Many companies do not sunset the legacy system and end up keeping it for four or five years post implementation because they weren’t able to effectively move data across.

– Gary Ouellette, SVP Operations and ERM, Union Mutual of Vermont
Rip and Replace – Is It Worth It?

Weighing the costs, risks, challenges, and alternatives of replacing enterprise systems

If there’s one topic almost guaranteed to keep the IT leader up at night, it is “rip and replace”. Even the very term is painful on the tongue. This strategy is the IT equivalent of raising the white flag – surrendering to the fact that an organization’s legacy systems are just too old, too complex, too slow to use, and too inflexible. Getting critical business processes done just takes too long, and systems have become as much a liability as an asset. Some organizations see the solution in a complete “do-over”, throwing the system’s baby out with the bathwater, as it were. Such efforts require that the organization develop a completely new system while still running the old; and then successfully migrate all data and applications intact from the old to the new system, trying desperately to do so without missing a beat in terms of business operations or customer service.

Considering the full scope of a rip and replace effort, one might be tempted to ask, “Why would any organization really want to experience the equivalent of a self-inflicted systems lobotomy?” The simple answer is desperation. Many organizations require systems that users will adopt – when they’re in the office or out in the field. Such organizations are desperate to improve user experience, gain mobility, and increase productivity. This begs the questions: Is a total systems migration going to get them there, and is it really worth the effort?

Calculating rip and replace costs

Most IT leaders probably need no reminder of risks involved with systems migration, but in fact, calculating those risks is the important first step. After all, failures of ERP implementation efforts are common knowledge. Top challenges include migrating historical business data; recreating business logic, security policies and permissions, integrating into business processes and other corporate systems. There is a high risk of failure in this approach – not just from lost or broken data, business logic, and policies – but with the wide-scale disruption to the business during the migration effort, which can take many months or even a few years.

According to Gary Ouellette, senior vice president of operations and ERM at Union Mutual of Vermont, “How and when you convert your data from your legacy system is one of the biggest challenges. You have to spend a lot of time to think through what it needs to look like, how it works, and how effective and efficient is it.” Roll out is another big challenge. Ouellette adds, “How do you roll this out so that it is as seamless as possible to the market and how do we get that data over from the legacy system as quickly as possible into the new system so that you can sunset that legacy system? Many companies do not sunset that legacy system and end up keeping it around for four or five years post implementation because they weren’t able to effectively move data across.”

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– Myckel Haghnazari, IT Director, Flex
Rip and replace projects are really hard and very expensive. The organization needs to consider the volumes of time and money it has already invested in customizing the systems – which now has to be done again. The cost often runs into millions of dollars. In addition to customizations, infrastructure costs are high, and these initiatives usually require additional staff and skills, forcing the organization to increase hiring and training, add contractors to payroll, or bring in a third party to do it all. Equally important when calculating the risk: what will all of this business disruption do to your customer base, and what will it cost to replace any customers lost during the effort? Those can be among the hidden costs of a migration effort, and indeed, be among the largest. In short, rip and replace efforts can be every bit as painful as they sound and with no real guarantee of a payoff.

User experience and mobility – the driving factors

The main driving factors behind ripping and replacing are a better user-experience and mobile access. We live in a world today that requires instant gratification – and that certainly applies to employees and customers. It especially applies to mobile applications, which are expected to deliver the goods faster and simpler than their desktop counterparts. IT managers are well aware of these shifting expectations. Research from Capriza reveals that 70 percent of IT decision makers said that tasks should take less than two minutes to complete using desktop applications; while 81 percent said the same of tasks completed on mobile apps. The research also uncovered that only 11 percent of IT managers would describe their organization’s applications as very simple. Worse still, more than half of IT managers (53 percent) described their organization’s approach to removing complexity as average or below average. Only 38% of IT managers described their company’s applications as mobile-friendly, and 60% of enterprise users said they would give up using a mobile app if a task took longer than 2 minutes. This makes the rip and replace strategy seem appealing at first.

The belief is that newer SaaS systems solve for user experience. The reality is something quite different. In fact, the average time it takes to complete a task on mobile SaaS platforms such as Salesforce is 15 minutes, and the average workflow involves no fewer than 9 screens. It’s no secret that the top priorities for IT decision makers include increasing workforce productivity, enhancing the customer experience, and security. It might be tempting to think that SaaS systems could provide the antidote here, but SaaS solutions can be a one-size-fits-all fix. They do not address the need for simplicity when it comes to user and customer experiences. As evidence, Forrester Research cites the lack of user adoption as the primary cause of 70 percent of failed CRM projects.
**SaaS doesn’t equal simple mobility**

SaaS solutions often tout their out-of-the-box mobile app as being the all-encompassing antidote, yet end users still have to search for the data they need to do their job. In fact, the Capriza research finds that two-thirds (66 percent) of users still have to search in or navigate through an app to find the data they need. The user experience is often rated as poor, and in fact, less than a quarter of respondents (23 percent) described current solutions being offered by enterprise app vendors as mobile friendly. Complaints include the difficulty in finding information, the difficulty in navigating the app, and the lack of desired functionality. Other problems can include too much information in the mobile version of an app that slows down its performance and may be irrelevant to most users.

Another option is to build a mobile app using a mobile framework offered by the ISV. This brings its own set of challenges: the time and expense of coding; the security and business disruption risks associated with APIs; and the impact on customized applications. The bottom line in all of this is that organizations need a solution that provides a simple and quick user experience. Wouldn’t it make the most sense to be able to transform your existing legacy system into bite-size apps that let users complete tasks in a minute of time?

**An alternative to ripping and replacing**

For one leading human capital professional services firm, the challenge was how to simplify and mobilize timesheets submitted by thousands of consultants and the approvals of their hundreds of clients. The sooner the consultants submit time-sheets, the sooner the client approves, the sooner the organization can recognize revenue. In order to simplify and mobilize the timesheet submissions process from PeopleSoft, the organization was considering a migration to Workday. After spending considerable time and manpower starting down the migration path, the company learned of an alternative solution that eliminated the need to do a system replacement. The company used Capriza to create bite-sized one-minute workflows for timesheet submissions and timesheet approvals. These intuitive, user- and mobile-friendly apps let the users complete the task in a minute. The company has built other one-minute workflows, including ones for compliance reporting. By using Capriza, the company saved an estimated $15-$20 million on what it would have spent with the original migration plan, not to mention time and business disruption.

**IT managers who would describe their organization’s applications as simple.**

– Capriza Enterprise Users Research
An alternative to ISV's mobile development platforms

To protect against ripping an entire system, ISVs are offering development platforms as the antidote for their customers to simplify and mobilize the systems. Lonza, a global company that provides product development services and research to the chemical, pharmaceutical and biotechnology industries, needed to simplify and mobilize purchase requisitions from SAP. After evaluating several development platforms, they chose Capriza which requires no developers, no new infrastructure, no software upgrades, and no APIs. Comparing apples to apples, Lonza was able to create a purchase approvals app using Capriza for considerably less time, less money than any other ISV’s platform. The Capriza platform automated seven steps to make for a quick, simple user experience.

Eliminating the need to rip and replace

Wherever your organization is on your journey to simplify and mobilize enterprise applications, Capriza can help. If you are currently weighing your options, Capriza can demonstrate why a rip and replace strategy can be avoided. If you have just finished a migration, Capriza can simplify the user experience even more. Capriza makes transformation strategy – not a rip and replace approach – a much better option. It is a solution that can spare you significant losses in time, money, and business disruption.

-- Capriza IT Leaders Research

2 Minutes

The time most IT decision makers say tasks should take using desktop applications (70%) and mobile apps (81%).

-- Capriza IT Leaders Research
About Capriza

At Capriza we have helped numerous companies – including Sotheby’s, DirecTV, and Brocade – deliver enhanced customer experiences by simplifying and mobilizing their existing business applications with no business disruption. Capriza can modernize any legacy system (SAP, Oracle, PeopleSoft, Salesforce, custom-built) and works across any device – desktop, tablet and mobile. In just one week you can design a Zapp for intuitive, contextual experiences that deliver a productive, personalized way to work for each employee. If you can deliver on that simple contextual experience for your employees, they will be able to deliver on that experience for your customers.

Case Study

DirecTV Saves $1.7M a Month by Streamlining Customer Activations

By mobilizing their new customer activation process, DirecTV cut appointment times in half, improving customer experience. Read the case study

Article

WSJ: Brocade Mobilizing All Applications To Drive Significant Value

CIO Ari Bose credits a simpler and faster user interface for the improvements in efficiency and speed. Read the article