

What ERP Integrator Should Valley Services Select?

ABSTRACT

Valley Services made a strategic decision to re-engineer inefficient business processes in the organization's financial and human resource functional areas. The Board of Directors have approved the purchase of an Enterprise Resource Planning (ERP) tool to facilitate and support the re-engineered processes. An ERP selection team was formed to determine the best ERP application for the company and select an ERP system integrator. Peoplesoft was selected as the ERP tool of choice. The final deliverable is to select an ERP systems integrator to augment Valley Information Technology (IT) staff. Alternatives are limited to a short list of three ERP integration vendors.

This model analyzes the three-integrator alternatives for selection using Expert Choice software.

The three alternatives are:

1. answerthink
2. Andersen Consulting
3. PricewaterhouseCoopers

The three alternatives are analyzed on the following objectives:

1. Experience with packaged implementation
2. Market Experience
3. Process Knowledge
4. Technology and Infrastructure Knowledge
5. Delivery Experience
6. Multi-vendor Integration Experience
7. Project Management Capabilities

INTRODUCTION

Valley Services, Inc. is the premier company in North America providing comprehensive waste management services. Based in Houston, the Company operates an unequalled network of service facilities throughout the United States, Canada, Mexico and Puerto Rico that serve more than 10 million residential customers and 1 million businesses.

Valley Services is the largest company in its industry. Its service assets include more than 300 state-of-the-art landfill sites, 16 energy plants, more than 300 transfer stations and over 1,400 collection facilities which provide recycling and waste collection resources to thousands of communities large and small. In addition, the Company is the largest collector of recyclable materials from businesses and households in the world and its 150 materials recovery facilities (MRF) process more than five million tons of recyclable commodities each year.

The company has approximately 45,000 employees who strive to achieve operational excellence and total customer satisfaction. While the Company is large in scale, Valley Services tailors its customer services to the local community in order to better serve our customers and respond to their needs as quickly as possible. Valley Services makes a total commitment to environmental compliance, ensuring its customers that their wastes will be managed safely, in compliance with laws and regulations and, most importantly, in a manner protective of the public's health and natural resources.

PROJECT TEAM CHARTER

The project team is chartered to select an ERP integrator based on several corporate objectives. The results from this analysis will be used to support the project team's decision. Key senior executives have past relationships with at least one of the three integrators on other non-ERP projects. The focus of this analysis is to present an objective evaluation and analysis based on the stated objectives, not past relationships.

ALTERNATIVES

Three alternatives were considered from which the project team will select the integrator that best meets the objectives. The integrators under consideration are answerthink, Andersen Consulting, and PricewaterhouseCoopers.

answerthink

answerthink Inc. offers custom solutions for e-business companies. *answerthink* provides integrated consulting and technology enabled solutions focused on the Internet and web-enabled e-commerce marketplace. *answerthink* helps design, build, market and support the eBusiness efforts of a growing list of Fortune 1000 and dot-com clients. *answerthink* offers a range of services that fall primarily within six key areas: Benchmarking, Branding & Marketing, eBusiness Strategy & Services, eCommerce, Technology Architecture & Integration, and Web Development.

Andersen Consulting

Andersen Consulting is widely known for its project management expertise, vertical market experience, business process expertise, and packaged-implementation experience. An estimated 15 % of all its worldwide revenue is derived from packaged implementation of SAP and

Peoplesoft tools. Andersen Consulting is highly rated by application vendors in the integration market. Andersen Consulting is a worldwide management consulting firm with a presence in almost 50 countries.

PricewaterhouseCoopers

Price Waterhouse and Coopers & Lybrand merged to form PricewaterhouseCoopers, the world's premier professional service organization.

PricewaterhouseCoopers PWC service offerings are organized into six lines of service:

- Audit, Assurance and Business Advisory Services
- Business Process Outsourcing
- Financial Advisory Services
- Global HR Solutions
- Management Consulting Services
- Tax and Legal Services

PricewaterhouseCoopers is organized to deliver its industry expertise to some 24 market sectors have grouped these market sectors into five clusters consistent with effective delivery to the marketplace: Consumer and Industrial Products, Energy and Mining, Financial Services, Services Industry, and Technology Info-Com and Entertainment. PWC has developed multi-disciplined teams to work with clients in these sectors-teams with extensive industry knowledge and experience.

OBJECTIVES

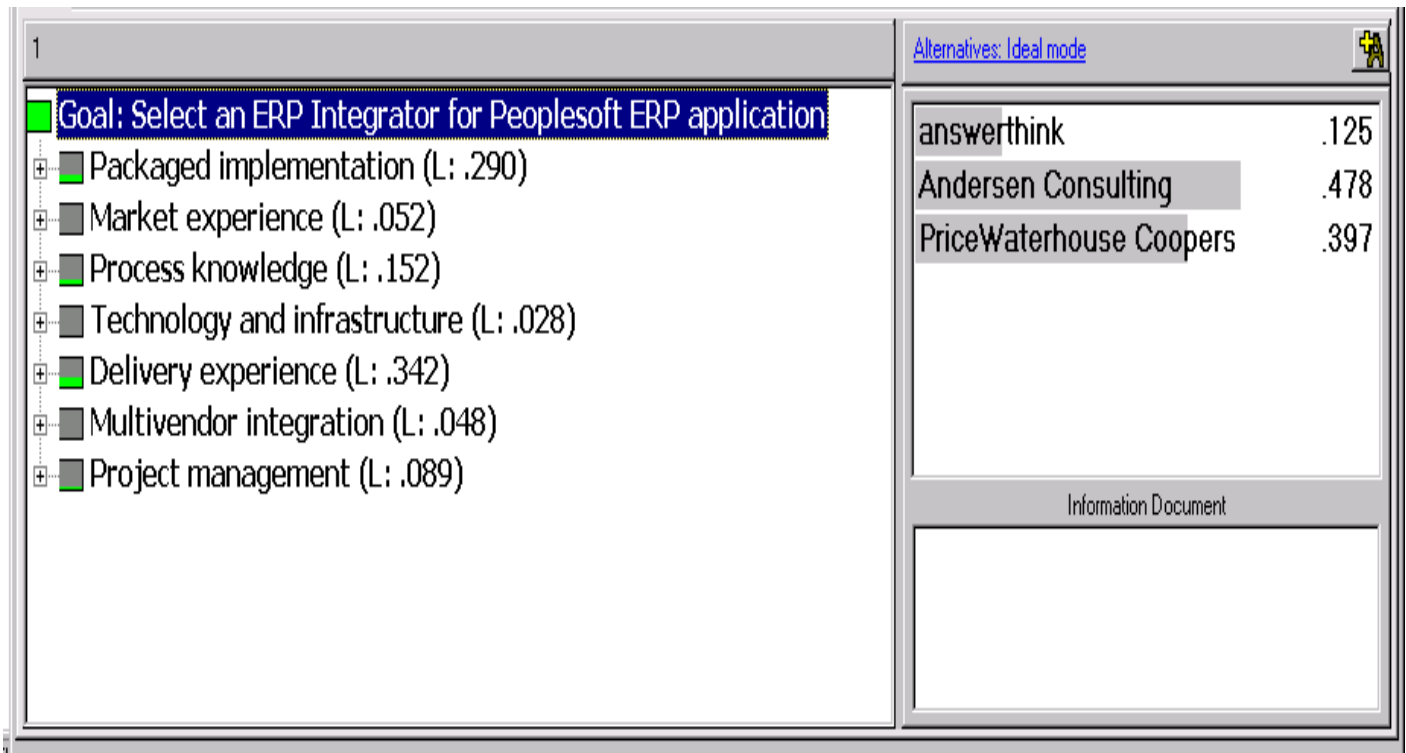
Through interviews with senior executives and finance and human resource functional managers the project team identified seven essential objectives that must be considered in the decision to choose an ERP integrator. The team will use Expert Choice to model the goal and objectives.

Each of the integrators was ranked for each objective. The objectives contained in this model are:

1. Experience with packaged implementation
2. Market Experience
3. Process Knowledge
4. Technology and Infrastructure Knowledge
5. Delivery Experience
6. Multi-vendor Integration Experience
7. Project Management Capabilities

Display 1 is the Expert Choice decision hierarchy. The model shows the three alternatives and seven major objectives with respect to the goal. The team used pair-wise verbal comparisons between the sub-objectives with respect to the major objectives, the objectives with respect to the overall goal, and the alternatives with respect to the major objectives. The results of the comparisons, Andersen Consulting has the best overall rating with a ration scale measurement of .487 followed by PWC and *answerthink*.

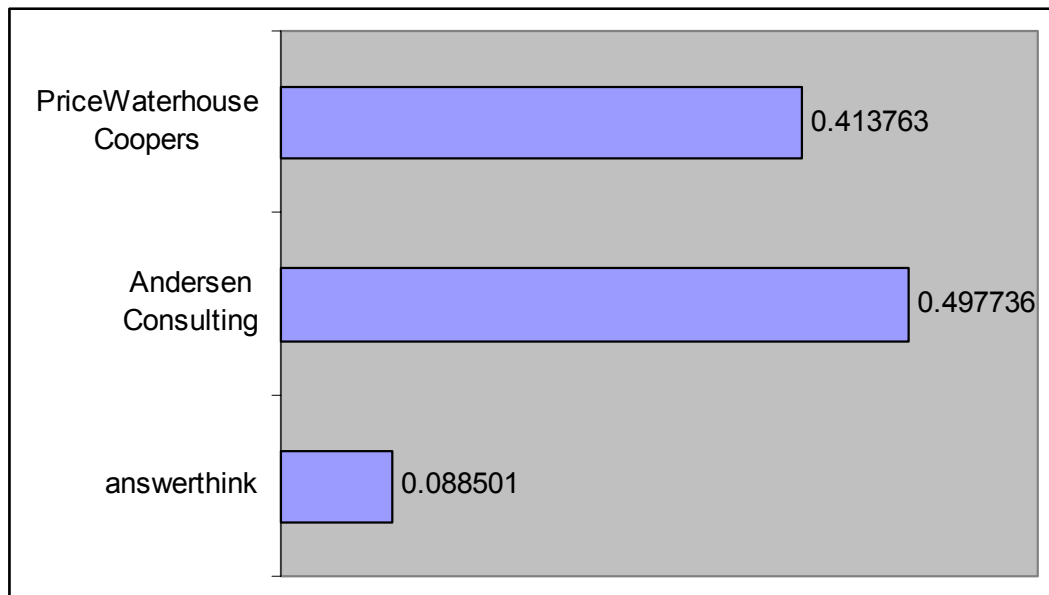
Display 1. Goal and Primary Objectives



Packaged Implementation

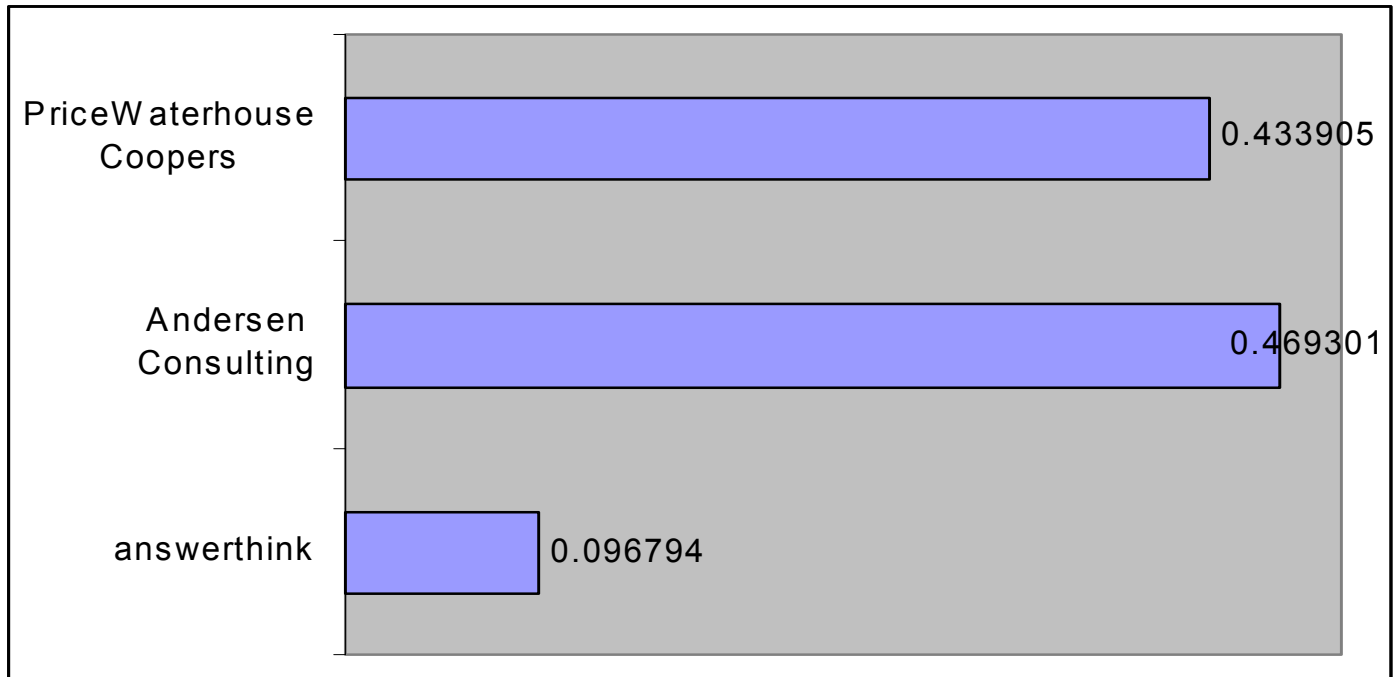
The objective Packaged Implementation determines the integrator's experience implementing vendor applications, specifically ERP applications. Weights were derived for the seven primary objectives. Packaged implementation experience was the second most important objective with a weight of .290, second to delivery experience with a weight of 0.342, a difference of 0.52 or 52%. Research from Gartner and Forrester suggests that experience with third party ERP packages is a critical capability when evaluating ERP implementers.

With respect to experience with third party ERP packaged implementation, Andersen Consulting would be the most favored choice with a weight of .497 compared to .413 for PWC and a distant 0.88 for answerthink. PricewaterhouseCoopers and answerthink are both less favorable in the packaged implementation objective as indicated in Figure 1.

Figure 1. Packaged Implementation objective**Market Experience**

Andersen Consulting was derived to be slightly more favorable in market experience than PWC with a weight of .469 compared to PWC .433 and answerthink's and significantly more favorable than answerthink weight of 0.096. Andersen has vertical market depth. Many clients cite this as a reason for selecting Andersen. Market Experience objective was derived to be a less significant objective in selecting an ERP integrator. The significance of market experience should not be minimized. See Figure 2.

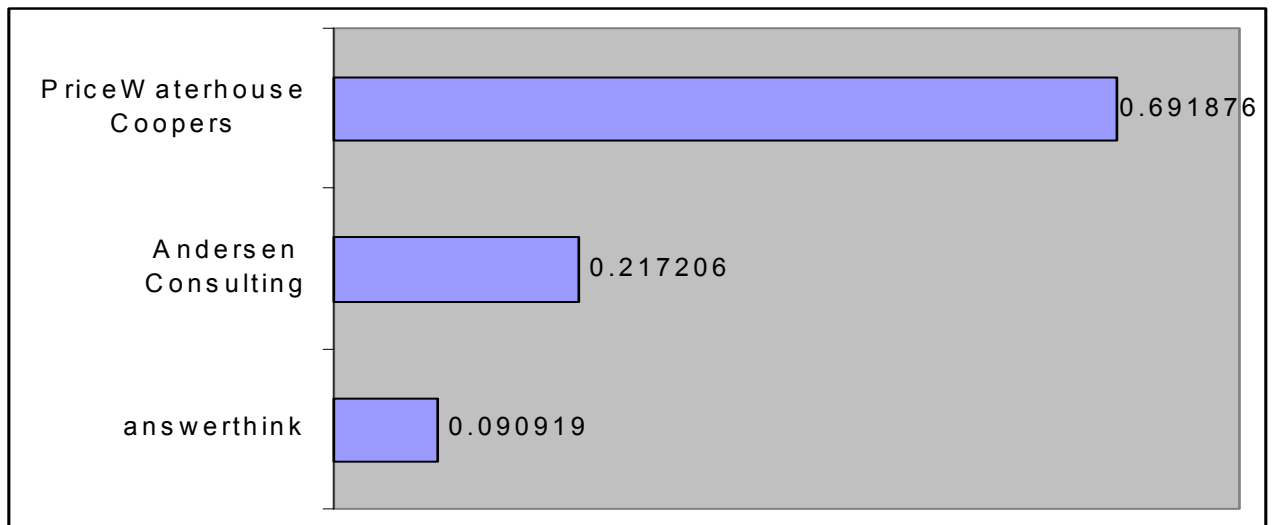
Figure 2. Market Experience objective



Process Knowledge

PricewaterhouseCoopers was derived to be significantly more favorable in process knowledge than Andersen and answerthink. See Figure 3. The Process Knowledge objective was derived to be the third most significant objective in selecting an ERP integrator.

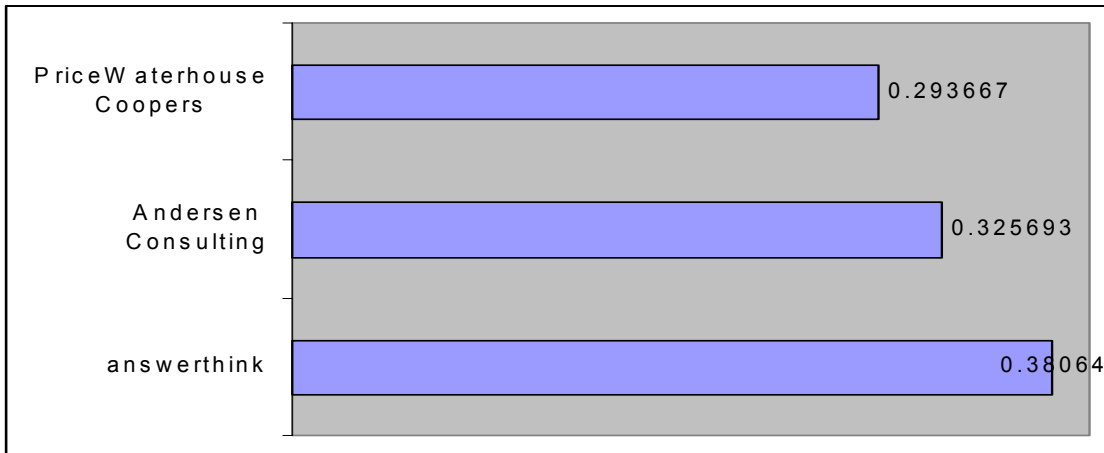
Figure 3. Process Knowledge objective



Technology and Infrastructure

answerthink was derived to be slightly more favorable in Technology and Infrastructure than PWC and Andersen. The Technology and Infrastructure objective relates to the integrator depth and experience in technology and infrastructure capabilities. An integrator must have personnel that are experienced in the client server technology and infrastructure architecture. Since the ERP application runs in a client / server, superior performance is a critical success factor. See Figure 4.

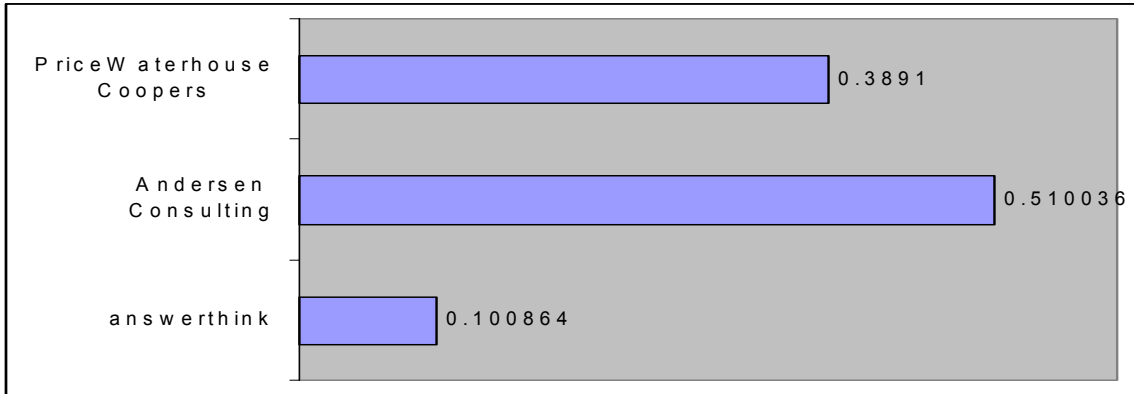
Figure 4. Technology and Infrastructure objective



Delivery Experience

The Delivery experience objective was derived to be the most important objective in selecting an ERP integrator. Delivery experience is core to ERP implementation success. Experience brings familiarization and a working understanding of the issues and opportunity areas implementing complex ERP applications. Andersen was derived to be most favorable in the delivery objective with a weight of .52 than answerthink's 0.100 and PWC's 0.389. See Figure 5.

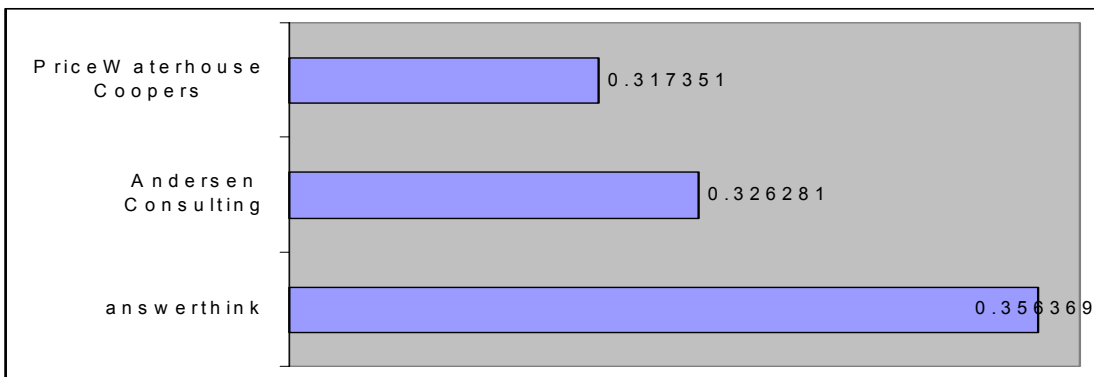
Figure 5. Delivery Experience objective



Multi-vendor Integration Experience

Answerthink, with a weight of 0.356 was derived to be slightly more favorable in multi-vendor Integration objective than PWC, weight 0.317 and Andersen’s 0.326. Integration is necessary in ERP implementation. Third party tools such as Citrix and Vertex must be integrated in order to provide the required functionality required using the ERP application. See Figure 6.

Figure 6. Multi-vendor Integration objective



Project Management

Andersen Consulting was derived to be slightly more favorable in the project management objective than PWC and significantly more favorable than *answerthink*. Exceptional project management skill is an important core competency for any ERP integrator. Since most ERP applications experience major cost and schedule overruns, the value project management adds to an implementation program is essential to the program's meeting cost and schedule commitments. See Figure 7.

Figure 7. Project Management objective

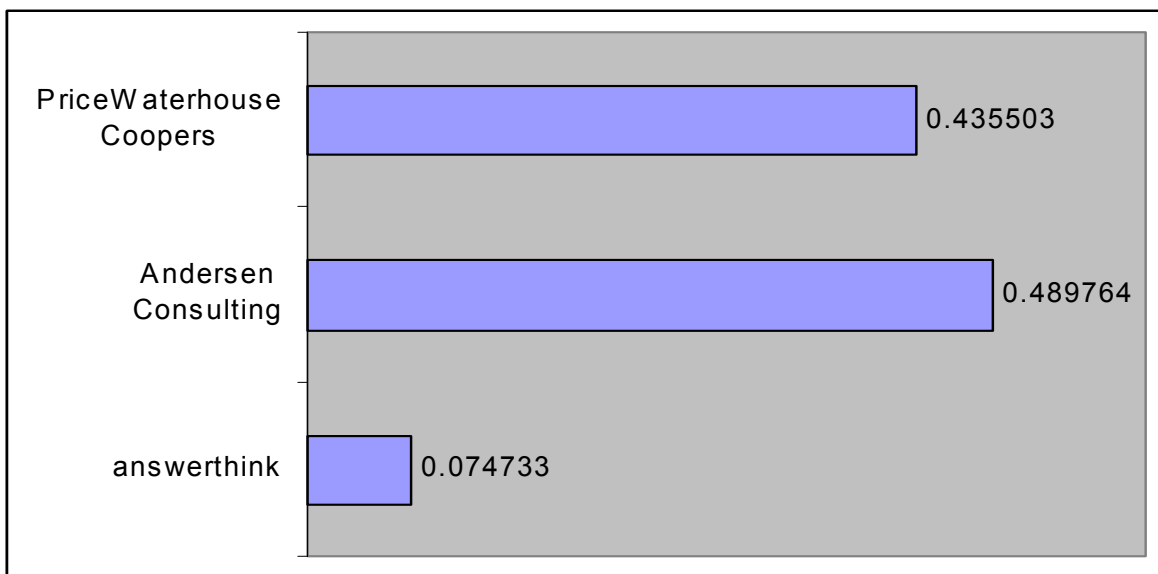
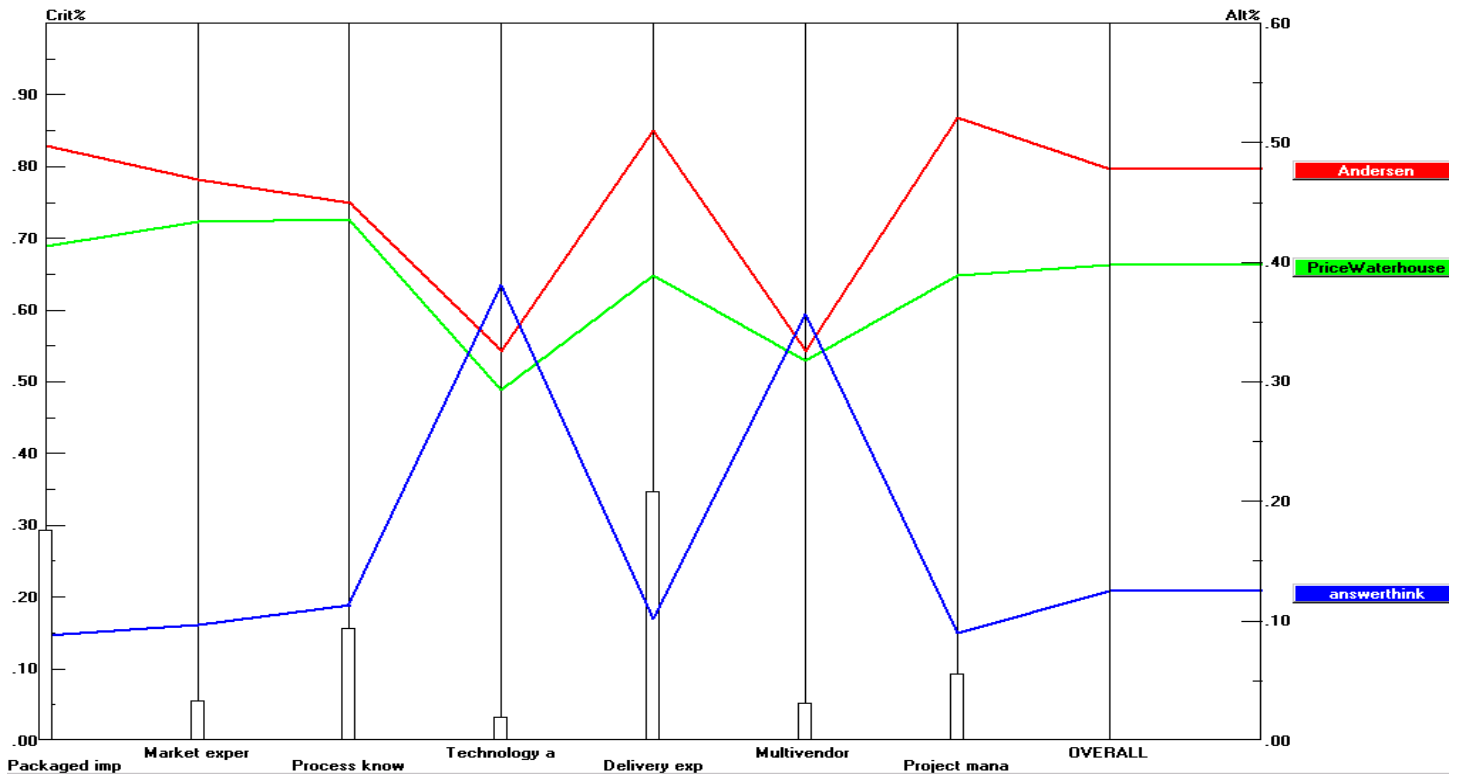


Chart 1 shows a performance sensitivity analysis. It displays an overall view of how each of the objectives measured for each alternative. Based on the information provided by the chart, the recommended alternative is **Andersen Consulting** even though this alternative is least favorable than *answerthink* in the technology and infrastructure and multi-vendor integration objectives.

Overall, **Andersen Consulting** was derived to be the highest ranking in Packaged Implementation, Market Experience, Delivery Experience, and Project Management objectives.

Chart 1.



Conclusion

The results derived from the Expert Choice Model based on the stated objectives and sub-objectives, I recommend that the Board selects **Andersen Consulting** as the [primary ERP integrator for Valley Services. The Board should also consider using *answerthink* to work with Andersen on system and third-party vendor integration based on the weight derived from integration experience objective for *answerthink*.