

INTERNAL AUDIT NEWSLETTER

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ERP MIGRATION: NAVIGATING CHALLENGES FOR A SUCCESSFUL TRANSITION



Let's take a brief introduction of the topic:

Enterprise Resource Planning (ERP) is a business management software that integrates various functions into a single system.

ERP streamlines processes, enhances communication, and provides real-time data for better decisions. However, this often gives rise to various challenges, but an internal auditor can play a pivotal role in bridging the gap between management and consultants to ensure alignment and smoother implementation.

WHAT IS THE NEED?

- Improve Efficiency by automating tasks.
- Management decisions to standardize operations across all group companies.
- Use New Technology to take advantage of AI, cloud storage, etc.
- Better Data Management & Decision-Making.
- Seamless Communication and collaboration amongst teams.

ISSUES FACED DURING ERP IMPLEMENTATION?



Procurement and Sourcing

During ERP migration, past negotiation notes with vendors are often lost, leading teams to unknowingly give up previously secured advantages in future negotiations. Internal auditors can help mitigate this risk by assessing whether critical historical data is being captured and recommending controls for preserving such information.

Production Department

During ERP migration, production should ideally be paused to ensure a smooth transition. If not, the initial system must run in parallel with the new system to avoid data loss and prevent duplicate entries. Internal auditors help by monitoring data flow and ensuring controls are in place for accurate transition.

Finance & Accounting

During ERP migration, opening balances must be entered accurately with all underlying details. If not, the audit trail can break, making it hard to justify figures during audits and risking compliance issues. Internal auditors can help by reviewing balance mapping and ensuring completeness of supporting records.

PHASES OF MIGRATION



PRE MIGRATION

AS-IS ANALYSIS

ERP consultants work with executives to assess business processes and align ERP implementation with strategic goals.

MIGRATION

CONFIGURATION PHASE ANALYSIS

ERP setup includes module design, access control, and customization. After FDD approval, testing ensures smooth functionality, followed by proper documentation.

POST MIGRATION

TRAINING OF ERP

ERP advisor will give training to managers and employees with appropriate screenshots from software and they will document this whole process for future reference.

GAP ANALYSIS

ERP consultants identify and bridge process gaps, often collaborating with internal auditors to address inefficiencies like manual workflows, lack of automation, and weak internal controls.

CONFERENCE ROOM PILOT PHASE

An ERP expert conducts live demos for managers to gather feedback and refine the system through three stages—initial walkthrough, testing with dummy transactions, and final validation by the board.

TESTING PHASE

Testing phase will be done by the business org only and the process will be either the same or a little modification as per introduction of internal controls.

COMMON PITFALLS DURING IMPLEMENTATION



Not Having a Clear Plan

ERP implementation is bound to fail without clear objectives and a solid blueprint

Therefore, it is vital to have someone with a past experience to draft a detailed plan covering all the aspects.

Doing Everything Yourself

Your team may not have the skills or time to manage the ERP setup alone. Without an ERP consultant's help and an Internal Auditor's assistance, it can make the migration process quite tedious.

Not Training Employees

A powerful ERP system is useless if employees don't know how to use it properly.

Therefore thorough training needs to be conducted to ensure employees get used to the new technology.

Skipping Proper Testing

Going live without thorough testing is like driving blindfolded, it can lead to serious system failures. Therefore an end to end test is required for all types of transactions to ensure smooth operations with minimal mistakes.

KEY TAKEAWAYS FROM **REAL LIFE ERP** **IMPLEMENTATION**



CADBURY – MONDELEZ INTERNATIONAL LTD

Cadbury replaced over 80 legacy systems with a single global SAP ERP by standardizing key processes, cleaning and migrating data, and using a phased rollout. What set it apart was its focus on global process alignment, ensuring all locations followed unified workflows for better coordination and efficiency.

ROLLS ROYCE

Rolls-Royce replaced 1,500 legacy systems with SAP through phased integration, extensive training, and process reengineering. What set it apart was its emphasis on data governance, establishing strict controls and ownership to ensure data accuracy and consistency across global operations.

NESTLE

Nestlé's ERP rollout faced delays due to regional misalignment. By pausing to reassess needs and investing \$200 million, they realigned the project to business goals, improving accounting, supply chain communication, and overall efficiency, showing the value of flexibility in ERP planning.

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WOKRING
HOURS:**

**GATHER,
UNWIND, AND
STRENGTHEN
BONDS!**

**A special mention to Ms. Dia Jomy for compilation
and drafting of this month's Newsletter**



“ FOCUSED ON VALUE ADDITION ”



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