

Keeping ERP Projects on Schedule

An Interview with Ryan Kraudel—Originally recorded on Trading Grid Radio

Steve Keifer: Welcome to Trading Grid Radio, my name is Steve Keifer and I am your host for the program today. Today we are happy to welcome back one of our regular guests from the show, Ryan Kraudel. Ryan is the Director of Product Management responsible for the managed services line at GXS. Welcome back to Trading Grid Radio, Ryan.

Ryan Kraudel: Thanks, Steve, glad to be here.

Steve Keifer: We have a special edition on the show today where we're focusing on the relationship between B2B integration and ERP Projects, and I was hoping you could shed some light on that topic. Maybe you could start by just giving us some insights into the ways that B2B integration programs impact ERP projects just in general.

Ryan Kraudel: Sure, and there is a significant impact. Most people don't realize that somewhere between thirty and forty percent of ERP data actually comes from outside the enterprise, so the success of both the ERP program and the B2B program are critically interrelated. Let me give you an example, one of the impacts that the ERP can have on the B2B integration program is what would be considered a relatively simple change in the ERP system, let's say an address field in a purchase order transaction. That requires changes to the translation mappings that are in place to ensure that that purchase order gets translated into the appropriate format for the trading partner as it gets sent out to that trading partner. So there's got to be that tight integration and tight coordination between both the ERP and the B2B system, and another area where we see impact between the two is in full resource constraints. The B2B integration teams typically have a very important role to play in the end business processes, and so they're often brought in to play a role in these ERP projects to ensure the success of those programs and make sure they're delivered on time and on budget. Now this of course takes away from their day jobs and can have a negative impact on the B2B program itself while they're working on the ERP project as well.

Steve Keifer: So there really is much more of an impact than probably most people realize, not only in terms of their competition for resources, but I think you said thirty to forty percent of data in ERP systems comes from outside the enterprise which obviously means it's got to get through the B2B integration. So, can some of these challenges, like your example about changing the address field in the PO, add up to cause implementation delays or even budget overruns for an ERP project. Is this something that you've seen?

Ryan Kraudel: Yea, absolutely, the magnitude of even a day or two's delay in an ERP project (resulting from a lack of coordination and integration between the ERP project and the B2B program) can cost tens of thousands if not hundreds of thousand of dollars in things like ERP consultant fees and overall internal resource allocation. So when you have these resource constraints like I mentioned before, that can potentially lead to even a day or two's delay in the B2B program, you've got a significant risk there, but there's also technical constraints that can provide risk to an ERP project. If, for example, a company realizes within the scope of the ERP program or project that they need to add some form of B2B capability, let's say an additional translation protocol format or an additional document type that they can't support in their current system, then that obviously needs to get built into the ERP project and can add both time and budget delays there. Another area of risk is the overall testing with trading partners. Since thirty to forty percent of the data is coming from outside the enterprise, the trading partners are a key part of the data that's coming into the ERP system and that must be coordinated and planned well in advance. In some cases you don't have control over the timing of the testing with those trading partners, particularly in a case where you're dealing with customers who have leverage over suppliers.

Steve Keifer:

So how can a manufacturing company, for example, that has several ERP projects going on, how can they mitigate some of these risks associated with B2B integration, does outsourcing to a vendor help, what are some of the best practices you recommend?

Ryan Kraudel:

Sure, so we've seen this in our managed services business come into play quite often, where companies come to us in the middle of an ERP project or in the planning phase of an ERP project because they recognize first and foremost the resource constraints that I talked about earlier. An outsourcing provider can offer scalable resources both from a people or personnel standpoint as well as a technology standpoint and really serve as an extension of a customer's existing B2B program or in-house teams. There's also the flexibility in that technology to support any data format mapping in a wide variety of communications protocols. An outsource provider can also help manage the trading communities and help support the testing process I talked about earlier, but also manage the inevitable ongoing change management that's required to support a global trading community. And then last, but certainly not least, an outsource provider can help improve the data quality that an ERP system has by 1) eliminating manual processing errors that come into the mix in a non-automated B2B transaction flow and by 2) helping validate automated transactions according to the business rules set up in the ERP system.

Steve Keifer:

So, thanks Ryan, you've given us some interesting things to think about, and I imagine getting a B2B vendor involved, even though there might be some incremental costs associated with that, it's got to be a small fraction of the cost it would take if your project's delayed or some of the other examples you were citing about having consultants sit on the sideline and things like that.

Ryan Kraudel:

Absolutely.

Steve Keifer:

Well unfortunately we are out of time for this edition of the show, but I want to thank you so much for coming on again Ryan and sharing your insights around ERP and B2B integration.

Ryan Kraudel:

Thanks for having me, Steve.

Steve Keifer:

And hopefully you will join us again in the near future to give us some insights on other topics. And thanks to everyone listening in, we hope you will join us again on another edition of Trading Grid Radio. <http://www.gxs.com/tradinggridradio>



About GXS

GXS is a leading global provider of B2B e-commerce solutions that simplify and enhance business process integration and collaboration among trading partners. Organizations worldwide, including more than 70 percent of the Fortune 500, leverage the on-demand services on GXS Trading Grid® to extend supply chain networks, optimize product launches, automate warehouse receiving, manage electronic payments and gain supply chain visibility. GXS Managed Services, GXS' B2B outsourcing solution, empowers customers with the expertise, technical infrastructure and program support to conduct B2B e-commerce with trading partners globally. Based in Gaithersburg, Md., GXS has an extensive global network and has local offices in the Americas, Europe and Asia-Pacific regions. GXS can be found on the Web at www.gxs.com.

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