worth considering the leading project management systems available in the marketplace.

These are the top 10 types of business software to consider as you strive to grow and improve your business.

I would enjoy brainstorming ideas with you if you are looking to strategize an upcoming transformation or are looking at selecting an ERP system, so please feel free to contact me at eric.kimberling@thirdstage-consulting.com. I am happy to be a sounding board as you continue your digital transformation journey.

Be sure to download the newly released 2024 Digital Transformation Report to garner additional industry insight and project best practices.

TOP 10 TYPES OF BUSINESS SOFTWARE [ERP, ACCOUNTING, SUPPLY CHAIN, CRM, MARKETING AUTOMATION, ETC.]:

Navigating through these ten essential software solutions underscores their undeniable impact on modern businesses. Their transformative potential goes beyond mere automation; they shape workflows, optimize processes, and underpin growth strategies.

While each software category holds distinct value, their true power is realized when they're integrated into a cohesive operational ecosystem. As you consider integrating these platforms, remember to view them not in isolation but as interconnected gears in a well-oiled machine, collectively driving your organization toward its envisioned future.

As you review the subsequent sections of this whitepaper, keep the insights gleaned here at the forefront. The point should now shift from understanding these tools to effectively harnessing them, ensuring your business remains agile, efficient, and ahead of the curve.

TOP 10 QUESTIONS ABOUT DIGITAL TRANSFORMATION [MOST IMPORTANT Q&AS FOR DIGITAL STRATEGY]:

A successful digital transformation is far from a mere technological upgrade – it's a holistic reimagining of how an organization functions, delivers, and thrives in a digital age. But where does one begin? One of the pitfalls many businesses face is diving into transformational endeavors without adequately addressing fundamental questions.

This section sheds light on the ten most pressing questions organizations must confront and answer before embarking on their digital journey. By tackling these essential questions head-on, organizations can set the stage for a digital transformation journey that's both strategic and fruitful.

TOP 10 QUESTIONS ABOUT DIGITAL TRANSFORMATION [MOST IMPORTANT Q&AS FOR DIGITAL STRATEGY]

Many organizations are not ready to answer some basic, fundamental questions that they need to address before starting their transformation. What exactly are those questions? And, more importantly, what are the answers?

When starting a digital transformation, there's often a lot of momentum and excitement, but it's important to answer some basic, fundamental questions before jumping into the transformation to provide a strong foundation for success.

Today, we will cover the ten most important questions that organizations should ask themselves before embarking on a digital transformation. These questions need to be answered before beginning the project. If any of these questions don't have a clear answer, it is necessary to pause and find a solution before starting the transformation.

WHY ARE WE CHANGING

The first question on the list is "Why are we changing?" This is a fundamental question that needs a more comprehensive answer than just upgrading technology or being forced to move to a new system. Organizations need to have a clear and comprehensive reason for going through a digital transformation that encompasses their longer-term goals and vision. Answering this question will provide a strong foundation for the transformation and ensure that everyone is aligned with the goals of the project.

WHAT BUSINESS VALUE DO WE EXPECT

One of the best ways to unpack the "why" of doing this project is to define the business value that is expected from the transformation. These should be measurable metrics that affect the performance, metrics, and results of the organization. It is important to define the purpose of the project beyond something as simple as "we just have to do this project." It is important to define the business benefits, impact on the customer and employee experience, effect on inventory levels, and how it will improve the supply chain. These are just a few examples of the sorts of questions that can be asked to define the expected business value.

WHO IS LEADING THE TRANSFORMATION

The next question to consider is "Who is leading the transformation?" This question refers to the leadership team responsible for leading the project, setting the vision, and guiding the organization through the change. It's crucial to have the right people in charge of the transformation, with the necessary skills, experience, and commitment to see the project through to completion. This includes identifying a project sponsor, a project manager, and a core team of stakeholders who will oversee and execute the transformation. These leaders should be empowered to make decisions and have the authority to allocate resources and manage the project's timeline and budget effectively. By having the right leadership in place, you can ensure that the project stays on track and delivers the expected business value.

WHAT IS OUR TARGET OPERATING MODEL

The next important question to ask is about the future state target operating model, which defines the business processes, structure, and integration of data and workflows across the organization. Defining this model is crucial because it enables the organization to envision what it wants to become and how technology and process improvements will support that future state. It's a mistake to defer this question until technology deployment begins, as it can lead to aimless and misaligned efforts. The future state target operating model should drive the technology, not the other way around. Defining this blueprint is critical for success in the digital transformation process.

WHAT IS OUR FUTURE ORG STRUCTURE

The next question to ask is about organizational design. It involves identifying how people's roles and responsibilities will change, how reporting relationships will be impacted, and whether or not there will be a restructuring of the organization. Defining the organizational design should be done in parallel with the future state target operating model as it is crucial to consider how the changes will impact the people within the organization. It is not enough to define the business processes without considering how it affects the people. It is important to identify what the future state organization will look like before deploying technologies.

The process of defining the future organizational state is iterative. It should start early in the transformation, and as you get into the details of the technologies, you'll understand the changes and impacts at a more granular level. However, it's important not to wait until that level of detail is reached; starting as early as possible in the transformation is ideal.

TECHNOLOGY

One of the crucial questions that need to be answered early in your digital strategy is selecting the right technology. You should not make the mistake of selecting technology first and then trying to fit the future state within that technology. Instead, you should define the future state operating model and then choose the technology that best helps you achieve that vision. Selecting the right technology is crucial and should not be overlooked, as it can determine the success or failure of your transformation.

WHAT ARE THE PROJECT ROLES

To ensure the success of a transformation project, it's important to define the project roles early on, both internally and externally. This includes roles such as program manager, change management team, business process owners, and executive steering committee. Without clear answers to these questions, the project governance may not be in place to manage the project effectively, resulting in cost overruns and potentially derailing the project. It's crucial to involve the right people internally to ensure the success of the project.

The question at hand is about the importance of defining project roles and responsibilities early in the planning process. It is crucial to have a clear understanding of who will fill the project roles, both internally and externally. This includes the program manager, change management team, business process owners, and executive steering committee, among others. Without proper project governance and involvement of key stakeholders, the project is likely to face issues and may not achieve the desired outcomes. Therefore, it is essential to approach the internal team as a general contractor and ensure that all roles are adequately filled to support the project's success.

WHAT IS THE DIGITAL STRATEGY

The next question to ask is, "What is our digital strategy, and what is our plan?" It's important to note that the software vendor, system integrator, or implementation partner isn't the one responsible for defining the strategy and plan. It's up to the organization to define them and then bring in the external resources to help execute the plan.

Yes, involving outside resources like software vendors and system integrators can be helpful, but it's important to remember that they have a limited perspective that focuses primarily on technology. Therefore, organizations must take ownership of their digital strategy and plan, considering all aspects of the business, including non-technological elements such as change management, process improvements, architecture, data migration, and more. This holistic approach ensures that the project is aligned with the organization's goals and values and not solely focused on technology.

The importance of having a clear project strategy and plan is highlighted, and it is recommended not to solely rely on a software vendor's plan as it may not fit your culture and goals. It is necessary to adjust and supplement that plan to suit your specific needs and requirements. It is emphasized that the overall program plan should be defined early in the project.

Additionally, you may also need to bring in external expertise in areas such as data governance, data architecture, cybersecurity, and other related fields. These experts can help ensure that your digital transformation is successful not just from a technology perspective, but also from a holistic business perspective that includes non-technological factors. It's important to remember that a successful digital transformation is not just about implementing new technology, but about transforming your entire organization to be able to leverage that technology to achieve your strategic goals.

One way to approach this is to have a dedicated integration architect or integration team that's responsible for making sure those systems are integrated properly. And then, in terms of data migration, oftentimes, the software vendor or system integrator is going to be providing some level of data migration. But ultimately, it's up to you to define what that data migration looks like and make sure that the data that's being migrated from your existing systems to your new systems is clean and accurate. And then, of course, there are other areas like testing, training, and ongoing support that you need to make sure you have resources dedicated to. So, the key takeaway here is that while your system integrator or software vendor is a critical part of the project team, you need to make sure you have other resources in place to support the areas that they don't cover or don't cover well.

To summarize, it's important to recognize that a system integrator is not the complete solution for a successful transformation. You need to bring in outside support to fill the gaps that your system integrator may not be equipped to handle, such as organizational change management, business process improvement, system architecture, and data migration. While the system integrator may provide the technology to enable process improvements, it's up to you to roll out those changes to the organization. Similarly, you are responsible for cleansing, mapping, and migrating data from legacy systems to the new systems, with the help of the toolset and framework provided by the software vendors and system integrators. You should define an overall plan and strategy that aligns with your organization's goals and objectives and augments the system integrator with all the necessary activities to support the overall transformation.

ALIGNMENT

The importance of alignment in a transformation project cannot be overstated. Before starting the transformation, it is important to ask whether the team is aligned internally, around what they expect to get out of the project, the transformation plan and strategy, project governance and decision-making, and what they want to be when they grow up. If alignment is lacking, it's crucial to slow down and take a step back to answer those questions and try to get aligned before proceeding with the transformation.

To ensure successful transformation, it is essential to have internal alignment within the team and organization before starting the project. This alignment involves being clear on the project goals and strategy, project governance, decision-making processes, and desired outcomes. Misalignment can lead to significant delays and increased project costs. Organizations need to take the time to get aligned, articulate a clear vision, and ensure stakeholders are moving in the same direction. Overcoming misalignment is critical, and facilitators can help organizations achieve internal alignment. While it is possible to get off track during the transformation, starting with alignment is crucial to success.

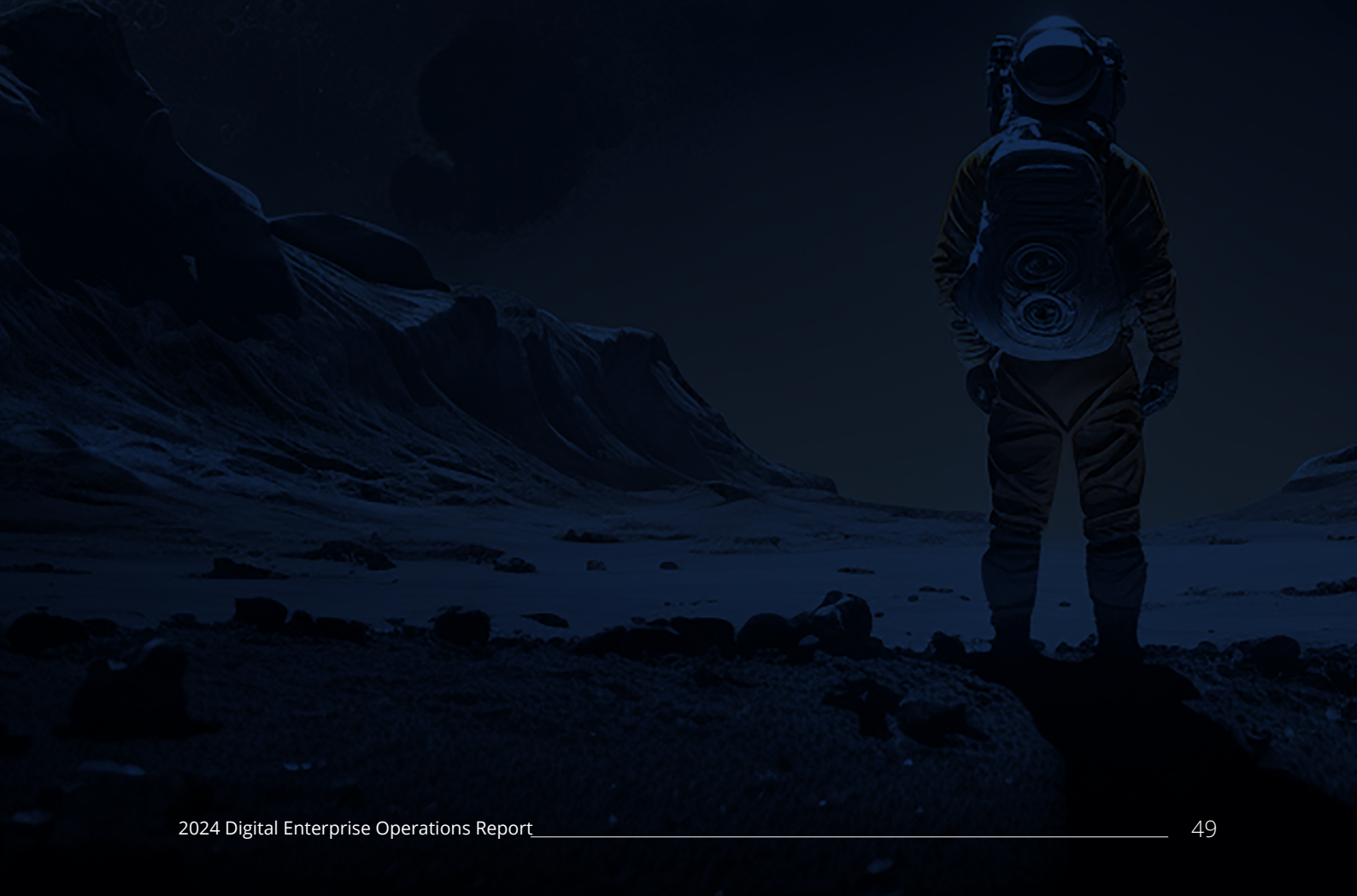
ACCOUNTABILITY

Before starting a transformation project, it's important to ask the question: How will we hold ourselves accountable for the project's success? You need an executive sponsor who is the ultimate decision maker on the project, but no one person can be the single point of accountability. You need to define who will be responsible for certain business benefits, keeping the project on track and on budget, ensuring the right resources are allocated and prioritized, and post-transformation accountability for delivering expected business value and avoiding disruptions to business operations. It's crucial to ensure accountability throughout the transformation to achieve successful outcomes.

In conclusion, before embarking on a digital transformation journey, it's crucial to ask yourself a series of important questions. These questions revolve around the business strategy, the internal resources, the system integrator, the alignment, and accountability. By addressing these questions, you can better define the scope of your transformation, understand your internal capabilities, bring in outside support where needed, ensure alignment among stakeholders, and hold everyone accountable for delivering the expected business benefits. It's important to take the time to answer these questions thoroughly and accurately, and if necessary, pause the transformation until you have clear and satisfactory answers. Remember, the success of your digital transformation ultimately depends on your ability to make informed decisions and execute effectively.

If you are looking to strategize an upcoming transformation or are looking at selecting an ERP system, we would love to give you some insights. Please contact me for more information eric.kimberling@thirdstage-consulting.com

Be sure to download the newly released 2024 Digital Transformation Report to garner additional industry insight and project best practices.



TOP 10 QUESTIONS ABOUT DIGITAL TRANSFORMATION [MOST IMPORTANT Q&AS FOR DIGITAL STRATEGY]:

Transformation, by its very nature, demands introspection, preparation, and strategic alignment. As we've traversed these ten vital questions, it becomes evident that they are not mere checkpoints but are foundational pillars ensuring the robustness of a digital strategy. Organizations must treat them not as hurdles but as enlightening touchpoints, guiding them toward a future-ready business model.

The overarching message is clear: before embracing the allure of the latest digital transformation trends, ensure your organization is anchored in understanding, purpose, and strategy. With these questions as your guide, you stand better poised to navigate your transformation with purpose, ensuring every step is deliberate and every decision, informed. As you take this knowledge forward, always remember, it's not just about integrating digital tools – it's about future-proofing your organization's DNA for the digital age.

INDEPENDENT RANKING OF TOP ERP, CRM AND HCM SYSTEMS OF 2024:

Finding the perfect platform, software, or tool for your business is akin to the proverbial search for the Holy Grail. The wide range of options in ERP, CRM, HCM, and other tech segments leaves businesses navigating a complex maze, often fraught with indecision and uncertainty. But the journey of digital transformation, while complex, need not be undertaken without a compass.

This section offers an overview of our independent rankings of the premier solutions in the ERP, CRM, and HCM landscapes for 2024. Shedding light on the top contenders, we aim to provide clarity, distilling the vast sea of choices into a concise list that caters to diverse business needs. Whether you're a growing SME or a multinational giant, the insights ahead are tailored to guide your investments and decisions for the coming year.

INDEPENDENT RANKING OF TOP ERP, CRM AND HCM SYSTEMS OF 2024

When planning for a digital transformation, there are numerous technologies to choose from. However, how do you determine which technology is best for you and which vendor within that technology category is the best fit for your needs? That is precisely what we will be discussing today.

Digital transformation can be overwhelming, with many different options available. It can be challenging to evaluate all the different types of software vendors across various categories like ERP systems, Customer Relationship Management (CRM) systems, Human Capital Management (HCM), Supply Chain Management, and Business Intelligence tools.

Today, I will discuss the top three software vendors within several technology categories, including ERP, CRM, HCM, and emerging technologies. This will provide you with a starting point for creating a shortlist for your digital transformation. I will give a summary of the top three vendors for each category.

TOP 3 ERP SYSTEMS FOR MID SIZED COMPANIES FOR 2024

Every year, we publish our independent ranking of the top 10 ERP systems. ERP systems are rated across different industries, geographies, and company sizes, making it a general ranking that's a good starting point for evaluating potential options. Depending on the size of your company, geography, or industry, you might end up with a different ranking. Nonetheless, it gives you a good starting point.

ORACLE ERP CLOUD

At number three, we have Oracle Fusion or Oracle Cloud ERP, often referred to as both. Although there may be some branding issues that Oracle is going through right now with their ERP Suite of products, it's a good product that we see many organizations use. It's something that can scale for multinational organizations and is more flexible than some of the bigger ERP systems in the market, such as SAP or others.

ORACLE NETSUITE

At number two on our list is another Oracle product, Oracle NetSuite. NetSuite used to be a standalone product and company until Oracle acquired it several years ago. Since then, Oracle has continued to focus on NetSuite for the small and mid-market. Many organizations in these markets evaluate and implement NetSuite, which is why it comes in at number two on our top 10 list.

Microsoft

Finally, **number one** on our top 10 list is Microsoft Dynamics 365. The reason it's number one on our list is that it provides a breadth of capability and a good balance of cost, flexibility, and scale. It's a technology that can be deployed in large organizations, is flexible, and is cost-effective in supporting small and mid-market companies, as well as larger organizations.

TOP 3 ERP SYSTEMS FOR LARGE SCALE COMPANIES FOR 2024

Now, I've provided the top three of our top 10 for our general ERP ranking, but if you're a larger multinational organization, you might have a different top 10 list. We actually have a top 10 list for multinationals, and larger multinational organizations have different requirements. They need scale, diverse business processes, flexibility, and something that can grow and standardize the company. There are a lot of different needs that larger multinational organizations have, and that's why there's a different ranking for ERP systems within this segment.

SAP S/4HANA

Number three on our list is SAP S/4HANA. SAP S/4HANA is a solution that is often used by Fortune 500 and Fortune 1000 organizations. S/4HANA is built on the HANA platform, which is a real-time data processing and database platform that provides better analytics and performance. SAP, in general, with S/4HANA and even its predecessor products, has built and acquired products that support larger organizations throughout the world. That's why SAP S/4HANA is in our top three.

Microsoft

Coming in at **number two** for the large multinational organization ERP ranking is Microsoft Dynamics 365. The reason D365 is number two on the list here for multinational organizations is that it provides a breadth of capability out of the box. It provides a certain amount of flexibility that allows diversified organizations to have the functionality that they need. The Microsoft ecosystem also has a number of ISVs or independent service providers that have taken the D365 product and tailored it for certain industries and certain functions. So, if you're a large multinational, you can get the best of both worlds by having an industry-specific solution that's built on a platform that can scale for large organizations. For those reasons, that's why Microsoft D365 is number two on our list for multinational organizations.

ORACLE

And **number one** on our list of top ERP systems for multinationals is Oracle Fusion ERP Cloud. The reason Oracle is number one is partly because it's built to scale. It's built on the Oracle platform, and the product itself is very diverse and scalable for larger organizations. Similar to Microsoft Dynamics, it also has a certain flexibility that a lot of other systems don't have. It allows for more personalization of the software to fit individual customer needs, and it's also something that can deliver a lot of business value for larger multinational organizations.

TOP CRM SYSTEMS FOR 2024

Now, if you are not looking for an ERP system, it may be that you want to start with a CRM system instead. ERP systems do have their own modules for CRM, but there is also a whole subcategory of enterprise technologies that focus exclusively on CRM. It can be helpful to look at those standalone CRM options because they can be quicker to deploy and have shorter duration, less cost, less scope, and less risk for an organization that wants to deploy it. If you are looking to automate your sales group or provide better customer experience and better customer service to your customers, CRM systems might be a good way to go.

Coming in at number three on our top 10 ranking of CRM systems is Salesforce. Salesforce is one of the pioneers of the whole CRM category and the CRM specialization software. They have been around for a long time, they are native to the cloud, and they have built a great ecosystem of third-party applications that bolt on or integrate with Salesforce. The breadth of capability within the CRM and sales automation space is very broad, even the most international, most complex sales organizations can really benefit from Salesforce. There are a lot of robust workflows and capabilities within it, which is why it lands at number three on our list.

Coming in at **number two** is a different product, called Zoho. Zoho is a product that is a standalone CRM system, much like Salesforce, but it is more tailored for small to mid-market companies. It comes in at a lower price point, there is less complexity to it, and it is something that isn't overkill for a lot of smaller organizations, as say a Salesforce CRM might be. Zoho is a great option if you are a smaller mid-market company. It can be low cost, high value, and it's something that's flexible for sales organizations as well.

Coming in at **number one** is Microsoft Dynamics CRM. Even though Microsoft Dynamics CRM is technically a module within Dynamics 365, it's actually a product we see deployed oftentimes as a standalone, without the rest of 365. This could be a nice option if you know you're going to want to eventually grow into a broader ERP solution, knowing that you have a CRM solution that can integrate with that future state ERP system. But even if you're not, Microsoft CRM is a good standalone product that's great for larger mid-market companies as well as large organizations. It competes well with Salesforce and other CRM systems in the market that are built for larger organizations. When we look at the flexibility of the product too and the ability to integrate in the cost of deployment, those are other benefits that Microsoft CRM provides as well. That's why it lands number one on our list.

TOP HCM SYSTEMS FOR 2024

If you're not looking for an ERP system or a CRM system, or if you're looking for something in addition to those two areas, it may be that human capital management or HR technology is an area you might want to evaluate different technologies in. There are a number of technologies you can choose from that can help automate the whole hire-to-retire process, including your payroll processes, onboarding, talent management, and recruiting.

UKG

Number three on our list is UltiPro, which is from a company called Ultimate Software. UltiPro is a very commonly used HCM system that's very specialized, been around for a long time, and has a lot of great capabilities that can help large organizations as well as small and mid-market organizations.

workday.

Number two on our list is one of the more disruptive systems in our rankings, and that is Workday. Workday has really taken the HCM space by storm and has also taken the financials space by storm as well. They've extended their capability beyond just HCM to now provide financial and accounting processes and other capabilities as well. Workday is a native SaaS cloud solution that's been around for a while, and it's becoming quite widely used throughout the business world, especially within HR groups.

ORACLE

Coming in at **number one** is Oracle Human Capital Management Cloud. It's a very robust solution that provides talent management, hire-to-retire processes, payroll, and all sorts of HR-related capabilities. Oracle HCM is a standalone solution within a broader suite of cloud ERP products, so you could deploy Oracle HCM on its own, or you could deploy it as part of a broader ERP enterprise-wide solution. Oracle HCM has a lot of broad capabilities with a lot of flexibility and integration to ERP systems, particularly its own Oracle system, and those are some of the reasons why Oracle HCM is number one on our list of top HCM systems.

Now, if we look beyond ERP, CRM, and HCM and consider future emerging technologies, we can see that these are technologies that are currently happening and are becoming more widely used and adopted.

TOP EMERGING TECHNOLOGIES BUSINESS INTELLIGENCE

Number three on our list of top emerging technologies is Business Intelligence. Business intelligence is a category that's much like reporting but is more advanced. It's meant to provide better data and analytics and slicing and dicing of information from either one system or multiple systems. Business intelligence is becoming more and more popular because many organizations operate with multiple systems, legacy systems, and newer systems that they've deployed in recent years. For these reasons, business intelligence is number three on our list.

INTEROPERABILITY TECHNOLOGIES

Number two on our list is Interoperability Technologies, which are provided by vendors such as Palantir and Snowflake, for example. These are two up-and-coming emerging technology providers that provide interoperability. Interoperability essentially is middleware, but it provides more workflow capabilities, more data analytics, and even some artificial intelligence and other types of capabilities beyond that. It's almost like middleware on steroids. You're combining systems, integrating systems, but you're also adding workflows and data analytics to that. Palantir, Snowflake, and other vendors like that are providing that technology, and it's very hot right now because so many organizations are dependent on multiple systems.

ARTIFICIAL INTELLIGENCE

Number one on our list of emerging technologies is artificial intelligence. Even though it's a bit ahead of its time at the enterprise level, it's still in the early stages of adoption and maturity. It's something that will absolutely become a game-changer in the next five to ten years for enterprises as well, particularly as artificial intelligence gets baked into other types of technologies. Right now, you can deploy standalone artificial intelligence technology, or the software vendors that provide ERP, CRM, HCM, supply chain management, and other types of enterprise technologies are starting to build artificial intelligence more and more into those solutions. Over time, artificial intelligence will permeate through other types of technologies, but for the time being, it's relatively immature. Still, it's something that will be a game-changer in the future.

So, I hope these accelerated summary top rankings of different enterprise technology categories have helped you today.

If you are looking to strategize an upcoming transformation or are looking at selecting an ERP system, we would love to give you some insights. Please contact me for more information eric.kimberling@thirdstage-consulting.com

Be sure to download the newly released 2024 Digital Transformation Report to garner additional industry insight and project best practices.

INDEPENDENT RANKING OF TOP ERP, CRM AND HCM SYSTEMS OF 2024:

The sheer range of options available for ERP, CRM, and HCM solutions underscores the importance of informed decision-making. While this section serves as a starting point, each organization needs to align these suggestions with its unique needs, aspirations, and contexts. Remember, in digital transformation, it's not just about jumping on the latest trend – it's about meticulous evaluation and understanding the intricacies of each tool.

As emerging technologies and digital transformation trends like artificial intelligence continue to evolve and mature, staying informed and adaptable will be key. Utilize our rankings as a foundation, but always be prepared to pivot, adapt, and innovate.

TOP 10 PROJECT MANAGEMENT FAILURES [MOST COMMON PROJECT MANAGER MISTAKES]:

Digital transformation projects represent a significant shift in an organization's way of working, often underpinned by innovative technologies and fresh approaches to business processes. However, a successful transformation doesn't solely rest on the technological solution – it's greatly influenced by the project management behind it. Sadly, many digital initiatives stumble not because of the tech, but due to missteps in management.

From a skewed focus on IT to internal alignment challenges, project managers can inadvertently set a project off course. Below, we explore the top 10 common missteps project managers make, shedding light on pitfalls that have derailed many promising transformations. By identifying and understanding these challenges, we can better equip ourselves to avoid them and steer our projects to success.

TOP 10 PROJECT MANAGEMENT FAILURES
[MOST COMMON PROJECT MANAGER MISTAKES]

Digital transformations can fail due to various reasons. Identifying the failure points and the specific mistakes made by project managers can help us understand the key factors behind these failures.

Project managers play a crucial role in determining the success or failure of a transformation project. Regrettably, many project managers prove to be highly ineffective, excelling in certain areas but faltering in essential aspects that can make or break the project's outcome. The problem lies in the lack of proper training for project managers, leaving them unaware of their mistakes.

Today, we will discuss the top 10 common challenges that project managers often grapple with, leading to significant struggles and, in many instances, outright project failures. Identifying these pitfalls can help shed light on the reasons behind unsuccessful transformations. Therefore, let's delve into these 10 critical aspects in the following discussion.

TOO MUCH IT FOCUS

One of the most common pitfalls faced by project managers in IT-related projects, whether it's a digital transformation, ERP project, or any other initiative, is an excessive focus on technology. Often, project managers become overly engrossed and fixated on the technological aspects, leading them to overlook other critical nuances essential for project success.

These other crucial factors include organizational change management, business process improvement, data migration, the integration of different technologies within the overall architecture, and achieving internal alignment. Despite not directly involving the software or technology itself, these aspects significantly impact the project's outcomes.

As a guiding principle, project managers should be cautious if they find themselves spending more than 70 or 80 percent of their time addressing or firefighting technology-related issues. Such a situation increases the risk of failure due to an imbalanced focus on technology, while neglecting the necessary attention to the business-related aspects. Striking the right balance and prioritizing business considerations can substantially contribute to project success.

PROGRAM MANAGEMENT VS PROJECT MANAGEMENT

Another common issue observed with project managers in transformations is their confusion or interchange of project management with program management. It is crucial to distinguish between these two roles. Project management typically revolves around specific work streams within an overall program. However, it is essential to consider the transformation as a whole program, consisting of multiple work streams that require attention.

Certainly, there is a technical work stream that project managers often prioritize, as mentioned in the previous point. Nevertheless, it is equally vital to have other work streams related to organizational change, organizational design, process improvement, data migration, and other critical components that significantly influence the success or failure of the project.

To ensure effective planning and resource allocation, project managers must not perceive their role as merely managing a project. Instead, they should view it as overseeing an overall program with several interconnected work streams that demand careful management. This comprehensive approach will contribute to a more successful transformation endeavor.

NOT GETTING INVOLVED IN BUSINESS OPERATIONS

The third common pitfall is not being involved enough in the business operations. While I mentioned earlier the risk of being excessively focused on technology, it is essential to redirect some of that time and shift the focus towards understanding your business and its future direction.

This may not necessarily require you to be an expert in all aspects of the business, but rather, you should collaborate with those who do understand it. Partnering with individuals knowledgeable about the business domain will help you grasp the key issues and business drivers. As a result, you can serve as a conduit or translator, effectively conveying the business needs to the technology work stream.

To become a proficient project manager, it is crucial to get hands-on, roll up your sleeves, and genuinely comprehend the business operations as an integral part of your role. Understanding the business landscape and its requirements will significantly enhance your effectiveness as a project manager.

CHANGE MANAGEMENT FAILURE

I have mentioned change management multiple times in this video, and a lack of focus on it is one of the most common failure points observed among project managers. Part of the reason for this lies in the nature of project management itself. It is a fairly scientific and tangible role, known for its predictability and hands-on approach. Consequently, most of the training emphasizes aspects such as Gantt charts, tasks, and resource allocations.

On the other hand, organizational change management is less scientific and more of an art. It involves subjectivity and requires understanding the nuances of the specific organization and its culture. Successfully navigating these nuances becomes crucial for effective change management.

As a project manager, it is vital to broaden your perspective beyond technology and operational aspects. Dive into the organization itself and recognize the significance of organizational change management. Ensure that your team includes individuals who can delve into the organization's intricacies and help define strategies to navigate the inevitable challenges that most projects face. Understanding and addressing these organizational challenges will greatly contribute to project success.

INACCURATE SCOPING

Another common challenge is inaccurate scoping, which involves not having a clear understanding of what it will take to successfully complete the project. This issue arises when there is a lack of realism in various aspects, including the time frame, the project plan, the resource schedule, and the budget.

Organizations often encounter difficulties when they start projects with unrealistic expectations. They may base their plans and budgets on proposals from software vendors that do not consider the full scope of the project, especially aspects that go beyond what a software vendor typically handles. These non-technical work streams can significantly impact the project's overall time frame, budget, and resource plan.

When defining the scope, it is essential to consider not only the technology but also other critical areas of the business. Evaluating the assumptions made by the vendor regarding their role in the project is equally vital. Ensure that these assumptions align with your expectations and cover all the necessary aspects of the project comprehensively. Moreover, they should also align with your organization's strategic direction, goals, and objectives.

To avoid common failures, project managers must establish an accurate scope and refine their scoping process thoroughly. Doing so will help in tightening up the project plan and increase the chances of successful project execution.

UNREALISTIC BUDGET

Similar to an inaccurate scope, an unrealistic budget is another failure point for many project managers. Often, they rely solely on the proposal provided by their software vendor, accepting it at face value and setting a firm budget without considering additional non-vendor-related costs typical of transformations.

To address this issue, project managers should account for non-technical work streams, such as change management, process improvement, data migration, and the integration of third-party systems. These elements can significantly impact the overall implementation cost and should be factored into the budget.

Additionally, considering internal resources is crucial. As the project leverages these resources, it's essential to plan for backfilling their roles to ensure that day-to-day operations continue smoothly.

One effective way to mitigate the risk of an inaccurate budget is to include a contingency plan. Predicting the future with 100% accuracy is challenging for most of us, so having a contingency of at least 15 percent can account for unforeseen circumstances and unexpected surprises that may arise during the project.

By taking these steps, project managers can improve the accuracy of their budgets and reduce the chances of facing budget-related issues during the project's execution.

FAILURE TO ALLOCATE RESOURCES

Another failure point for project managers is a failure to allocate proper resources to the project. It is essential to strike a balance between art and science in this aspect. While a plan may look good on paper, it may not be feasible or realistic for the organization, considering various internal initiatives, priorities, and resource constraints.

It is crucial to validate the assumptions made regarding resource allocation and ensure a realistic plan is in place. If the allocated resources fall short of what is needed to successfully complete the project, project managers should escalate the issue to the executive steering committee for further consideration and possibly seek additional resources.

Regardless, project managers must have a clear and realistic view of the actual resource requirements. This understanding should align with the realities of the organization's day-to-day operations to avoid potential resource shortages or inefficiencies during project execution. By carefully managing and aligning resources, project managers can enhance the project's chances of success.

CHECK BOXES VS QUALITY

One significant issue, which I consider among the most crucial out of the ten, is the focus of project managers on merely checking boxes rather than ensuring quality. This distinction lies in the difference between merely stating that a task has been completed or not, and thoroughly assessing if it has been done correctly and up to the required standards.

Project managers often face a challenge in balancing the scientific aspects of project management, which involves completing tasks, with the art of project management. The art of project management requires critical evaluation of deliverables, such as blueprint documents, design documents, requirements documents, test plans, and test scripts. It is essential to scrutinize these outputs to determine not only if they have been done but also if they have been executed effectively and in alignment with the organization's goals and objectives.

Project managers should lead their teams to look at deliverables with a discerning eye, ensuring that the quality is not compromised. By understanding this subtle yet significant difference between merely checking boxes and assessing the quality of deliverables, project managers can ensure the success and efficacy of the project throughout its implementation.

FAILURE TO RECOGNIZE & MITIGATE RISKS

Failing to identify and mitigate risks is another common challenge that project managers face. This is often because project managers may not have enough experience with these types of transformations to anticipate potential risks until they escalate and become evident issues.

Furthermore, those who view project management separately from program management tend to focus primarily on the risks associated with technology, overlooking the operational and organizational risks that may arise after the project's go-live phase. Identifying and addressing these risks demand a combination of both art and science, along with considerable experience in the field.

To effectively manage risks, project managers should establish a quality assurance framework and a risk mitigation framework. Applying their experience and expertise, they can then identify potential risks and take necessary steps to mitigate them. This proactive approach to risk management is critical for the success of any transformation project.

MESSINESS OF INTERNAL ALIGNMENT

Finally, the tenth common challenge that project managers often struggle with is their failure to recognize the importance of addressing internal alignment and the inherent messiness associated with it. Achieving internal alignment can be a complex and messy process, as most organizations face misalignment to some degree. Although many project managers may try to power through and push ahead despite this misalignment, they will encounter significant headwinds if the issue is not addressed properly.

Addressing internal alignment is crucial for project success. It involves ensuring that the project team is aligned and working together cohesively. When misalignments arise, project managers must actively work towards bringing everyone together to reach a consensus on the path forward. If achieving alignment becomes challenging, project managers should escalate the issue to the executive steering committee or executive sponsor to make necessary decisions.

Clear and decisive business decisions are inevitable in any digital transformation project. Ensuring internal alignment and addressing any messiness related to it are essential to navigate these decisions effectively and make progress on the project.

If you are an aspiring or established project manager, I hope this has provided you with some valuable points to consider. Recognizing and being aware of these failure points can help you avoid them in your future transformations.

I would enjoy brainstorming ideas with you if you are looking to strategize an upcoming transformation or are looking at selecting an ERP system, so please feel free to contact me at eric.kimberling@thirdstage-consulting.com. I am happy to be a sounding board as you continue your digital transformation journey.

Be sure to download the newly released 2024 Digital Transformation Report to garner additional industry insight and project best practices.

TOP 10 PROJECT MANAGEMENT FAILURES [MOST COMMON PROJECT MANAGER MISTAKES]:

Treading the intricate path of project management demands a delicate balance of expertise, foresight, and adaptability. As we've seen, even the most seasoned project managers can fall prey to the pitfalls we've reviewed. But by recognizing and confronting these challenges head-on, we empower ourselves to navigate the choppy waters of transformation with confidence. Addressing internal alignment, ensuring realistic budgeting, and focusing on quality over mere task completion are just a few of the critical steps toward successful project outcomes.

As you move forward in your project management journey, take these insights to heart. Use them as a roadmap to steer clear of common missteps, and elevate your projects from mere initiatives to transformative, tangible successes. Let's lead with awareness, diligence, and the determination to continuously improve.