

ERP Implementation: A Brief History of the Project

In the spring of 2017 the General Service Office, with input and support from the A.A.W.S. Board, made the decision to begin a much-needed process to upgrade our in-house software systems. The goal was to move from a set of old systems that were outdated and not adequate for our needs. The old system was made up of several standalone software products designed to meet different needs of the organization's accounting, production, sales and Fellowship New Vision database. These systems could not be integrated and each were reaching their limits in keeping up with the evolving demands for serving our membership. Summarizing the status of our financials and supporting the membership especially when working across departments was becoming more and more labor and time intensive as more and more "offline" processes were added to the workflow in order to accommodate the limitations of the old system. One of the primary objectives when selecting and designing the new software solution was to provide a single database that encompassed all of the software needs of the organization. The business imperative driving our work: providing the best service possible to the Fellowship.

We began the project by engaging a software selection and design consultant to help us evaluate and select the best system to meet our business goals and objectives. With their guidance, through an RFP process designed to explore in depth appropriate vendors and systems, we selected NetSuite and an initial implementation vendor that specialized in NetSuite implementation. This vendor was tasked with providing professional services for implementing the NetSuite Cloud ERP System. They began work in March 2018, reporting to our IT director, and moving through a number of phases covering: Discovery and Analysis; General System Configuration; General Ledger, Budgeting, Allocation, Reporting; Inventory Management, Accounts Payable, Fixed Assets, Amortization; Constituents, Donations, Pledges and Grants; Stock Item Order Processing; and other critical areas. The process was intensive and impacted nearly every department of the office. Along with the IT Director, the software selection and design consultant continued to provide project guidance and support.

Difficulties Encountered

In December 2018, significant gaps were identified in the initial implementation vendor's performance. The original "go live" date of February 2019 was not going to be met. This realization was the first of a number of difficult turning points for the project.

In light of the delay in the "go live" date and other problems that were discovered, management decided to engage a new, high/level program/project management consultant. They were brought in to take over the project and program management. They led us in a clearly defined direction toward implementation. Additionally, they assumed the responsibility for vendor management and provided professional input to inform the ongoing decision-making and governance of the project. This additional project and program management support was critical but ultimately cost us approximately \$335,000 in additional costs in 2019.

The implementation date was re-set for August 5, 2019 (six months later) and the project team met that implementation date. However, significant business issues arose as a result of this implementation. The issue was that business processes we requested reflected our “old way” of doing business and did not leverage the best practice native functionality of NetSuite which resulted in the need for significant work-arounds and use of extensive spreadsheets and tools for the business operations. The team decided to convert extensive historical information, from both financial and records management systems, which resulted in the need to do extensive data clean-up in the new system. In addition, the initial implementation vendor failed to complete the deliverables mandated in the agreement and produced poor-quality, error-prone customization. Further, much of the financial data programming provided was at odds with how we process and review data.

For the balance of 2019, once problems with the initial implementation vendor and data errors were discovered management addressed them as quickly as possible. Understanding the crucial importance of getting the system functioning effectively, and in consultation with the program/project consultant, we moved to bring in a new vendor to replace the initial implementation vendor and stabilize our implementation. We contracted with a vendor and brought them on board in February 2020 to conduct a rapid assessment of our systems, resources and processes. The rapid assessment identified significant issues related to business operations, the quality and integrity of the information contained in NetSuite and a critical need to leverage native NetSuite functionality, specifically as it related to accounting, finance and inventory management functions. It also recommended reimplementing the Contributions, Webstore and My Portal sites.

With the hiring of a new Director of Technology Services, and continued program and project management support from the program/project consultant, significant project, scope, risk and financial controls have been implemented. A detailed 2020 budget, with regular management review, is in place for all the NetSuite projects performed by the reimplementation vendor and program/project consultant.

Lessoned Learned

In hindsight, the original requirements and definition reflected the “old way” of doing things and initially missed the opportunity to significantly improve business processes and operational controls. From a technical perspective we had initially contracted with a vendor that was savvy about non-profit organizations but not at all familiar with the intricacies involved in the business and records management processes of Alcoholics Anonymous. For example no outside vendor would imagine how much detail we collect from a mail-in contribution (because our acknowledgment of 7th Tradition participation is so important) nor could they absorb how important it is for us to keep accurate and up to date records on thousands of trusted servants who regularly rotate in and out of various jobs throughout the US/Canada structure.

From an internal perspective we could have invested more time in examining our historical methods/processes against the benefits of making changes to adapt to the native NetSuite

functionality, rather than reverse programming the new system to fit ‘what had always been done in the past’.

Significant program and project management oversight is required for an initiative of the size, including governance, budget controls and meeting of the minds of vendors as to the scope, risk and resource management of the project. Fortunately, a thorough and diligent vendor selection process executed in the fall of 2019 resulted in a vendor better suited to lead us forward.

Additionally, we learned there is value to leveraging organizations and their expertise, for example the program/project management consultant and their program and project management role, in this endeavor.

Financial Details

As thoroughly as possible, we have researched the financial details specific to the ERP project and present them below. A summarization is also provided in the attached spreadsheet.

- The software selection and design consultant we engaged to explore and chose an ERP system was initially contracted at a cost of \$72,320. Specific contract amendments are not in the vendor file however actual amounts paid to them were \$86,273 in 2018 and \$60,183 in 2019. Historic contract services reports revealed the original budget for the work was \$147,217 in 2018 and \$25,000 in 2019.
- The initial implementation vendor was contracted in February 2018 with an estimated cost of \$348,294. Adjustments to their scope were made in 2019 in the amount of \$252,000. Further scope adjustments were made for an initial My Portal implementation totaling \$4,050. Actual amounts paid were \$385,325 in 2018, \$363,911 in 2019 and \$91,550 in 2020 (for which the majority was for work completed in 2019). Historically contracted services reports revealed the original budget for their work was \$52,883 in 2018 and \$200,000 in 2019.
- The program/project management consultant, who we identified to take over the project management in 2019, was paid \$334,885 in 2019 and \$246,098 in 2020 to date and is directly in line with their contract and budgeted amount of \$335,536 for the total amount to be paid in 2020.
- Our current reimplementation and ongoing support vendor, began work in February 2020 with a fixed-fee Rapid Assessment. From the Rapid Assessment, a detailed 2020 budget of \$598,710 was established. The Director of Technology Services is actively managing the 2020 budget. The vendor has been paid \$354,400 to date and is on track to complete 2020 within the budgeted amount.
- We anticipate both of our current implementation vendors to carry out the balance of work outlined in their 2020 contracts. NetSuite implementation and support will continue into 2021 to deliver additional releases of My Portal giving Fellowship Registrars/Secretaries

enhanced group and member data access and reporting capabilities, the ability to accept payments/contributions in Canadian dollars, the ability to accept ACH/EFT contributions, and to help us remain current with future NetSuite releases.

Benefits of NetSuite

- Cloud-based, fully integrated solution that currently enables our solely-remote workforce.
- Single source for clear and accurate financials and reporting
- Modern webstore with consistent look and feel.
- Stream-lined, best practice accounting, finance, inventory management and other processing functions.
- Single source of all group/member records in G.S.O. (position holders and those who make contributions and literature purchases, etc.)
- Integrated business processes across business functions.
- Improved member and literature customer service capabilities.
- Eliminates the cost of Traverse, the old inefficient accounting software
- Eliminates the cost of the additional cloud server space required for the old software applications

Moving forward with these newly added benefits will provide the office with the much needed integration and automation for reducing the previously labor and time intensive processes required to conduct basic business for the membership. With the new system in place we will be able to streamline and automate much more than what was possible in the past in terms of supporting the membership, processing literature orders, inventory, contributions processing, receiving new payment options and ultimately redesigning the maintenance scheme of the group information database.