Fast Tracking Economic Advantage from Core Solution Upgrades

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Introduction

Core business systems are the fundamental, non-negotiable engines of modern enterprises. These systems encompass financial and budget management, payroll, human resources management, customer and sales management, asset management, project management, and more specialised solutions, such as student management. Management is the keyword here, as without these solutions to manage critical processes, organisations literally stop running.

Since late 2022, a wave of core business systems refreshes has been building. This is driven in part by external factors, but mainly as a result of organisations realising they need to move their core processes to a more flexible, continually improving *platform*. It is no surprise that most organisations are migrating core processes to Software-as-a-Service (SaaS) solutions.

Upgrading core business systems is now seen as a critical and time-sensitive endeavour for organisations aiming to enhance operational efficiency, reduce risks, and leverage modern technologies, such as data-driven decision-making, hyper-automation, self-service and artificial intelligence (AI).

> *"Unfortunately, upgrading or migrating to new core solutions is fraught with challenges. Many such efforts are **delivered far later** than initially anticipated, are **over budget**, or simply **fail to deliver** the expected business benefits."*

This report synthesises insights from extensive interviews and discussions with business leaders who led major system upgrades within the last five years, identifying ten major factors that significantly influence the time and resources required for ***successful core solution refreshes***.

Ultimately, the ten factors identified in this report impact the 'time to value' for upgrading core solutions. Understanding these factors is essential for organisations to navigate the complexities of system upgrades effectively.

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Methodology

This study involved 23 in-depth case studies and interviews with Australian organisations that had undertaken core solution upgrades or migrations between 2018 and 2025. Organisations were selected from a range of industries and were mid-sized to large enterprises. Public sector and organisations involved in critical infrastructure and public-facing services (such as local government, education, health, etc.) were prioritised for this report, given the complexities of their core solutions. Case studies, included 'counter-factual' cases to counter the most common deployment approaches (migrations to software-as-a-service) and ensure that other variables impacting time to value were explored.

All information was gathered under Chatham House Rule and anonymised before analysis. All case studies are presented in an anonymised form to enable replication of the analysis.

Artificial intelligence tools were used to help identify correlations between the case study transcripts (similarity analysis). Senior IBRS researchers conducted the analysis and write-ups.

This study was funded by TechnologyOne. In keeping with IBRS' vendor independence policies, TechnologyOne did not shape the interviews, nor bias the analysis. Several TechnologyOne clients were interviewed as case studies, with a larger number coming from IBRS' own database and peer network.

IBRS thanks TechnologyOne for their patronage and for supporting local, independent research.

Dr. Joseph Sweeney

Research Director
IBRS

Why consider a core solution refresh now?

"While AI may be getting the headlines, the number one ICT challenge facing Australian organisations, based on actual inquiries and research data collected by IBRS, is core solution upgrades. The upswing in core business solution upgrades is due to many critical and long-overdue upgrades being put on hold during COVID-19, as organisations pivoted to hybrid working and reimagined their workplace environments. Many organisations now find themselves with outdated, legacy core solutions that have reached end-of-life support. Add to this the push towards SaaS, and ICT leaders are facing the perfect storm when it comes to core solutions."

Dr Joseph Sweeney,
Research Director
Advisor, Future of Work, IBRS

Executive Summary

Rethinking Conventional Wisdom

What the Data Shows Us: IBRS analysis reveals a counter-intuitive correlation: projects with heavy reliance on tier 1 consulting firms for strategy and management were statistically more likely to experience **budget overruns and extended timelines**. Conversely, projects led by strong internal teams, supported by vendors and niche tier 2 consultancies, correlated strongly with **shorter delivery times and adherence to budget.**

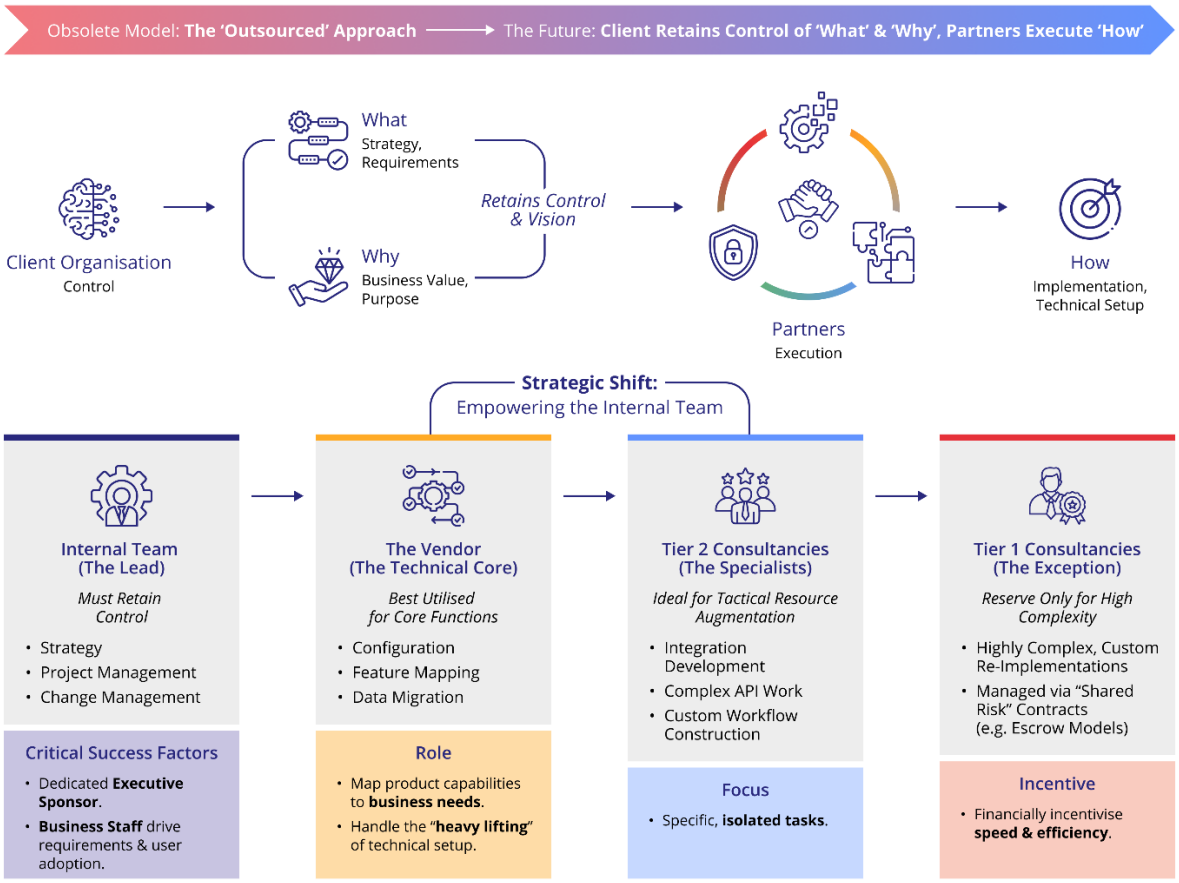
Why This Occurs: The disparity stems from a misalignment of methodologies. tier 1 firms often rely on established, heavy-weight frameworks and 'build and run' models that clash with the agility required for modern SaaS implementations. Furthermore, when strategy is outsourced, organisations often lack the internal ownership necessary to drive business process changes.

In contrast, internal teams possess the contextual knowledge to prioritise features effectively, whilst vendors possess the deep product knowledge to configure the software rapidly.

Recommendations: The Ideal Resource Mix - The data suggests that the 'outsourced' model is obsolete for core SaaS upgrades. The optimal structure requires the client organisation to retain control of the 'what' and 'why', whilst leveraging partners for the 'how'.

- **Internal Team (The Lead):** Must retain control of **strategy, project management, and change management**. Success hinges on a dedicated internal Executive Sponsor and business staff who drive requirements and user adoption.
- **The Vendor (The Technical Core):** Best utilised for **configuration, feature mapping, and data migration**. They should be leveraged to map product capabilities to business needs and handle the 'heavy lifting' of technical setup.
- **Tier 2 Consultancies (The Specialists):** Ideal for **tactical resource augmentation**. Use these firms for specific, isolated tasks such as integration development, complex API work, or custom workflow construction.
- **Tier 1 Consultancies (The Exception):** Should be reserved only for **highly complex, custom re-implementations** or managed via 'shared risk' contracts (e.g., escrow models) that financially incentivise speed and efficiency.

The Ideal SaaS Resource Mix: Redefining the Modern Upgrade Strategy



Conclusion: Optimising the Resource Mix Ensures Control, Efficiency, and Successful Adoption.

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Top Ten Facts Impacting Time to Value

Structure

Fact 1. In-House vs. Consulting

The balance between in-house teams and external consultants impacts the speed of the upgrade. The optimal mix of resources is an in-house team consisting of project managers and a pool of line-of-business leaders who guide the project, a highly specialised consultancy, or in some cases several smaller consultancies working in tandem, with clearly defined discrete tasks and roles. The specialised partners perform niche tasks related to legacy migration and integration with the rest of the client's

ecosystem, and are supported by consultancy services from the vendor for guidance and configuration support.

> *"**Relying heavily on tier 1 consultants introduces delays** for two reasons: there is little or no imperative to minimise effort and reduce time to value for the client because of their time and material pricing model, and it introduces coordination challenges. In contrast, a strong in-house team leading the effort expedites the process."*

Fact 2. Shared Responsibility: Resource Availability

The availability of skilled personnel, both internal and external, can affect the speed of the upgrade. Organisations with limited resources struggled to meet project timelines.

> *"Handing over projects to a tier 1 contractor or consulting firms did not improve the time to delivery and increased overall costs."*

Instead, this study found that organisations with limited internal resources were best served by focusing on project management, with internal project and change management leads working closely with business stakeholders and project leads, and breaking up implementation into several specialised external partners, including the vendor.

For example, a new platform would be defined by internal leads but configured by the vendor, with data cleaning and migration conducted by an external specialist, custom integrations developed by another specialist, security audits and refinement conducted by a third, and some training and change management conducted by a separate specialist.

Fact 3. Vendor Support and Involvement

The level of support from the product vendor, such as SAP's Max Attention program and TechnologyOne's SaaS Plus, influences the timeline of the upgrade process. ***Enhanced vendor support in specific areas, specifically data migration and***

configuration, streamlines governance and quality assurance, *thereby reducing the time required for upgrades.* However, this needs to be balanced with internal project management capabilities (see Fact 1).

Fact 4. Change Management and User Training

Effective change management strategies and user training programs are essential for a smooth transition. Poorly managed change can lead to resistance from users, which can delay the adoption of the new system.

> *"Knowing which areas of the new platform to focus on for change management and training was a significant factor in the speed at which a new system could be deployed."*

Organisations that engaged business units early to determine specific business processes and tasks were priority targets for training and change management, as well as for prioritising enabling features in the SaaS platform. They had both lower overall costs for the change management program and faster transition times.

The role of vendors in training on priority *technical* areas was said to save time, primarily when conducted in line with vendor support in data migration and configuration. User training appears to be more effective when conducted by internal teams, with the vendor providing support in the form of 'train the trainer' services and collateral.

Project Management and Governance

Fact 5. Project Management Methodologies

The choice of project management methodologies (e.g., agile vs. waterfall) significantly impacts the upgrade timeline. Agile methodologies that allow for iterative testing and feedback can lead to faster adjustments and a more responsive upgrade process. However, waterfall methods also have their place.

This study suggests that different methodologies should be employed at various stages of the core solution refresh. For example, during early stages of evaluating needs with stakeholder engagement through to product selection, and during development of integrations and configuration of new modules, agile methods work well. Implementation and migration of data work better with waterfall approaches. The key determining factor in the selection of methodology is 'type of risk' being

managed. During phases where the risk is largely related to unknowns (product capabilities, new organisational opportunities, possible benefits mapping, rapid prototyping of new digital processes, etc.) agile is more appropriate. Where the risk is largely process, time and resource considerations and there are few 'unknowns' (implementation, data migration, etc.) waterfall is more appropriate.

In addition, the architecture and level of customisation impact which project methods are ideal. For example, upgrades or cross-grades of modern SaaS solutions favour agile methodologies, while migrating from a legacy on-premises solution to an entirely new SaaS solution tends towards waterfall in the early stages and planning, with agile for execution.

Fact 6. Testing and Quality Assurance

The thoroughness of testing, including automated regression testing, is crucial. Organisations that invest in robust testing frameworks can identify issues early, reducing the time spent on post-upgrade fixes. However, when mitigating modern platforms, testing is best viewed through a risk-driven lens, where the focus is on features that most impact the organisation if they were to malfunction, while less impactful issues are given less attention. This reduces the testing time and thus costs.

Architecture and Technology Considerations

It has been recognised for more than two decades that the architectural complexity, especially the level of customisation, of aged systems dramatically impacts the time and costs of upgrades or migrations. However, from the mid-2000s to mid-2010s, many organisations took steps to move to standard code bases and made efforts to 'configure rather than customise'. In addition, modern business solutions largely adhere to principles that provide a degree of separation between 'custom' extensions via low-code builders and greatly expanded configuration options, while also embracing cloud deployment for scalability.

The result is that the current wave of upgrades is coming from a different base starting point in terms of complexity and customisation, compared to upgrades of the past. They are also targeting different architectural end states.

Fact 7. Architecture Complexity

Transitioning from a diversified on-premises architecture to a unified cloud-based platform architecture can significantly accelerate the upgrade timeline. A 'lift and shift' approach, where a core system architecture is mainly left intact but migrated to a cloud architecture, can be a relatively short project; however, any solution upgrades required

during the migration will significantly add to the time needed, and the key challenge of addressing legacy technology limitations is ignored.

Conversely, organisations moving from a single integrated platform to a legacy approach face complexities in dismantling existing systems and integrating new ones.

Fact 8. Little Value Gained from Customisation

Customisation of modern, SaaS solutions not only adds little overall value, it actually detracts from the solution value and adds ongoing operational cost. The propensity to customise SaaS solutions reflects a project and technology approach from a past time when software was installed, managed and supported on premise.

The extent of customisations in the existing system can complicate upgrades. While this is a well-known challenge with upgrading aging monolithic solutions, it was also noted that many organisations found a significant portion of their aged customisations were rarely used, or used by just a small group of individuals.

Surprisingly, our study found that many customisations made in the past did not return value, while leading to unnecessary complexity during upgrades.

> *"In short, customisation of core solutions is not just a hindrance to business flexibility - many fail to deliver the expected efficiency gains."*

This fact has significant implications for the implementation of modern business platforms. While leveraging low-code tools that separate the custom workflows and processes from the core solution helps to alleviate future challenges, the better approach is to use change management discussions early in the planning of the enterprise resource planning (ERP) refresh plan to ensure senior management oversight is focused on maintaining true to an 'adopt don't adapt' principle throughout the project.

Fact 9. Integration Challenges

The need to integrate with other systems, especially in a legacy environment, can introduce delays. Organisations that do not adequately plan for integration face significant challenges, which can extend the upgrade timeline. The diversity of the core systems exacerbates integration challenges. Procuring pre-integrated platforms reduces the effort and time required during core solution upgrades. However, opting for different vendor business solutions, where ready-made integrations, often via an

integration Platform-as-a-Service, are available, is also viable. Nevertheless, an ongoing effort is needed to monitor and coordinate different vendor upgrade cycles.

Fact 10. Regulatory and Compliance Considerations

Compliance with industry regulations can add complexity to the upgrade process. Organisations must ensure that the new system meets all current regulatory requirements, and provide a structured approach to adapt to future regulatory demands. Supporting the challenges of not only meeting current, but possible future regulations can extend the timeline or add significantly to only operational costs if not planned for adequately.

'Opting for solutions that ***adhere to specific regulatory requirements*** and governance capabilities out of the box can save significant time and cost, but just as important is the ability to ***quickly support future demands***.'

Summary of Economic Findings

ICT Operational Cost Savings

Many organisations in this study reported significant reductions in the annual costs of running their systems after the upgrade. For instance, one organisation noted that its annual cost dropped from $2 million to approximately $500,000 after upgrading its core business system.

Organisations that saw the deepest drops in their ICT costs tended to be those ***migrating from fragmented, aging on-premises solutions***, with the bulk of the savings coming from business-as-usual (BAU) costs.

Organisations migrating from one SaaS platform to another generally did not see significant long-term operational savings, although short-term licensing deals were a factor. For these organisations, economic benefits came more from productivity gains over time.

Migration from Legacy Solutions is a Zero-Sum Opportunity for Change

The cost of upgrading an on-prem core solution to a new vendor release (such as the case with SAP HANA S4) is generally near parity with migrating to an entirely new platform. Simply staying with an existing vendor when planning a migration of a legacy environment to the latest platform does not appear to significantly simplify the migration effort, nor reduce the time needed for the migration.

This has significant implications for businesses seeking to maximise the value of their legacy on-premises core business solutions. Rather than just accepting the move to SaaS, use the upgrade as an opportunity for a complete rethink of the way the ERP is deployed and used. It is a pivotal moment where exploring new options for operating the ERP has little downside.

Efficiency and Productivity Improvements

Upgrades, particularly to SaaS products, can lead to improvements in process efficiency. One organisation reported that their month-end closing process was reduced from 22 weeks to just 2 weeks after upgrading to a SaaS financial solution. The delay was caused by a combination of having to manually pull together multiple

sources of information and then work with internal and external stakeholders to correct errors. While this is a particularly strong example of the productivity improvements that can be realised, it was not unique. During the interviews, we found many examples of: simplifying processes, where multiple sources of information were merged together to form new insights and efficiencies, and where errors could be greatly reduced. These all held the potential for significant productivity improvements.

Such productivity improvements only occurred when organisations had first identified priority business processes to focus on during the upgrade.

When coupled with a systematic evaluation of which new processes will be made available by an upgrade and prioritising adoption and change management to focus on the most impactful new processes, upgrades have the potential to improve user productivity, especially for roles that require data validation and analysis.

Organisations that reimagine their processes during upgrades often find that they can eliminate unnecessary steps, leading to more efficient workflows and better resource utilisation.

The key learning is that efficiency gains and related benefits must be a critical consideration when evaluating a core solution refresh, and when prioritising the benefits to be extracted, and when prioritising change management.

Unfortunately, this study also found that few organisations evaluate or track process efficiency, making accurate calculations impossible.

‘Organisations that took the time to target specific business processes and implement change management programs as part of the upgrade tended to be those that could demonstrate tangible productivity improvements.’

Return on Investment (ROI) is too often a long-term measure

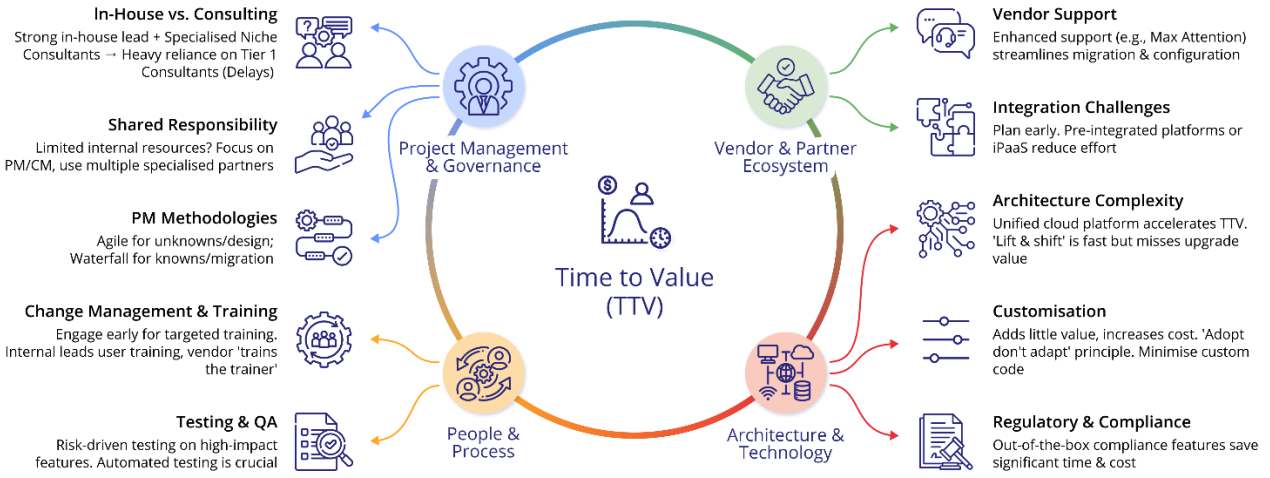
Although the initial costs of upgrading can be high, most organisations in the study anticipated a positive ROI over time. For example, one organisation projected that their ROI would become evident only by year 4, indicating a long-term financial benefit from the upgrade.

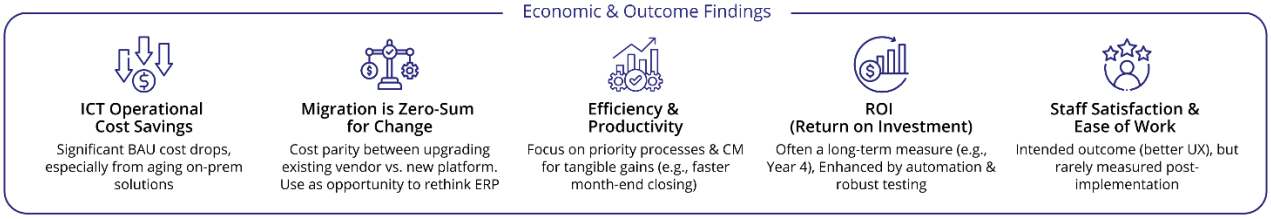
Organisations that invested in automation technologies and robust testing frameworks during their upgrades reported faster implementation and fewer post-upgrade issues, which correlated to enhanced ROI.

Staff Satisfaction and Ease of Work

Most of the organisations interviewed in this study stated that one intended outcome for the upgrade was to enhance user experience, leading to higher employee satisfaction and retention. In theory, better user interfaces and more intuitive processes can reduce training time and improve overall morale. However, in practice, few respondents were able to demonstrate such benefits, as they were not evaluated after implementation.

Factors Impacting Time to Value in Software Upgrades





The Present is Not the Same as the Past

There is a substantial body of literature relating to managing large core business solution projects, most of which conform to well-established best practices regarding requirements gathering, project methodologies, constraining customisation, integration, and so forth. All of these 'truisms' have stood the test of time.

While the majority of past studies and books on the subject focus on how to get the project completed effectively and efficiently (on time and on budget), this study has a slightly different focus: we wished to understand:

- Has the shift to modern, cloud-based platforms impacted these long-standing truisms about core systems deployment?
- What new factors would improve the time to value from the new solutions?

We interviewed 23 Australian and New Zealand organisations to understand their recent major solution upgrades. The projects ranged from annual investments of AU$1 million to programs exceeding AU$50 million. Organisations involved range from just 500 staff, up to a little over 10,000 staff. For the purposes of normalising the study, we focused our analysis on the mid-range of projects: these are far more common, operating under extreme financial pressure and diverse complexity, and thus provide for nuanced analysis. In addition, we analysed organisations that were highly regulated environments: the public sector, education, healthcare, utilities, asset-rich and finance-related services.

> *"Analysis of the data made one thing clear:* ***the present is not the same as the past.****"*

In 2025, several critical new factors make a striking difference to the best practices' core business solutions projects:

- The majority of large core systems vendors are pushing for cloud infrastructure and SaaS. This not only changes the 'ownership' of infrastructure, but also shifts some project responsibilities to vendors.
- Modern core business platforms are architected for cloud services, demanding new approaches to integration and significantly limiting the traditional approaches to customisation, in favour of 'low-code' like expansion capabilities.
- The fundamental business processes managed by core business solutions have not changed significantly for decades, so the purpose of 'requirements

gathering' needs to shift from a comprehensive (redundant) analysis to identifying new business value analysis.

- SaaS and consultation licensing structures move organisations not just from Capex to OpEx financial models, but increasingly to a utility model. This impacts everything: from the business case to the reporting models.
- While AI holds great potential to streamline processes, it also brings new risks and costs. Currently, AI remains a question mark for most core solution strategies.

'Requirements gathering' needs to shift from a redundant analysis to identifying new business value analysis.'

Then and Now: A Comparison of What's Changed

Below are the well-established, traditional activities recommended for major core solution upgrades and implementations. These 'truisms' were synthesised from extensive literature regarding best practices for core business solution implementations[1]. For each, IBRS has provided commentary on their applicability in the new era of core business platforms, along with recommendations on how they should be evolved.

[1] See Appendix 2: Additional Readings

Then and Now: A Comparison of Core Business Solution Upgrades

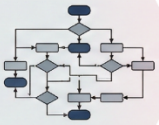
Legacy Best Practices *(Then)* → **Today's Realities *(Now)***

Well-established traditional activities are evolved for the new era of core business platforms

Phase 1: Requirements Gathering

Exhaustive & Expensive

- Define every business process in detail.
- Involve consultants heavily.
- Focus on detailed business requirements.
- Map current workflows for automation.



Shift to Value

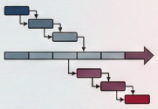
Prioritisation & Gaps

- View as prioritisation effort for change management.
- Identify gaps where processes weren't adapted.
- Internal team focus, reduced consultant role.
- Map gaps against platform capabilities, including AI.

Phase 2: Planning

Waterfall & Big-Bang

- Structured waterfall approach.
- Looking for 'best of breed' solutions.
- Traditional ROI & TCO modelling (fixed costs).
- External-heavy project management.



Evolving to Continuous Value

Continual Innovation

- Rolling program of work, iterative.
- Adopt a platform of business services.
- Elastic costs, value extraction focus.
- Internal PMO with business behaviour focus.

Phase 3: Execution

Costly & Risky

- Customisations lead to complexity.
- Focus on technical migration.
- Change management as a late activity.
- Technical-level testing.

Focus on Configuration & Adoption

Adopt & Adapt

- Low-code automations & configuration.
- Focus on master data & UAT.
- Change management is the plan from the start.
- Continuous innovation cycle post-go-live.

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Table 1: Prior Wisdom for Core Business Solution Projects: What's Changed?

Legacy Best Practices	Today's Realities
Requirements Gathering	Organisations have undergone requirements gathering for core business solutions multiple times over the last few decades. In practical terms, all critical business requirements for core solutions have already been gathered, and few, if any, *actual* changes in these requirements are being identified. We have reached a high degree of business solution and process maturity for critical business functions. Rather than redoing the exhaustive and expensive work of the past, ***it is best to view requirements gathering as a prioritisation effort for change management and identifying new business value*** from specialised modules, features or low-code, potentially including AI-enabled processes in the future.
Form a Cross-Functional Requirements Team: Involve stakeholders from all relevant departments, including executives, IT, end users, and external consultants, to ensure comprehensive input and buy-in.	The focus of a cross-functional team shifts from defining every business process to identifying gaps where work processes were not adapted to take advantage of the core business solution. The team must then map these gaps against the capabilities of the new solution to create change management and implementation priorities against an ongoing program of work (as opposed to an implementation project). Because the above activities are more inward-facing, looking for gaps in how businesses leverage their solutions, the role of consultants is significantly reduced.
Define Clear Objectives: Establish measurable goals	Rather than looking for 'best of breed' solutions to meet individual elements of the organisation's strategy

for the ERP system that align with organisational strategy and departmental needs.	in one 'big bang' project, ***it is best to adopt a platform of business services and clear principles for how to extract the most value from these solutions.*** Project objectives and 'measurable goals' are replaced by platforms that enable continual and evolving work process innovations. As each innovation is prioritised against strategic business goals by business users and implemented incrementally, it is given its own measures.
Conduct Departmental Workshops and Interviews: Use workshops, interviews, surveys, and observation to capture detailed business requirements and pain points.	Such engagements remain essential, but their focus and structure change. Emerging platforms are increasingly breaking down departmental silos. Many of the 'gaps' in past efficiency gains have been a result of organisations retaining departmental silos and isolated work processes. Therefore, ***workshops and interviews should include a strong focus on inter-departmental processes and involve multiple departmental stakeholders***. In addition, as mentioned above, there is far less need to focus on 'detailed business requirements' and more on 'what work is left to be done'. The conversations for these workshops are now very different.
Map Current and Future-State Processes: Document existing workflows and design improved processes, focusing on eliminating inefficiencies rather than simply automating the status quo .	There is now far less need to map existing workflows (yet again). Where workflows have been fully adopted in a legacy platform, the process is already well-defined. Thus, effort is best spent on work processes that were never correctly defined... the workarounds staff have employed. Looking for process efficiencies is always useful, but these will be found mainly in staff's workarounds. However, as AI weaves its way into core business solutions, additional efficiencies will become available.

	But these will be introduced over time, so ***attempting to identify all efficiency gains at the commencement of a core system implementation is impractical.*** Finally, mapping a fixed ideal future state against SaaS solutions that see regular (quarterly and biannual) feature enhancements is more nuanced. While a future state vision helps guide the organisation's priorities, it should be viewed as a journey, not a destination. Following and impacting vendor roadmaps is a more appropriate activity.
Prioritise and Validate Requirements: Rank requirements by business impact, ensure they are Specific, Measurable, Attainable, Relevant, and Time-bound (SMART), and validate with stakeholders.	Prioritising and ranking requirements remain important; it shifts from being mainly about technology features to how an organisation plans to adopt and adapt to the available technology.
Document Integration and Compliance Needs: Identify requirements for system integration, data migration, and regulatory compliance.	The need for planning and documenting integration and compliance is only increasing, but also narrowing in scope. Modern core business solutions are best viewed as continually evolving platforms and master data sources. ***SaaS with a broad set of pre-integrated modules provide the fastest time to value,*** mainly due to lowering custom integration requirements. In addition, some SaaS platforms also have 'out of the box' integrations with specialised third party solutions, which also reduces the need for custom integration. However, to meet the governance and cyber security demands, it is now vital to understand where the organisation's information resides, who, how, and why it is being used.

	Thus, integration and compliance documentation move from purely technical considerations to operational considerations.
Planning	Planning remains vital. However, in the past, many high-value projects saw planning in part outsourced to large international consulting firms. These firms have highly detailed frameworks and programs of work structures and staff with experience in implementing large ERP solutions. Most of their planning was conducted in a highly structured waterfall approach. However, ***these templated plans are no longer fit for purpose,*** given the evolution of core business technology and past sunk investments in process mapping and automation.
Establish Executive Sponsorship and Governance: Secure strong leadership support, from a steering committee, and define clear roles and responsibilities.	Executive support remains critical: it may even be more critical than ever! However, it is no longer effective to have support for a *project* to upgrade or implement a new core solution. Instead, it is vital to get executive support for the longer-term idea of a technology platform, from which the organisation can extract value in an incremental manner. One of the most significant factors negatively impacting the value gained from technology investment is when departments demand (or procure) solutions that have a substantial overlap with the core business platform. Mitigating the problem required strong leadership and support for the 'platform first' principle.
Develop a Master Project Plan: Create a detailed plan with milestones, timelines,	A master project plan is still needed for the technical migration and near-term change management. In particular, the plan needs to identify the principles and

resource allocations, and risk management strategies.	extent to which external parties will be involved, ideally limiting their use to the newly emerging best practices outlined in this report. Organisations also need to acknowledge that modern platforms are continually improving, so a master plan needs to be viewed as, or provide for, a rolling program of work, rather than a one-off project.
Select the Best-Fit ERP Solution and Provide Economic Modelling: Evaluate vendors for industry fit, scalability, integration capabilities, and support; consider total cost of ownership (TCO) and partner track record.	This recommendation transforms into 'selecting the right platform' rather than a single solution. The difference is subtle, but important. The term *'solution'* is used to describe a best-of-breed (or best-fit-for-purpose) software package at a fixed point in time. It is based on the premise of perfectly defined requirements that remain unchanged. The term *'platform'* is used to describe an ecosystem of tightly integrated digital business capabilities that are continually evolving, from which the organisation can draw value in the form of automation, data-driven decisions, and insights. However, the most significant change is how new core business platforms are evaluated for their financial 'ROI'. With regards to ROI, many upgrades of ERPs to core business platforms cannot easily be tied to new business value (i.e., more efficient digital processes or new automations) that provide a measurable productivity gain (i.e., requiring fewer staff). While there will be examples, especially in the area of self-service portals, the reality is most organisations' upgrades are a close like-for-like upgrade, with the improvements being usability. In previous economic

	modelling[2], IBRS noted that most direct savings when moving to SaaS come from reduced BAU and infrastructure costs, resulting in 'investment humps' for migration: high costs during the migration that take three to five years to cover. To get full value from new platforms, organisations need a formal, ongoing process to find new ways to extract value from the investment. It requires a shift to a 'continuous innovation cycle', which is supported by economic tracking. This concept is explored in more detail later in this report. In addition, modern business *platforms* continually release new data-intensive features, such as intelligent analytics, recommendation engines, and decision support systems, as well as agent-based AI. In many cases, these are offered as add-ons with consumption (per-use) licensing models. Therefore, traditional TCO models fail, since the cost of running the platforms is elastic and scales with the business demands for such new capabilities. In summary, the selection of a new business platform is based on very different considerations from the past. While rigorous selection processes are needed, and ROI and TCO modelling have a place, organisations need to look at the longer-term impact and operating models of migrating to a new platform.
Set Up Project Management Office (PMO): Implement robust project governance, using milestone-based	A PMO remains an essential factor in successful core business platform migrations; however, the structures may differ. As detailed above, the role of department stakeholders changes, and ***the focus of the PMO extends beyond migration to the ongoing business***

[2] Economics of SaaS: Too Big To Ignore, IBRS 2020.

(waterfall) or agile methodologies as appropriate.	***practices that continually extract value from the new platform*** once it is in place. In addition, the PMO is responsible for working with the business to prioritise the implementation of features over time in line with change management, targeting specific 'gaps' and 'workarounds'. The PMO focus shifts far more to business behaviour and processes than 'getting the new tech installed'.
Allocate Adequate Resources: Ensure sufficient budget, skilled personnel, and time are dedicated to the project.	It is no secret that the majority of large business solution implementations run overtime and over budget. So clearly, the ways we attempted to do this in the past were flawed. An IBRS analysis of why upgrade and migration efforts suffer from such overruns was striking: it is mainly due to the ineffective use of consulting services. This study suggests that the use of large consulting firms to guide core system upgrades or migrations can significantly extend the time required and, consequently, increase the costs. More specifically, consulting firms that have 'well-proven' and templated implementation plans based on the legacy best practices discussed here, overbake what is needed. Upgrades or migrations to modern core business platforms require a narrow focus on 'what's missing' (the gaps and related change management), as well as a long-term commitment to continual innovation and value extraction from the platform. We explore options for team structures and staff later in this report.

Plan for Change Management: Develop a comprehensive change management and communication plan to address resistance and foster user adoption.	In the past, change management was an activity that occurred relatively late in the program, typically after the new platform was selected. In the new age, change management is an input to both the selection of new platforms and the prioritisation of which features and services will be implemented over time. As discussed in Phase 1: Requirements Gathering (above), change management is closely tied to exploring the features of the previous (legacy) solutions that were missing or underutilised, and awareness of these gaps drives many decisions for the upgrade program. It is no longer enough to 'plan for change management'. Change management *is* the plan. Think of it this way: if you are not planning to change the organisation, where is the new business value for a new platform? What's the point? Change discussions must come first and guide the program.
Execution	Rolling out the new core business platform remains a costly and risky activity. However, focusing on the business value gaps remaining in the legacy solution helps to keep the scope narrow. Furthermore, keeping the planning and control tightly within the organisation, while leveraging a mix of consulting capabilities in specific areas, helps keep the migration timeframe and budgets on track.
Phased or Big-Bang Rollout Decision: Choose between phased (module-by-module)	This remains a valid question for organisations, but it now takes on a new dimension: master data as the end-state. Where the upgrade or migration has

or big-bang (all-at-once) deployment based on organisational readiness and risk appetite.	minimal impact on the structure of master data, phased implementations are generally more palatable. In addition, the ability to 'lift and shift' on-premises solutions into cloud infrastructure and then parallel run a SaaS version also offers new opportunities. Where the master data structures between the two solutions are significantly different, big bang approaches become more attractive, although most organisations still retain the legacy solutions running in parallel for several months.
System Configuration and Customisation: Tailor the ERP system to fit business processes, configure modules, and develop necessary customisations while minimising unnecessary complexity.	A major cause of cost blow-out is dealing with customs. This is not a new issue, but with SaaS platforms, it has reached a critical point. The modern approach is to adopt and adapt to the core business platform's modules, configuring each to the business sectors. Customisations are to be viewed as 'differentiated processes' and are replaced with low-code automations and forms, abstracted from the core platform code, but leveraging its data. The term 'differentiated' is essential here, as it implies that the customised process provides a significant competitive or efficiency gain; and it rejects 'that's the way we do it'. An important consideration for the new mode for customisation is that it plays a vital role in an organisation's 'continual innovation cycle' program, by allowing non- or semi-technical staff to explore ideas for new processes. Therefore, 'customisation' (and indeed configuration) is moving away from the technology group and a set-in-stone activity during the migration, to an ongoing program led by the business. Of course, this demands formal governance.

Data Migration and Validation: Cleanse, map, and migrate legacy data; conduct trial migrations and parallel runs to ensure data integrity .	This is one area where a vendor or specialist consulting firm truly excels. If upgrading one version of a vendor's product to the new version, the data migration work is often most cost-effectively accomplished by the vendor, increasingly as part of a 'packaged upgrade program' such as TechnologyOne's SaaS Plus. For migrations between different products or platforms, utilising specialist consulting firms with prior experience in such migrations is the optimal approach.
Comprehensive Testing: Perform unit, integration, and user acceptance testing (UAT) to validate system functionality and data accuracy .	Testing and confirming data accuracy remain crucial activities. Much of this activity can be delegated to the data migration and validation partner (mentioned above), though the governance and final sign must remain internal. However, in modern core business platforms, technical level testing is less critical than UAT, and identifying gaps in staff knowledge of the platform and how it should be uniformly used for specific tasks is more important.
User Training and Super User Model: Train end users and designate departmental superusers to provide ongoing support, offering role-specific, hands-on training.	These activities should begin even before implementation. They are a prerequisite for implementing modern platforms.
Change Management Execution: Maintain proactive communication, address	As discussed in Phase 1, change management is not a 'tack-on' once the decisions are made, but a fundamental input to the program plan.

concerns, and provide support to drive adoption.	The communication shift is from explaining why a move is necessary to being informed about what the move will entail and how training and change actions will be prioritised around weaknesses (gaps) in how the legacy solutions were used.
Monitor and Support Post-Go-Live: Establish a support structure for rapid issue resolution, monitor KPIs, and solicit feedback for continuous improvement.	While monitoring and supporting users post-'go-live' remains essential, the introduction of a continuous innovation cycle is needed. It must clearly articulate how staff can drive new ideas for maximising value from the platform while making their working lives easier.
Ensure Security and Compliance: Implement robust security controls, access management, and compliance monitoring from the outset .	One of the benefits of modern SaaS platforms is that their security is primarily managed by the vendor. Security has shifted from a focus on technical excellence to contractual obligations. The implementation of single sign-on (SSO)and MFA is recommended. However, for organisations with high compliance demands (public sector, healthcare, education, utilities, finance, etc), the issue of digital sovereignty should be considered. While data geolocation (where the core business platform data is physically stored) is a primary issue, digital sovereignty encompasses the location where data is analysed and processed (a significant concern for AI-powered features), as well as the location of staff managing the vendor's infrastructure and their credentials, and any third parties the vendor may include in their own operational stack.

What Makes the Biggest Difference?

The evolving role of consulting services

IBRS's analysis of the factors impacting upgrade and migration projects resulted in a surprising finding: one of the most significant factors affecting the time and cost of such projects is how consulting firms are leveraged and the roles they play.

On the surface, the above claim contradicts the conventional wisdom that external consultants - especially tier 1 global firms - bring a wealth of experience and specialist expertise to projects. They do. But while consultants undeniably bring expertise, their effectiveness hinges on a deliberate strategy of engagement, rather than a blanket reliance on traditional, large-scale models.

From an analysis of the case studies, it was noted that the costliest migrations often had large tier 1 consulting or integration service firms leading the charge (pun intended) and shaping both strategy and implementation plans. More concerning, these programs were more likely to have budget overruns.

A deeper analysis suggests that in these cases, tier 1 consulting ***firms relied heavily upon existing IP, well-established frameworks and traditional engagement models***. However, these very strengths no longer translate well with modern SaaS platform implementations, as discussed in the Table 1, above.

Table 2: Summary of Case Studies Using Tier 1 Consulting Firms

Case Study	Project	Budget	Budget Overrun or Underrun (rounded)	Staffing as % of Cost	Tier 1 Consulting Fees (rounded)
Case Study 01	Case Management Migration & Uplift	$12,000,000	0	23%	50%
Case Study 04	On-premises Student Management System to SaaS Migration	$16,000,000	25%	33%	20%
Case Study 12	HCM Upgrade Functional Enhancement	$3,500,000	30%	11%	35%
Case Study 15	ERP Reimplementation	$12,000,000	40%	8%	45%
Case Study 16	On-premises to SaaS Office Productivity Migration	$2,500,000	20%	16%	20%
Case Study 17	Legacy ERP Upgrade	$20,000,000	20%	4%	55%
Case Study 18	Federal Public Sector Agency Upgrade	$5,500,000	20%	12%	40%
Case Study 19	ERP Upgrade	$10,500,000	15%	16%	35%

Is it them... or are we just accepting the status quo?

However, in case study 01, we saw a noteworthy exception. This organisation engaged a tier 1 system integrator consulting firm with a creative time and materials contract that retained 25% of the billable fees in escrow. This model drove specific behaviours for both the client organisations and the IS firm, and necessitated a modern approach to the migration.

Given the correlation regarding project fee sizes, cost overruns, and the use of tier 1 consulting firms for providing strategy and program management services, one could argue that there is little incentive for tier 1 firms to change their approaches or take on the shared responsibilities and risks detailed in case study one. While the market has moved on, there has been no incentive for the well-established consulting firms to alter their practices.

Even so, it is clear that the tier 1 firms are more than capable of entering into a modern shared risk model that is well aligned with the new realities of modern core business platforms. All of the major international firms tout their willingness to engage in shared-risk, reward contracts. However, taken alone, these risk/reward models do not address the key problem: implementing modern core business upgrades in a modern, evolved way.

The impetus is now on client organisations to insist on these new and creative engagement models, while retaining tight control over early stages of the program: in particular, strategy, board-level communication and support, requirements gathering, and platform selection.

A Better Team Structure? What the Data Suggests.

The case studies suggest that a specific mix of vendor and consulting services is optimal for organisations migrating and modernising their core business solutions. The optimal resource mix involves a strong in-house team leading the project, supplemented by several smaller, highly specialised consultancies for specific tasks, and the vendor for guidance and configuration support. Clearly, this mix will vary based on the size, maturity and budget constraints of client organisations, but in broad terms. The optimal mix is not about a fixed percentage but about strategically leveraging each group for its unique strengths.

Internal Team and Project Management

A strong internal team leading the project is crucial for expediting the process. This team should focus on project and change management, working closely with business stakeholders. As mentioned earlier in this report, change management moved forward to the planning stage, being used to identify and prioritise business processes that were never fully automated in previous ERP efforts. The most successful implementations in this study involved close engagement with line-of-business executives throughout - and early - in the project, and sometimes rotating business staff into the implementation team to assist with prioritisation and design.

The best uses for internal staff include:

- **Project Leadership and Management:** Guiding the project, making key decisions, and ensuring alignment with business strategy.
- **Change Management and Training:** Facilitating user adoption, creating training materials, and providing ongoing support.
- **Core Systems Knowledge:** Providing context and requirements from the business perspective to external partners.
- **Post-Implementation Support:** Handling the transition to 'business-as-usual' and ongoing operational support.

From the case studies in this study, the fastest ROI and smoothest implementations occur when there is a strong ***Executive Sponsor***, and a dedicated internal staff driving execution.

Conversely the slowest ROI and highest cost overrun is where there is no strong project sponsor, inadequate dedicated resources (doing the project ‘as well as’ BAU), or worst case - where it is effectively ‘outsourced’ to a tier 1 consultancy to ‘build and run’.

Vendor Support

Two scenarios impact the role vendors will play: migrating from one vendor’s platform to a completely different vendor platform; upgrading from a vendor solution to its latest version, increasingly to the vendor’s SaaS platform.

When migrating to an entirely new platform, the role of the vendor is more limited, with the focus being on mapping product features to the client’s needs, training the trainer programs, configuration and testing.

When migrating from a vendor's legacy solution to its latest version, vendors' roles can be more expansive. Several ERP vendors are now offering 'fully managed migration' services, which generally handle the majority of technical tasks for the migration. In theory, such services can accelerate the migration process. However, this accelerated delivery is possible only when the internal teams have strong project management and a close working relationship with business stakeholders, as discussed above.

The best use for vendor support is to:

- **Mapping the Product Features to Client Priorities:** Working with the project leadership and change management teams to link specific features, work processes and modules to the implementation plan.
- **Implement and Configure the Core Product:** The vendor has the deepest expertise in their own software and is best suited to handle the technical setup and configuration.
- **Data migration:** especially when upgrading from on-premises to SaaS platforms.
- **Train the Trainer:** Working with the technology and business stakeholders to not only train platform administrators, but also working with change management teams to support the development of process/role-specific training programs based on previously identified priorities.
- **Provide Tier 3 Technical Support:** Resolving highly specific and complex technical issues that internal teams cannot address.
- **Operational Support:** Providing temporary support for post-go-live activities while the internal team ramps up.
- **Developing custom workflows:** working with BAs or directly with business stakeholders.
- **Reporting and Analytics configuration**: working with BAs or directly with business stakeholders.
- **Full Managed Migration:** Some vendors can provide a broad range of services for the upgrade or SaaS migration of their platform. Such programs align well with the modern approaches outlined in Table 1. However, for these engagements to be effective, client organisations will still need to lead the early change management and process gap analysis, to provide both the vendor and the business with clear priorities for change activities that can be mapped to the platform's configuration and ongoing roadmap.

- **Tier 1 Consulting Firms:** The high costs of tier 1 firms are justified when they provide expertise that is not available internally. The best uses for tier 1 consultants include:
    - **Complex Implementations:** Providing experienced staff with the technical re-implementation of highly customised or intricate systems.
- **Tier 2 Consulting Firms:** These firms typically offer more tactical and hands-on support than their tier 1 counterparts. They are often used for:
    - **Resource Augmentation:** Providing specialised skills on an as-needed basis to fill gaps in the internal team. They are particularly effective for:
        - Data preparation, especially when migrating between two different vendor solutions
        - Integration development
        - Developing custom workflows: ideally using the target platform's low-code environment.
    - **Functional Implementation:** Handling specific modules or phases of a project, such as data migration or integration.
    - **Operational Support:** Providing temporary support for post-go-live activities while the internal team ramps up.

The Relationship Between Project Timeframe and Team Structure

The structure of teams also affects the time required to complete projects. The complexity of a project plays a significant role in the time needed for a core system implementation.

However, given that the case studies included in this report were generally mid-sized organisations, many of which were transitioning from on-premises to SaaS efforts (the norm in the market), we believe the correlation between team structure and time provides some helpful insight - at least for these types of core business solution migrations.

Programs where internal resources, backed with vendor migration services, correlate to shorter implementation timeframes. In contrast, longer implementations correlated with greater use of consulting services.

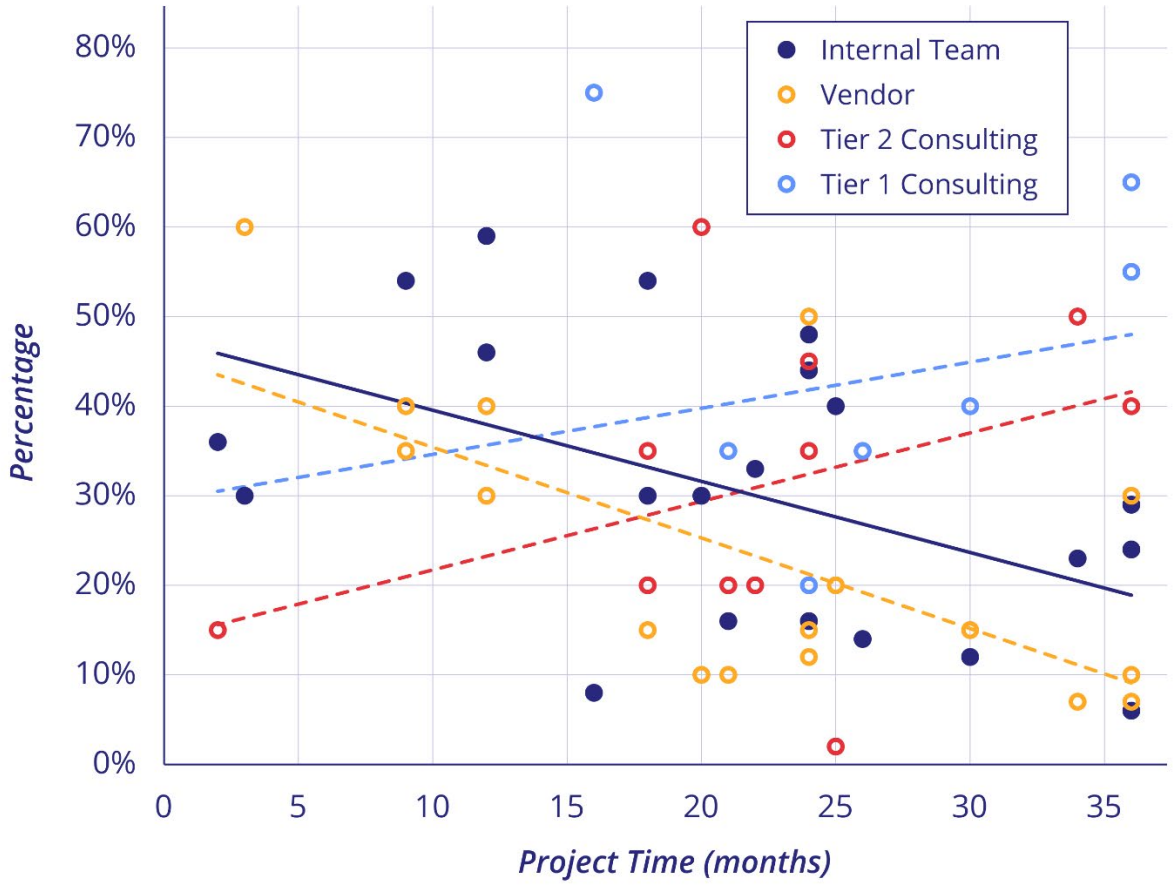
A deeper analysis of the case studies also suggests that in the programs, when vendors took on a larger role and saw faster completion, the projects were more often a migration from the vendor's legacy on-premises version to their SaaS platform. The

assumption is that the data structures and services closely align, but this was not always the case.

An important trait that accelerated upgrade work was the presence of pre-integrated solutions. Where organisations had a common platform covering many different business functions (an ERP in the classic sense), the migration was often shorter. However, this was only the case when customisation was minimal or was intentionally ignored. This is what is meant by *complexity* when planning migrations. Such pre-integrated, minimally customised solutions were more common in scenarios where the organisation was moving from a vendor's legacy on-premises solution to the vendor's newer cloud solution.

Another notable trait was that the organisation did not perform a 'start from scratch' requirements gathering program, instead focusing more on addressing any process gaps remaining in the legacy system. The migration scope was kept narrow, focusing mainly on potential improvements to business processes (leveraging new functions) rather than going over core business activities that were already automated and working well.

Percentage of Team/Consulting vs. Project Time (months)



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Interpreting the chart:

This chart provides datapoints of projects reviewed in this study. The points represent the intersection of the length of project time to implement a new core platform versus how much of the project (in terms of human resourcing) a specific category of consulting firm played. For example, the vendor point at the 60% and 3 month market was a project where a vendor was a major player in an ERP uplift, and represents a compelling example of heavy reliance on a vendor partner. Conversely, the tier 1 vendor points at 65% and 55% involvement at more than 35 months of project time

show examples of where heavy use of tier 1 consultancies saw extremely long timelines.

The critical aspects of this chart are the trend lines. The downward swing of the vendor (yellow) and internal (blue) trend line shows that as vendor consulting services and internal resources are less involved in a project, overall project times expand.

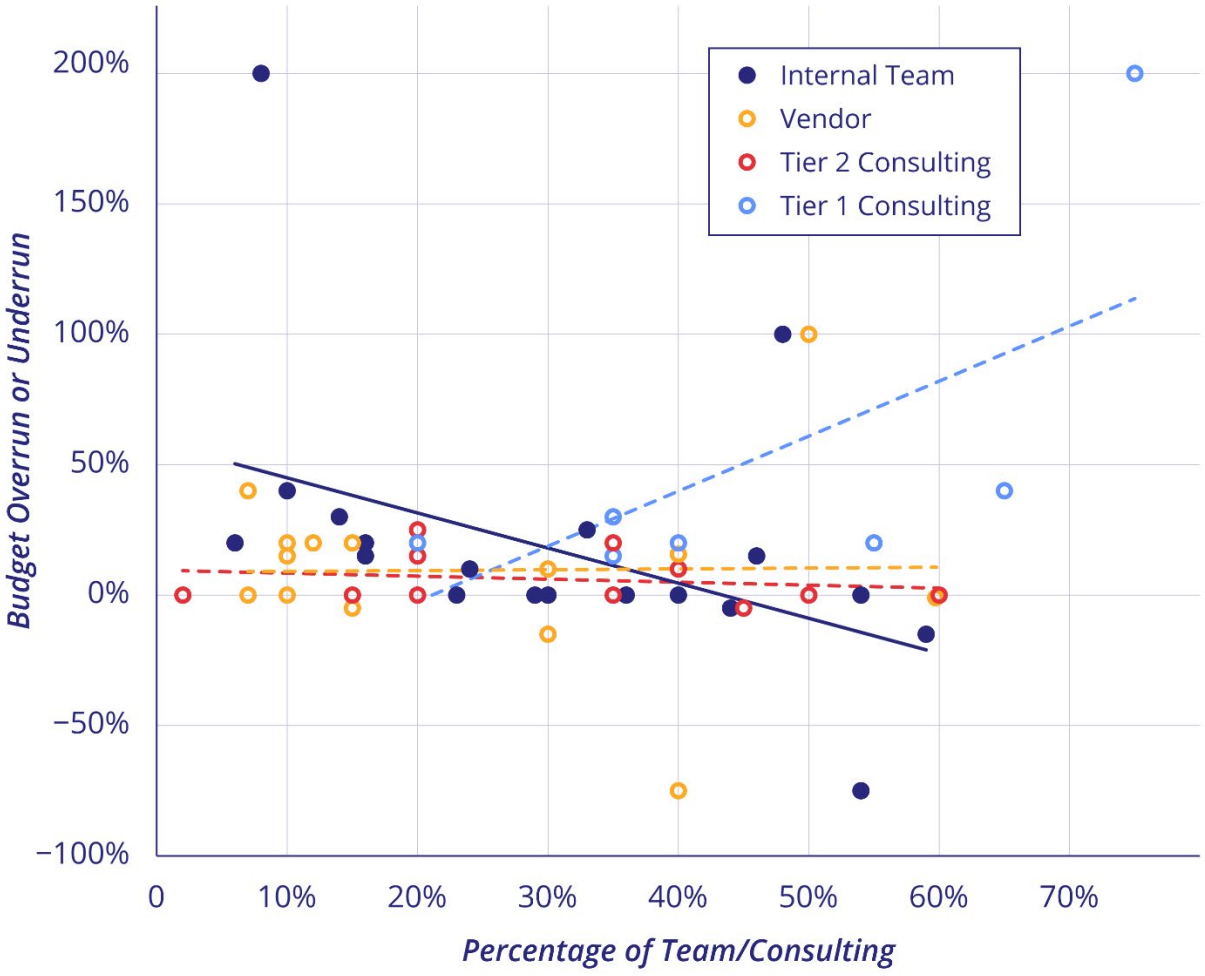
The case studies in this report do cover a range of different organisation sizes and complexities. However, they were not so far apart as to materially impact the results of this chart.

Team Structure of Budgets

In the case studies, there is a strong correlation between staying within budget and the structure of teams. As illustrated in the chart below, the greater use of tier 1 consulting was more strongly correlated with budget overruns. The use of vendors for rapid migration services, and the tactical use of tier 2 specialised consulting services correlated to staying on budget.

The chart also has two ‘outstanding’ data points, which represent a failed project: it had a very low percentage of involvement of internal resources and was mainly outsourced. It is a cautionary tale.

Correlation: Team/Consulting Percentage vs. Budget Overrun/Underrun



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Interpreting the chart:

Similar to the previous chart showing project time against the resources used, this chart provides datapoints of projects reviewed in this study. The points represent the intersection of the extent of budget under or overrun for a new core platform versus how much of the project (in terms of human resourcing) a specific category of consulting firm played.

Needless to say, budget underruns were rare. The two points (vendor and internal resources) showing a significant budget underrun (-60%) relate to a project where the initial budget set aside for an ERP implementation was based on a SAP implementation, but the organisation opted for a narrower ERP implementation of just the TechnologyOne financial and related modules, with considerable licensing and implementation effort minimisation as a result.

Where vendors, smaller tier 2, and internal resources were heavily involved (in a variety of mixes) the projects tended to run on, very close to budget.

Also unsurprisingly, given the correlation between length of time taken for projects and tier 1 vendors, as tier 1 vendors took on an increasing role in the project, so too did budget overruns occur.

ICT Operational Savings: On-Premises Legacy to SaaS Migration

IBRS noted that ICT operational savings when migrating from on-premises to SaaS solutions varied greatly between organisations. Examples from our interviews include:

Examples

High-End of ICT Operational Savings

- Federal Government Agency: a substantial decrease in their annual operational expenditure, with costs dropping from approximately AU$2 million per annum for their previous system to around AU$500,000 per annum for the new solution. This example represents a significant fourfold reduction in running costs.

Mid-Range of ICT Operational Savings

- Local Government: Saw a 10% to 15% saving specifically in solution administration costs and operational savings after migrating from a legacy on-premises solution to a SaaS platform. The estimated annual costs for their legacy solution's support staff were AU$1.4 million, excluding software fees, with the new platform saving 1.5 FTEs, or approximately $160,000 annually.
- Higher Education: Noted a saving of one full-time equivalent ICT staff member (a saving of $90,000 annually) after migrating from a legacy human capital system (HCM) solution from an on-premises deployment implemented in 1997 to a cloud IaaS in the cloud environment. Previously, the HCM solution required two full-time staff members to administer and maintain it.

- Another organisation that migrated away from a 'monolithic on-premises SAP stack' noted that historically, expenditure on incremental patches and upgrades alone could constitute 30% to 40% of the total run cost of the legacy platform. Moving to a 'lean core ERP' (financials) solution complemented by best-of-breed SaaS applications resulted in incremental upgrades being less expensive, alongside savings gained from infrastructure rationalisation. However, the savings were offset by significantly higher subscription costs, resulting in an operational cost saving of around 7-10%.
- Higher Education: Reported that their new SaaS-based student management (SMS) system took less time to administer and enabled automation that reduced process steps, resulting in an estimated 30% reduction in operational costs (AU$220,000 annually) with the equivalent of 2 ½ FTE saved in the ICT group.

Low End of ICT Operational Savings

- Public Sector Agency: While it reduced the number of FTEs and infrastructure needed to run a financial solution in an on-premises environment, this organisation noted that the licensing costs of running and administering the environment increased from AU$1 million to AU$1.2 million when the new SaaS license was introduced. A deeper inspection of this situation revealed that the reason for the on-premises version of the solution was almost ten years out of date, and thus, upgrade and maintenance costs were not being factored in. In addition, the new SaaS solution included additional business functions, or modules, not present in the prior solution.

These examples underscore the finding that the primary source of operational cost savings was the reduction in effort, infrastructure, and complexity associated with managing and maintaining aging or fragmented on-premises systems.

Operational Maturity Matters

Observations

Across the cohort of organisations interviewed, IBRS noted that the level of operating maturity of organisations running legal on-premises solutions directly and beneficially impacts the savings from migrating to a SaaS platform.

At first, this observation seemed like a paradox: surely a well-run, highly efficient environment would be operating at the highest level of cost-effectiveness? While true, it also meant that the organisations generally had clear visibility of their full operating costs and, importantly, continually ran major upgrades, applied patches promptly,

while also running technical and user-based testing within a formal change management program. By being more mature, these organisations were investing more resources to keep their on-premises platforms up to date. Few would be considered 'legacy' other than the length of time they had been used within the organisations.

When these organisations migrate to SaaS platforms, they have a clear understanding of the prior operational costs and resources. The continual upgrade cycles of SaaS platforms eliminate the most significant cost in maintaining these aging solutions - managing the upgrade and testing regimes. The hardware and patching maintenance were a far more minor component in the return on investment calculation.

- Unless your organisation has a high level of operational maturity, with deep insights into the costs of maintaining on-premises infrastructure, managing and continually updating security controls, running audits, and running upgrades and test cycles, calculating the economic returns for migrating to SaaS *will be underestimated*.
- It is *not feasible to rapidly retrofit ICT operational maturity when planning a migration* from a legacy on-premises environment to a SaaS platform. Nor is it practical to attempt to gather prior operational costs retroactively. Generally, the data needed was not captured in a form that is viable. At best, estimates can be made. Therefore, organisations in this situation should focus less on costs and savings and more on the *service and security benefits of SaaS*: namely, fully managed upgrades, test and change management.
- Migrating from on-premises environments to SaaS is an opportunity to improve ICT operational efficiency. When planning such a migration, set aside time and budget to review your organisation's ICT operating model, including how the ICT group will work with the organisation to prioritise new features or demands for new services, who will perform business-level configurations and how upgrades will be tested and approved. Importantly, determine the operational metrics to be captured and how such data will be utilised to continually improve ICT operations.

ICT Operational Savings: Cloud-Hosted Platform to SaaS Migration

When migrating from one cloud platform to another, the sources offered fewer detailed examples, focusing on long-term operational cost savings. The most common type of migration involves organisations moving from a cloud-hosted version of a vendor platform to the SaaS version of the same platform. In almost all cases, this type

of migration was part of a longer-term strategy to 'migrate in steps' from an on-premises environment, with a 'lift and shift' to the cloud being an interim step.

Costs were noted as being lower during this initial phase; however, it was acknowledged that a subsequent 'uplift' would be necessary to fully exploit the new platform's capabilities, implying additional effort and potentially higher costs beyond the initial migration. Short-term licensing deals offered by vendors were also identified as a factor influencing the initial cost profile of a migration.

Single Platform Approach

Integration and Cohesion

A single platform approach often leads to better integration and cohesion among various business functions. For instance, organisations that opted for a unified platform reported fewer integration challenges, which can streamline processes and reduce costs associated with managing multiple systems. This cohesion can enhance data consistency and improve overall operational efficiency.

Cost Management

Organisations using a single platform typically experience better cost management. The reduction in integration costs and the need for fewer external consultants can lead to significant savings. For example, one organisation noted that moving to a unified platform helped manage costs better and reduced the complexity of training and upskilling staff.

User Experience and Training

A single platform can simplify user experience and training. Employees only need to learn one system, which can lead to faster adoption and higher satisfaction rates. This was evident in organisations that reported improved user satisfaction and reduced training times when transitioning to a single platform.

Scalability and Future-Proofing

A unified platform is often more scalable and adaptable to future business needs. Organisations can more easily implement new features and functionalities without extensive rework, resulting in long-term economic benefits.

Organisational Change Management

The single platform approach can facilitate better organisational change management. With a cohesive system, organisations can more effectively communicate the benefits of the upgrade to employees, leading to higher acceptance and engagement.

Mixed Solution Approach

Flexibility and Specialisation

The legacy approach allows organisations to select specialised solutions that best meet their specific needs. This flexibility *can (though in hindsight does not)* lead to enhanced functionality in certain areas, as organisations can choose the most effective tools for each business function. However, this can also introduce complexity in managing multiple systems.

Integration Challenges

Organisations that adopt a mixed approach often face significant integration challenges. Integration costs can be as high as 35% of the project (checking this point). The need to integrate various systems can lead to increased costs and extended project timelines. Organisations reported that their projects ran overtime due to the complexities of integrating disparate systems.

Higher Total Cost of Ownership

The TCO can be higher with a mixed approach due to the need for additional resources for integration, maintenance, and training across multiple systems. This was highlighted in discussions where organisations noted that while they achieved specialised functionality, the costs associated with managing multiple vendors and systems were substantial.

User Experience Complexity

A diverse system landscape can complicate the user experience. Employees may need to navigate multiple interfaces and systems, which can lead to confusion and lower satisfaction rates. This complexity can hinder user adoption and require more extensive training efforts.

Risk of Customisation

Organisations that pursue a mixed strategy may be tempted to customise their systems extensively to meet specific needs. This can lead to increased costs and complexity, as well as potential issues with system upgrades and vendor support.

Conclusion

Upgrading legacy core business solutions to SaaS platforms presents a significant opportunity for economic advantage, but success hinges on a nuanced understanding of modern implementation approaches. The analysis in this study reveals that while external consultants offer expertise, a blanket reliance on traditional, large-scale models often leads to budget overruns and extended timelines.

The most successful migrations correlate with a strong internal team leading the project, supplemented by specialised vendor services and targeted engagement with smaller, highly specialised consulting firms. Key recommendations include:

- **Prioritise Internal Leadership:** Empower a robust in-house team for project and change management, fostering close collaboration with business stakeholders from the outset.
- **Strategic Vendor Leverage:** Utilise vendor-provided migration services and expertise, especially for upgrades within the same product family, to accelerate technical tasks.
- **Targeted Consulting Engagement:** Reserve tier 1 consulting firms for highly complex, differentiated processes where unique expertise is genuinely essential, and only where tier 2 capacity is not available. Employ tier 2 firms for tactical support, resource augmentation, and specific technical tasks like data preparation and integration development.
- **Embrace New Engagement Models:** Organisations must insist on creative, shared-risk contracts with consulting firms to align incentives and drive modern approaches to implementation.
- **Focus on Business Process Improvement:** Rather than 'start from scratch' requirements gathering, prioritise addressing process gaps and leveraging new SaaS functionalities for tangible business improvements.
- **Understand Operational Maturity:** Accurately assess the costs of maintaining legacy systems to avoid underestimating the economic returns of SaaS. For organisations with lower operational maturity, focus on the service and security benefits of SaaS.

Case Studies

Case Study 01: Case Management Migration and Uplift

Organisation: Federal Government

- Size: Did not wish to disclose
- ICT Team Size: 37
- Cost: Estimated at $12 million
- Budget Results: On budget, with some clawbacks
- Time taken: Approximately three years, as part of a six-year capability uplift program.
- Success Rating: NA

Summary:

The project involved migrating a core business system, described as a case management tool, from a fragmented, in-house-developed Lotus Notes application to a modern, off-the-shelf platform. The previous system was mostly manual, akin to a 'one step beyond paper' process. The new system aimed to provide end-to-end digital management of the core business, enabling real-time business intelligence and continuous planning, moving away from a clunky, annual reporting process. The migration and rollout were complex, involving a mix of internal staff and external consultants, and required significant customisation and development. A unique commercial model was used to manage risk and incentivise the consultancy.

Activities:

- Migration from a Lotus Notes-based system to a modern case/service management tool.
- Customisation and development of the new off-the-shelf software.
- Development of new code to enhance the planning process.
- Rollout of the new system geographically, office by office.
- Data conversion and staff training.
- Prototyping and experimentation to mitigate risk.

Structure:

- A 'trifecta' approach was used, including external consulting organisations and internal staff.
- A large international consulting firm was used for development in a lower-security classification environment.
- Internal staff and an external firm were used for integration in a higher-security, top-secret environment.
- A creative commercial model was implemented with a consulting firm to manage risk and provide incentives. This included a portion of the fee being held in escrow and an incentive for exceptional performance.
- The new solution vendor was not heavily involved on-site.

Cost Breakdown:

- A fixed-price contract was rejected in favour of a time and materials (T&M) contract with a creative commercial structure.
- The commercial model included a significant contract amount, of which 75% was paid upfront and 25% was put into escrow for six months.
- An incentive arrangement was also in place, allowing for payments up to an extra 15% if performance was exceptional and surpassed agreed targets.
- In the final year. a significant chunk of money was taken off the table due to a technical issue discovered late in the project.

Key Learnings:

What worked:

- **Adopting an agile, co-creation approach:** The project was successful because it did not use a rigid, waterfall methodology. Instead, it embraced an agile, experimentation-based approach with a co-creation model between the organisation and the consultancy. This allowed for learning and adaptation along the way, which was crucial given the project's complexity.
- **Creative commercial model:** The T&M contract with an escrow and incentive component

worked well to manage shared risk and incentivise the consulting firm to deliver a quality outcome.

- **Prototyping:** While not done early enough, the use of prototyping was a key method for de-risking the project by flushing out technical and business process uncertainties.
- **Telemetry and data-driven insights:** The new system's ability to provide real-time business intelligence was a significant success. It transformed the organisation's operations from an annual, largely fictional reporting process to a continuous, data-driven one.

Lessons:

- **Early, deep prototyping:** The project should have done more in-depth prototyping earlier to uncover a critical technical issue. A superficial approach to prototyping, which focused on mock-up screens rather than underlying functionality (like low-code versus API development), led to significant unexpected development costs later on.
- **Involve the 'A team' from the start:** The business initially provided their 'B team' to the project. It was learned that success depends on having the best, most valuable people from the business involved throughout the project, even if it means pulling them away from their regular duties for a dedicated period of time.
- **Performance metrics:** Despite setting performance metrics for key platform elements, the project still had issues with performance during the rollout, particularly for offshore offices. The complexity of security filters and real-world usage was not fully accounted for in early testing.
- **Acknowledge and confront risk:** There is a tendency to want to rush into projects, especially when they are overdue. A better approach is to pause the schedule to spend time de-risking the things you don't know about. This upfront effort can prevent significant issues later, as 'haste makes waste'.

Case Study 02: On-premises ERP to SaaS cloud migration

Organisation: Local Government

- **Size:** 720 full time staff, additional 530 FTEs
- ICT Team Size: 9
- **Cost:** $2 million
- Budget Results: On target
- Time taken: NA
- Success Rating: 4.5 out of 5

Summary:

The organisation migrated its core ERP from an on-premises system, installed in 2003, to a new SaaS platform. The project involved a three-stage rollout and was driven by the need for a system that provided better access to information. The migration was largely handled by the in-house team with limited external consultancy for specific tasks. Key benefits included improved user experience, increased staff productivity, and the ability to digitally enable the entire field workforce, which handled three years' worth of growth without needing to hire additional staff.

Activities:

- Developed a business case in 2018 to migrate from the old on-premises ERP system.
- Tendered for and selected a modern SaaS ERP product.
- Migrated from an on-premises system to the SaaS model.
- The project was conducted in three stages: Release 1 focused on finance and property.
- Digitally enabled the entire field workforce by providing them with tablets and integrating their work order systems, timesheets, and requisition processes into a single document.

Structure:

- A core project team of six people, including a change manager and a project lead.
- An additional two to four subject matter experts were brought into the team for about four years.

- The data migration was primarily done by the in-house team.
- External consultants were used for specific, complex tasks such as property creation.
- Vendor provided specialist services and advice.
- The organisation adopted a 'platform thinking' approach, requiring proof that a function cannot be replicated within the ERP before considering external applications.
- If an external application is acquired, it must be integrated into TechnologyOne.

Cost Breakdown:

- Data migration consultant: $75,000
- Change management: $80,000

Key Learnings:

What worked:

- **Platform Thinking:** The strategy of using the ERP as the primary platform and only acquiring external applications that can be integrated has proven successful.
- **Internal Team Focus:** Relying on the in-house team for most of the data migration and a smaller team of external consultants for specific tasks was effective.
- **Improved User Experience and Productivity:** The new system led to a significant improvement in user experience and staff productivity.
- **Growth Enablement:** Digitally enabling the field workforce allowed the organisation to absorb three years of growth and increased workload without having to hire additional staff.

Lessons:

- **Vendor Preparedness:** The SaaS vendor struggled with object-based models of the previous solution, which was a significant issue in Western Australia and led to delays.
- **Property Management Complexities:** The property management and ratings module was a particularly difficult area of the migration.
- **Staff Reallocation:** While the number of staff managing the system remained constant, the new system enabled the reallocation of staff from manual, administrative tasks to more valuable roles, such as contract management.

Case Study 03: ERP Lift-and-Shift into Cloud in Preparation for SaaS Migration

Organisation: State Government Agency (Shared Delivery)

- **Size:** 2,000 staff.
- **ICT Team Size:** 9, with 2.5 full-time equivalents (FTEs) applied to the program.
- **Cost:** $250,000 factoring in internal resources and overheads.
- **Budget Results:** The move to model from a perpetual license fee is 'still 'playing out'
- **Time taken:** 18 months, including change management.
- Success Rating: 4 out of 5

Summary:

The Agency undertook a 'lift and shift' migration to move 19 separate on-premises instances of their ERP to a single cloud instance (with a move to subscription licensing) from the same vendor's product. The project, which was driven by a vendor-mandated deprecation of on-premises support and the agency's strategic intent to move to a SaaS model, took a little over 12 months, with an additional 4 months for change management. The cloud was seen as a strategic stepping stone to the future SaaS environment. The migration was a direct move without any major functional upgrades, which impacted user experience negatively but simplified the process.

Activities:

- Migrated 18-19 separate instances from an on-premises environment the cloud.
- The project was a 'lift and shift' with no significant functional upgrades.
- Internal ICT staff did most of the work with support from the vendor.

- The agency created a repeatable cadence for the migration process, reducing their reliance on the vendor over time.

Structure:

- **Project Team:** One dedicated senior administrator, with a total of two to 2.5 FTEs including support staff for contractual and project administration.
- **Vendor involvement:** Vendor helped with spinning up the cloud environment and technical aspects.
- **Consultants:** No external consultants were used.

Cost Breakdown:

- **Total Cost:** AU$250,000
- **Internal Costs:** Included internal resources and overheads.
- **Licensing:** The agency moved from a perpetual license model to a subscription model

Key Learnings:

What worked:

- **Project Cadence:** The team became more efficient by establishing a rhythm and cadence as the project progressed, which allowed them to do more things in parallel. This reduced their reliance on the vendor.
- **Cost-Effectiveness:** The 'lift and shift' approach made the migration cheaper and faster than a full upgrade.

Lessons:

- **User Experience:** The initial performance of ERP in the cloud was not great, and user experience decreased. This was addressed by both network reconfiguration and vendor's assistance with the cloud configuration.
- **Return on Investment:** The financial benefits of the move to cloud model are still being realised. The interviewee felt that the full value would only be seen after upgrading to the newer SaaS platform from the vendor..
- **Hidden Costs:** The 'lift and shift' was a temporary fix. The agency is now planning for the next phase, which is a full upgrade to the vendor's SaaS solution, and they anticipate another set of work and expenses.

Case Study 04: On-premises Student Management System to SaaS Migration

Organisation: University

- **Size:** 4,500 fulltime to 12,000 FTE (staff and students)
- ICT Team Size: 260-270
- **Cost:** AU$20 million
- **Budget Results:** The cost was significant for a university of their size, and they do not expect a dollar-for-dollar return on investment. The key benefit is a 'leap of faith' to a cloud-first strategy, avoiding future infrastructure refresh costs.
- **Time taken:** A little under two years
- Success Rating: 4 out of 5

Summary:

The University migrated its on-premises student management system to the vendor's SaaS version. While the bulk of the work involved migrating from the vendor's legacy solution to its new SaaS platform, there was also a need to migrate or integrate reporting and analytics from another vendor's platform. The migration was complex due to the need to remediate custom applications, database-level transactions, and integrations. The strong partnership with the vendor and a commitment from the faculty and business units were key factors in the rapid and largely successful migration. While the cost was substantial, the university sees it as a necessary move aligned with its cloud-first strategy.

Activities:

- **Remediation of Custom Apps:** The university had to remediate custom applications built using on-premises products prior to the

Application Development Framework to make them cloud-compliant.

- **Database Syntax Remediation:** Part of the migration was to convert custom reports and analytics built with a third party platform to work with the new SaaS student management solution. Database-level transactions, queries, reports, and views had to be remediated for syntax differences.
- **Integration Patterns:** Existing integrations had to be updated to align with the new cloud environment, including those that previously relied on database-level links.
- **Data Refresh Cycles:** The project involved multiple environment and data refreshes as part of the dress rehearsals for data migration.
- **Concurrent Projects:** A separate, concurrent project involved changing the core Learning Management System (LMS) from Blackboard to Canvas, which was happening at the same time.

Structure:

- The project team was a mix of internal staff, contractors, and a small consulting workforce.
- The internal team size was about 30-40 people, depending on the phase.
- They brought in six full-time equivalent (FTE) staff from a local consulting partner that had specialised knowledge of the student management platform data structures and integration.
- Specialist student management resources were scarce, so they sourced contractors from across Australia.
- The team worked on an agile-like, module-by-module approach.

Cost Breakdown:

- Total Project Cost: AU$20 million.
- Legacy System Cost:
- Tech One: AU$2-2.5 million per year.
- Internal Infrastructure: AU$200,000-500,000.
- Internal Resources: The equivalent of 1-2 full-time staff working on administration, maintenance, and upgrades.
- **New System Cost:** The annual running cost is AU$4.5 million, representing an additional AU$2 million per year compared to the old system. This cost covers the SaaS infrastructure and licensing.

Key Learnings:

What worked:

- **Strong Partnership:** The SaaS vendor was generally responsive and helpful. The university built a good rapport with the vendor, which was crucial for resolving issues.
- **Dedicated Project Team:** The project had a strong team that stuck to a well-defined plan.
- **Cloud-First Strategy:** The migration aligned with the university's broader cloud-first strategy, allowing them to avoid future on-premises infrastructure costs.

Lessons:

- **Unexpected Challenges:** The complexity of migrating custom applications, database dependencies, and old integration patterns from the legacy system was a significant challenge.
- **Post-Go-Live Issues:** The first 24 hours in production were 'all over the place', requiring immediate intervention by the vendor to get back on track.
- **Vendor Support:** While the SaaS vendor was generally supportive, there were moments that required senior management intervention to resolve issues, particularly with data migration problems during testing.

Case Study 05: On-premises ERP Migration to SaaS version

Organisation: Local Government

- **Size:** 924 employees
- ICT Team Size: 16
- Cost: $25
- 0,000 for implementation, plus an ongoing annual license fee of $250,000 annually.
- **Budget Results:** Slightly under the estimated budget of $300,000.
- **Time taken:** 12 months, with the next phase of the project still in progress, with some modules yet to be rolled out.

- Success Rating: 3.5 out of 5

Summary:

The organisation migrated its enterprise asset management (EAM), project lifecycle management, and strategic asset management modules from an on-premises ERP solution to the vendor's new SaaS platform. The key driver for the migration was to replatform and adopt a pre-configured, 'best of breed' product to minimise internal configuration work and reduce project risk. The project has not yet reached full utilisation due to internal staff turnover and structural changes, which have impacted project momentum. The next phase involves migrating other legacy ERP modules to the new SaaS platform.

Activities:

- Migration of Enterprise Asset Management (EAM), project lifecycle management, and strategic asset management to the vendor's SaaS platform.
- User training and rollout.
- Ongoing support and maintenance.
- Addressing SaaS platform speed issues and network latency.

Structure:

- Project team size was 12 staff, comprising the user training group and the internal IT team.
- The ERP vendor was responsible for configuration, delivery, and managing the majority of the project risk.
- The internal team had limited involvement beyond ensuring they were satisfied with the configuration and training users.

Cost Breakdown:

- Implementation: $250,000.
- **Annual Licence:** The annual charge is $250,000, with an additional $100,000 in the near term for training and implementation support.

Key Learnings:

What worked:

- **Utilisation of new functionalities:** The core benefit of the project has been the ability to utilise new functionalities in the new modules that were not previously available.
- **Ease of upgrades:** Upgrades are now easier and are managed by the platform vendor, which frees up internal IT staff from the burden of on-site maintenance and upgrades.
- **Best of breed configuration:** The pre-configured, 'best of breed' product minimised internal configuration, reducing project risk and allowing greater utilisation value.

Lessons:

- **Impact of internal changes:** Staff turnover and internal structural changes, particularly the departure of a key project advocate, significantly impacted the rollout and utilisation of the product.
- **Integration with legacy systems:** The organisation found that because other modules were still on the legacy on-premesis, they were unable to fully utilise the new SaaS platform to its full value.
- **Speed and performance:** The latency of the new cloud-based product has been an issue, which has been highlighted to the vendor.

Case Study 06: Legacy University Student Management System Cloud Migration

Organisation: University

- **Size:** 5000+ employees, 65,000+ students
- Project Team Size: 27
- **Cost:** Total project budget was approximately $14-15 million.
- **Budget Results:** The project was under budget.
- **Time taken:** Project initiation began in early 2022. Formal sign-off was in August 2022. The first deployment (on-premises to cloud migration) was on 5 June 2023. The new student portal was launched in early July 2023,

with further enhancements in mid-October 2023.
- Success Rating: 4.5 out of 5

Summary:

The University undertook a major migration of their student management system from an on-premises solution to the cloud. The project was primarily driven by the need to introduce a new student portal to improve student experience and reduce manual effort for staff. The migration also provided a scalable, future-focused solution with enhanced security. The project was completed under budget and within a quick timeframe, despite initial performance issues and challenges with integrations and internal resource availability.

Activities:

- Project initiation, including requirements gathering, scoping, and budget approval.
- Migration from on-premises infrastructure to the cloud.
- Deployment of a new student portal.
- Development of a new forms solution for enhanced privacy.
- Ongoing upgrades and enhancements.
- Significant back-and-forth with vendors to resolve system slowness and integration issues.
- Time assessment workshops with students to measure the reduction in time for enrolment.

Structure:

- Two smaller, specialised external vendors were used: one for the cloud migration and another for the portal implementation.
- The new SaaS vendor was involved in the setup and configuration of the target SaaS platform .
- The project team included approximately 26-27 full-time equivalent (FTE) staff.
- Regular, sometimes daily, meetings were held with vendors and the project steering committee to resolve issues and track progress.

Cost Breakdown:

- Majority of the cost was for staff resourcing and consulting.
- External vendors were engaged for the cloud migration and the portal implementation.

Key Learnings:

What worked:

- The project was very successful from a business objective standpoint, achieving high ratings from the University executive for meeting its strategic goals.
- The project was completed quickly and under budget, a rarity compared to similar projects.
- The dedicated project team and the proactive, hands-on program owner were instrumental in resolving obstacles and keeping the project on track.
- The limited use of contractors for specialised, narrow activities restrained costs, and improved speed of delivery of the project.
- Close and regular engagement with vendors and primary SaaS vendor helped in quickly resolving problems and working together on solutions.

Lessons:

- Initial post-go-live issues with system slowness caused significant problems for staff and required major escalation with the SaaS vendor's cloud environments, which required Amazon Web Services (AWS) Australian operations to resolve.
- Some post-migration integrations were not as effective initially and required about eight months of work with the SaaS vendor to fix.
- The handover of support materials and training for the new system was more from a technical perspective, rather than for end-user trainers, which has created challenges with upskilling internal resources to support the new functionality.
- Managing annual upgrades is difficult due to the short time frame (6-8 weeks) between a new version's release and the end-of-life support for the current version. The university retains test processes from the legacy solutions that extend beyond this period.

Case Study 07: Unify Separate Business Solutions to Single SaaS Platform

Organisation: Higher-Education

- **Size:** 4,000 FTE staff
- ICT Team Size: 6
- **Cost:** Approx. $1.3 million, excluding software costs
- Budget Results: On budget
- **Time taken:** 6 to 9 months, plus planning
- Success Rating: 4 out 5

Summary:

The project involved migrating two separate enterprise systems—finance and student management—from on-premises to a SaaS environment. The main drivers for the migration were to reduce the organisation's on-premises presence, gain access to newer functionality, and reduce IT support overheads. The student management system was a collaborative development between the university and the vendor, leading to unique benefits and a low licence fee. The finance migration occurred first, followed by the student management system. The project was completed in late 2019, with the student management system taking between six and nine months.

Activities:

- Migrating separate on-premises finance and student management systems to a single SaaS platform.
- Planning and execution of the migration for the student management system.
- Internal team and the ERP vendor worked together on the deployment.

Structure:

- The deployment was handled primarily by the internal team with assistance from the SaaS vendor.
- The university has a unique relationship with the vendor, having been a development partner for the student management system since 2010.

Cost Breakdown:

- **Total cost:** The migration cost, excluding software fees, was $1.3 million.
- **Previous annual costs (on-prem):** Estimated at $1.4 million per year, including support staff and servers, but not including very low licence fees due to the development partner arrangement.
- **New annual costs** for services including finance, student management, and facilities is just under the previous annual costs.

Key Learnings:

What worked:

- **Business Continuity:** The migration to SaaS proved beneficial, especially during the COVID-19 pandemic, as it allowed staff to operate from anywhere, significantly improving business continuity.
- **Upgrades:** The upgrade process is much faster now, taking two to four weeks for testing and documentation compared to the previous two months.
- **Security:** The SaaS environment provides a secure, robust solution, reducing the security administration burden on the internal team.

Lessons:

- **Complexity of new tools:** While the new SaaS environment offers enhanced functionality, tools like the Business Process Automation (BPA) forms and workflows are more complex and costly to implement than anticipated due to the need for specialised skills, leading to an increase in staff time of one to five days per month.
- **Integration:** Integration with other systems is a significant challenge, and the vendor's APIs need to be more open to allow customers to take full advantage of their data and systems.
- **User Experience:** The user experience for both staff and students has not seen a major improvement, though the technology group has significant BAU benefits and savings.

Case Study 08: On-premises ERP to SaaS Migration

Organisation: Local Government

- **Size:** 1500 staff
- ICT Team Size: 12
- **Cost:** $3 million
- **Budget Results:** The project cost was double what was initially estimated
- Time taken: 24 months
- Success Rating: 2 out of 5

Summary:

The project involved migrating from an on-premises ERP system to the vendor's new SaaS platform. The primary driver for this migration was the risks associated with end of life support for the legacy solution. With significant cost overruns, the post-migration experience was largely negative, with 'no noticeable improvements in user experience, staff productivity, or performance'. The promised benefits and improved automation were not fully realised. The overall value was considered 'completely wasted', leading the interviewee to plan a new, multi-million project to re-implement the solution to gain the promised benefits.

Activities:

- Migration of on-premises ERP to the vendor's new SaaS platform.
- Change management to help staff transition from a desktop application to a browser-based one.
- Communication regarding reports and analytics that were not migrated from the old system.
- Attempted implementation of new financial reporting, matching and automation.

Structure:

- Project was a joint effort between the internal team and the ERP vendor.
- The internal team had 12 full-time staff involved in the project.
- The ERP vendor provided implementation consultants.

Cost Breakdown:

- Total migration cost: $3 million, excluding license fees.
- Additional costs for Application Managed Services paid to the ERP vendor, on a fixed-price basis, regardless of usage.
- An additional $100,000 per year was quoted for a service level agreement (SLA) with penalties.

Key Learnings:

What worked:

- Despite the low success rating, the technical transition was 'not too bad'. Integration with other systems works just as well as it did before the migration.
- The primary benefit of the cloud migration was increased resilience, including failovers and disaster recovery, which is now the ERP vendor's responsibility.

Lessons:

- The promised benefits of the migration were not realised. This is in part due the local council not sufficiently aligning its desired benefits to the SaaS product, and the SaaS platform not providing anticipated features.
- Upon migration to SaaS, the ERP platform's performance was the same or slightly worse, even after the initial three-week UAT and efforts to remediate.
- The vendor's support model is viewed as flawed; the client pays for a fixed number of hours monthly, and any unused hours are wasted, while the client can't exceed the hours if needed. The vendors to service levels are focused on financial penalties rather than service improvement plans and commitments. There needs to be far more scrutiny of such contracts prior to engagement, and better vendor management processes.
- The vendor's support team's understanding of its own system is lacking, and vendor relationships sourced when the support team blamed the client for improper implementation, despite being paid to provide such services.
- Significant reports from the old system were not migrated, requiring extensive change

management and communication. Such shortfalls should have been clearly identified and added to the project plan prior to commencement.

- New processes were difficult to implement and were met with resistance from the business.

Case 09: On-premises ERP to SaaS Migration

Organisation: Local Government

- **Size:** 500 staff
- **ICT Team Size:** 6 for the project team, plus a 3 for internal innovation and technology services team that support the project
- Cost:
- Migration: $450,000
- Previous annual license cost: $750,000
- New annual license cost: $ 1.15 million
- Additional annual cost (enhancements/people): $500,000 $600,000
- **Budget Results:** The annual licensing cost has increased from $750,000 to $1.15 million. This increase is primarily due to adding new modules and features in the ERP, and is considered value-for-month.
- **Time taken:** 12 months for initial migration. Introduction of additional modules is ongoing.
- Success Rating: 4 out of 5

Summary:

The council had a long-standing relationship with its financial software provider. The initial migration of this on-premises version to the vendor's new SaaS environment was completed in 12 months. The council is now in the process of a multi-year project to migrate specific modules from the on-premises platform into the SaaS service, while also activating new, previously unused models and capabilities. The primary challenge has been migrating the property and rating module. The project is seen as a success, with strong business benefits and alignment with strategic goals, despite some ongoing issues with user acceptance testing and a reluctance from some staff to change. The overall cost has increased due to the purchase of additional modules, but the management has mapped and determined the additional business value warrants the increased costs.

Activities:

- Migrating modules from a legacy on-premesis ERP to SaaS.
- Developing and customising the system using the SaaS ERP's low code environment
- Implementing a greatly enhanced contractor management capability.
- Implementing and improving asset management.
- Implementing a new internal request management system.
- Implementing recruitment functionality within the HR module.
- Preparing for the implementation of citizen-facing self-service portals.

Structure:

- The project team is a collaborative effort between the council's internal staff and the ERP vendor.
- An internal Innovation and Technology Services team of three full-time employees works on the project, with approximately 80-90% of their time dedicated to the ERP platform.
- Customisation and development are done in-house using the ERP solutions low-code tools.

Cost Breakdown:

- The cost for the initial migration to SaaS, including staff, were estimated at $400,000.
- The annual cost for the internal three-FTE innovation team is estimated to be around $350,000

Key Learnings:

What worked:

- **Centralised Master Data:** Adopting new modules within the SaaS ERP has allowed the centralisation of information previously held in spreadsheets. This significantly reduces the risk of data loss, measurable improves quality of

information and reduction of rework, and provides for better financial reporting and analysis.

- **Collaborative Approach:** A collaborative effort between the internal team and the ERP vendor has been effective in driving the project forward quickly and consistently.
- **User-Centric Change Management:** The organisation has improved its approach to change management, focusing on communicating the benefits to the end-user, which has led to higher system adoption and acceptance.
- **Internal Development:** Using internal staff for development with the ERP low-code tools allows the council to configure the system to work better for their organisation, as opposed to the previous manual work arounds.

Challenges:

- **User Acceptance Testing:** The council found errors in the ERP vendor's releases. The council now has a policy of waiting a month after a release before implementing changes to ensure stability and to allow for thorough user acceptance testing, which can take up to three months.
- **Reluctance to Change:** Some finance staff, who are accustomed to the legacy systems, have shown a reluctance to move to the new SaaS environment, which has made change management a challenge.
- **Legacy Systems:** The on-prem to SaaS migration carried forward some initial implementation issues from a user perspective. The council has found the gradual, module-by-module adoption to be an effective way to both address such user issues, and also address the reluctance for change.

Case Study 10: On-premises ERP to Cloud Infrastructure Migration

Organisation: Federal Agency

- Size: NA
- ICT Team Size: 35
- **Cost:** $2 million (direct) or $3 million (including in-kind costs)
- **Budget Results:** The budget was a key driver, with the cloud solution costing $2 million and nine months to implement, versus an estimated $8 million and two years for an on-premise solution. The annual cost of running the new system is $500,000, a significant saving compared to the old system's $2 million annual cost.
- **Time taken:** Nine months
- Success Rating: 5 out of 05

Summary:

The agency migrated an aged on-premises SAP solution to cloud-based financial management platform. The on-premise system was no longer fit for purpose, prompting the search for a new solution. The project took nine months and cost $2 million directly, with in-kind costs (training, etc) bringing the total to $3 million. The new system drastically improved efficiency, reducing the reporting process from 22 weeks to just two weeks. It has also enabled the organisation to shift its focus from inefficient process work to higher-value business analysis.

Of significant interest is that the initial allocated budget for the legacy system replacement was $8 million, with ongoing BAU and licensing costs estimates of over $1 million. Thus, this project cost less than half of the initial budget expectations, largely due to selecting a more 'niche' financial solution, rather than the initially proposed ERP.

Activities:

- Project planning
- Co-design with states and territories
- System testing
- Launch and hyper-care
- Data migration (in phases)
- Change management and training
- Customisation and integration
- Business and technical readiness assessments

Structure:

- Projects delivery team of 1 people: a project lead and and business analyst (working with other agencies)
- The ERP software vendor: provided cloud configuration and planning support
- Local consultancy with specialised expertise in both government and the ERP product
- A stakeholder working group with 15-20 people from states and territories

Cost Breakdown:

- **Project Cost:** $2 million (direct), $3 million (with in-kind costs)
- **Change Management:** Approximately 10% of the overall project cost
- **Customisation/Integration:** Approximately 10-20% of the overall project time/cost
- **Infrastructure Migration:** Not a material issue, largely handled by vendor and consulting firm
- **Data Migration:** Not a huge component
- Ongoing Annual Cost (Old System): $2 million
- Ongoing Annual Cost (New System): $500,000

Key Learnings:

What worked:

- **Collaboration:** A multi-party approach involving the client, project managers, software vendor, and business analysts worked well.
- **Co-design:** Extending the project timeline from six to nine months to allow for co-design with stakeholders (states and territories) ensured buy-in and a better-fit product. Initial resistance from some stakeholders was overcome, turning them into advocates for the new system.
- **Phased Approach:** The data migration was done in phases, starting with master data and recent payments, and a much larger historical data load was performed in-house two years later.
- **Focus on 'Best of Breed':** The organisation selected a system based on a 'best of breed' approach with the ability to integrate, rather than seeking a single system that attempts to do everything.
- **Productivity Gains:** The new system has dramatically improved process efficiency, freeing up staff to perform higher-value work, such as financial analysis and forecasting, which was previously impossible.

Challenges:

- **Old system was not fit for purpose:** The on-premise SAP solution was 'overkill' and not a good basis for comparison.
- **Finding a true like-for-like comparison:** Due to the poor state of the old system, it was difficult to conduct a true compatibility assessment. The new solution was so superior that a direct comparison was challenging.
- **Initial stakeholder resistance:** The co-design process had some initial hiccups, with one group walking out and saying the solution would never work.
- **Ongoing system administration:** While the new system is far more efficient, the organisation now has its own system to administer, whereas the previous solution was managed by a shared services body.

Case Study 11: On-premises ERP Upgrade

Organisation: State Government Agency

- **Size:** 3000
- ICT Team Size: 25
- **Cost:** Est $19 million
- **Budget Results:** Cost overrun of 10%
- Time taken: 3 years
- Success Rating: 2.5 out of 5

Summary:

A state government agency undertook a project to migrate their core corporate functions from an old on-premises ERP system to the latest (mandated) version. The project's scope included upgrading the ERP and its database, as well a preliminary move away from an on-premises HR system. The primary drivers for the project were to reduce increasing risks and control the total cost of ownership (TCO) of the legacy. The project was challenged by the complexity

of a technical lift-and-shift of a monolithic application with numerous customisations, leading to significant effort in impact assessment and regression testing. While it successfully improved performance for long-running processes, the project experienced cost overruns and initially increased administrative burden. The interviewee rated the project's success as 2.5 out of 5.

Activities:

- Impact assessment and code corrections for customisations.
- Upgrade of the ERP platform to the latest version and database.
- Migrate on-premises Supplier Relationship Management (SRM) solution to a new solution, integrated with the ERP.
- Upgrade the ERP HR module, with a planned future transition to a new solution from another vendor.
- Regression testing of business-critical processes.
- Environment rationalisation, including decommissioning a four-tier landscape for the ERP and SRM solutions.

Structure:

- SI partner (Systems Integrator) was responsible for the heavy technical lifting, including the upgrade and technical tasks.
- The ERP vendors' packaged migration service team provided governance and quality oversight.
- The client's in-house team managed solution governance, architecture, and security, as well as user acceptance testing (UAT).

Cost Breakdown:

- **SI Partner Team:** 15-20 people (costs requested to be redacted)
- **Vendor Team:** 5 people (part time, cost was packaged services)
- **Client Team:** 10-15 people (costs requested to be redacted)

Key Learnings:

What worked:

- **Performance Improvement:** The project delivered a marked improvement in performance, particularly for long-running batch jobs and user queries, due to the new columnar database technology.
- **Cost Savings:** The customer secured a 'sweetened' deal on licensing via a cloud extension policy. There were also cost savings from rationalising hardware and landscapes, and the new system made future upgrades less expensive.
- **Strategic Transition:** The project was a successful first step in a multi-year roadmap, allowing the organisation to address risk and then subsequently move towards a more standardised, 'vanilla' system.

Challenges:

- **Customisation Management:** The project was a technical upgrade from a highly customised, monolithic application. The lack of automation tools for impact assessment and code correction made this a hugely complex and labour-intensive effort. This contributed to the budget overruns.
- **Cost Overruns:** The project experienced a 10-20% cost overrun.
- **Increased Administration:** Initially, the new system took more time to administer due to the fundamental changes in user experience, application, and database logic, requiring significant upskilling for the client's internal team. This uplift in skills was not initially budgeted, but was only a very small element of the larger budget overrun.
- **Business Case Justification:** The original business case was driven primarily by risk and cost reduction, not business value. This highlights the need for a stronger 'why' and a clearer justification for large-scale migrations.

Case Study 12: HCM Upgrade Functional Enhancement

Organisation: Local Government

- **Size:** 1,100 staff
- ICT Team Size: 12
- **Cost:** $3.5 million
- **Budget Results:** Cost overrun of 25-30%.
- Time taken: 20 months
- Success Rating: 3 out of 5

Summary:

The project focused on functional enhancements within its legacy human capital management (HCM) solutions. The primary goal was to improve efficiency and reduce manual overheads. However, efficiency savings were not realised because the human services team independently automated the similar functions with other products. The project also aimed to improve data access and financial reporting and simplify business processes, which was largely achieved. Another benefit was the reduction in system maintenance overheads by utilising out-of-the-box HCM product functionality, decreasing the regression testing effort during future upgrades.

Activities:

- Activation of new HCM modules and features.
- Automating delegation management to reduce manual processes.
- Utilising standard software to simplify future upgrades and updates.

Structure:

- Large international consulting firm involved in project planning, governance, with provision of technical skills for the migration and configuration of the new platform.
- In-house team of 2 technical staff handled most of the data migration, with one project lead.

Cost Breakdown:

- Consulting firm: $980,000(approximate)
- Internal staff, training: $550,000.
- Additional costs for the platform (excluding software licensing) $380,000.

Key Learnings:

What worked:

- Adopting standard software reduces the need for retrofitting during future upgrades, which enables the faster take-up of new features.

Challenges:

- Lack of business ownership with regards to the final outcomes led to duplicate solutions and poor uptake of the new HCM processes, duplicate investment and confused processes..
- The primary anticipated efficiency savings were not realised as another team had already automated the some specialised functions. This was a lack of governance and oversight.

Case Study 13: On-premises CRM and Specialist Systems to Cloud Migration

Organisation: Federal Government Agency

- **Size:** Approximately 520 staff.
- ICT Team Size: 12
- **Cost:** $7.5 million for migration and developement
- **Budget Results:** While the project came in on budget, the costs were far higher than the executive expected, and the program was not considered ‘value for money.’
- Time taken: 3 years
- Success Rating: 3.5 out of 5.

Summary:

The agency embarked on a multi-year project to migrate an aged legacy on-premises CRM solution to a cloud implementation solution by a different vendor (with a very different architecture.) While migrating the CRM, the organisation migrated a closely aligned bespoke solution. It decided against a lift-and-shift approach, instead choosing to redevelop and modernise business processes to leverage the new

CRM platform. This approach, while not necessarily faster, delivered a better-aligned outcome for the business. A key challenge was the time and effort required for data migration, which took a similar amount of time as the previous system development. While the final result has been positive for the business, the executive were concerned that the high cost of the project, and ongoing costs of solution, were too high to show a positive ROI.

Activities:

- Migrating a legacy CRM system from on-premises to a SaaS based CRM.
- Simultaneously, developing a specialist system, with a focus on IaaS/PaaS rather than a SaaS model, though integrating with the new CRM.
- Data migration, which required significant time to ensure quality and accuracy.

Structure:

- The project was handled entirely by an in-house team.
- A 'team' consisted of a delivery manager, architects, business analysts, 5-6 FTS, including 4 developers, a tester, and a product owner from the business.
- On average, two teams worked on the first uplift over three years, equalling about 12 FTEs.
- The organisation is leaning heavily on the Microsoft cloud stack for its CRM deployment, and Azure as the target state.

Cost Breakdown:

- Majority of costs were in staffing and the 12 FTEs
- Initial cloud infrastructure amounted for 20% of the migration.

Key Learnings:

What worked:

- **Active Business Involvement:** The use of a product owner from the business, who was deeply engaged (60-70% of their time), ensured the delivered product met the business's needs and facilitated change management.
- **Strategic Redevelopment:** Avoiding a simple lift-and-shift migration in favour of redevelopment based on modern capabilities was a key principle. This ensured the project delivered genuine business process improvements and was not significantly more time-consuming than migrating and re-testing old code.
- **Platform Reliability:** Migrating to a preferred cloud significantly improved system availability and reliability compared to the legacy datacentre, reducing manual effort for fixing failed transactions and maintaining uptime.

Challenges:

- **Cost Perception:** While the project was considered a success, the business was still surprised by the overall cost of the projects.
- **Data Migration Complexity:** Migrating historical data was a major challenge, taking as long as developing the new system itself due to the need for precision and validation.
- **Maintaining Dual Systems:** During the migration period, the organisation had to maintain both the old and new systems, temporarily increasing resource requirements.
- **Defining ROI:** The organisation struggled to directly measure and report on the return on investment (ROI) in financial terms, despite seeing clear benefits in process efficiency.

Case Study 14: Multiple On-Premesis Education Solution to Single SaaS Platform Migration

Organisation: Higher Education

- **Size:** 2,500 staff, with 45,000 students
- ICT Team Size: 12 (8 FTE)
- **Cost:** Approximately $80,000 in non-BAU budget' costs, with most of the project coming from existing BAU, staff costs, estimated at $250,000.
- Budget Results: On budget
- **Time taken:** Less than two months
- Success Rating: 4 out of 5

Summary:

The education provided undertook a major project to consolidate its higher education and vocational training applications onto a single platform. This required an upgrade of its on-premise learning, student management, and financial management, timetabling systems to a single education-specific SaaS platform. The upgrade was completed in a short timeframe and under budget, with a focus on a risk-based testing approach and augmenting the internal team with external contractors. However, initial satisfaction with the new SaaS platform was initially low, due to weak change management and staff resistance.

Activities:

- Consolidated applications for financials, learning, student management, and timetabling into a single SaaS platform.
- Utilised a risk-based testing approach, focusing on integrations and key functional aspects rather than full regression testing.
- Augmented the internal team with a specialist contractors for testing.
- Reviewed upgrade notes and roadmap with the SaaS vendor to identify potential future impacts.

Structure:

- The core upgrade team consisted of 8 ICT staff, business analysts and an integration specialist. Given resource constraints, CIO acted as the project manager.
- The team was augmented with contracted testers to meet the project timeline.

Cost Breakdown:

- **Contractor costs:** $80,000 primarily testing, with this budget being taken from capital expenditure for the year.
- **Licensing:** $750,000 annual, replacing end-of-life on-premesis solutions and associated infrastructure.
- **Infrastructure:** Reduction of an estimated $200,000 annually due to move to SaaS.
- **Internal Labour:** A team of around 8 internal staff, taken from other duties.

Key Learnings:

What worked:

- **Speed and Efficiency:** The upgrade was completed in under two months by taking a risk-based approach to testing: rather than testing everything, only features with the highest impact to the organisation were fully tested.
- **Consolidation:** Moving multiple systems (financials, students, timetabling) to a single SaaS platform created a unified data source and improved capabilities.
- **Internal Capability:** Building a strong internal team is crucial for driving long-term value from SaaS platforms, rather than relying solely on external consultancies. By rejecting some consultancy offerings, the project was brought far more quicker.
- **Vendor Relationship:** The ability to communicate directly and easily with the SaaS vendor was a significant benefit compared to experiences with other vendors.

Challenges:

Multiple Support Channels: Having multiple systems with different vendors and managed service providers had increased the total cost of ownership of the previous systems.

Organisational Maturity: A low level of organisational maturity made it challenging to change mindsets and get business units to understand the importance of system upgrades and cyber security. The organisation is in the process of defining clear responsibilities for systems managed outside of IT.

Lack of Support Model: The previous student system was implemented without a thought-out, long-term support model, creating ongoing operational challenges.

Distributed IT Model: Having systems run by different business units without clear governance led to problems with upgrades and cyber security compliance.

User Experience and Ease of Use: The user experience and ease of use were rated as average, with some parts of the system still being 'clunky'. This is in part due to a lack of dedicated change management, in part due to limited UAT, and impart due to the selected SaaS product lacking in some areas.

Case Study 15: ERP Reimplementation

Organisation: Higher Education

- **Size:** 4,000 staff and 50,000 students
- ICT Team Size: 12
- **Cost:** $11.6 million spent to date, with another $800,000 in milestones, plus a $500,000 extra change request.
- **Budget Results:** Overrun of 30-50%. The project's additional costs and increased ongoing support negated the anticipated cost savings.
- **Time taken:** 18 months, plus 12 months of recovery and re-implementation efforts.
- Success Rating: Failure

Summary:

The University, a long-time user of a major ERP, undertook a project to reimplement its finance, HR, and student systems. The original 1997 implementation was heavily customised, which made it difficult to upgrade and support.

A major international consulting firm, and a long-term partner, was hired to lead the reimplementation, with the goal of returning to an off-the-shelf, 'vanilla' version of the ERP. Despite an extensive requirements-gathering phase, the project failed, resulting in a heavily customised new system that was not fit for purpose and required a 12-month recovery effort.

The project incurred significant extra costs and operational overhead, negating any initial cost-benefit projections. The interviewee highlighted a pattern of behaviour from a large consulting firm that over-promised on the 'vanilla' implementation, but then delivered a customised solution. The project's failure was also attributed to the university's internal processes and a lack of understanding from the business side about what a modern financial system should look like.

Activities:

- Requirements gathering and project planning.
- Reimplementation of the previous ERP system.
- System customisation and development by a large international consulting firm.
- 12-month recovery and re-implementation effort.

Structure:

- The project was led by the large consulting firm, with the university providing an internal project manager.
- The university's IT team provided subject matter experts to the consulting firm's team.
- The project was meant to be owned by the finance department, not IT, but it was quickly passed back to ICT as the project issues became apparent.

Cost Breakdown:

- Total Spent (to date): $11.6 million
- Remaining Milestones: $800,000
- Additional Change Requests to date: $500,000
- Internal Support Cost (current): 12 FTEs
- Expected Internal Support Cost (post-project): 11 FTEs
- Actual Internal Support Cost (if implemented as customised): 14 FTEs (a net increase of 2 FTEs)

Key Learnings

What worked:

- The project is largely considered a failure, with no new value returned from the effort to 'de-customise' the prior ERP solution.

Challenges:

- **Vendor's Promises vs. Reality:** The consulting firm promised a return to a 'vanilla' ERP implementation. However, weak governance and a lack of ownership by the university resulted in yet another heavily customised

version of the ERP, retaining support challenges and costs of the previous implementation.

- The interviewee noted that the consulting firm, which is well established and influential with the organisations, has 'truckloads of IP and expertise, but delivers in the same way, with the same results'.
- **High Customisation:** The new system, like the old one, was heavily customised, making it difficult to support and negating the goal of a clean, off-the-shelf platform.
- **Increased Operational Costs:** Instead of saving resources to administer the ERP, the delivered system would have required twice the resources.
- **Internal Business Ignorance:** The university's finance team, despite complaining about the old system, was unwilling or unable to adapt to new processes. They ended up replicating their old, antiquated processes in the new system. There was insufficient governance and commitment from the executives to insist on adoption of industry standard processes existing with the ERP solution.
- **Inadequate Project Costing:** The organisation was not able to accurately track the cost of the project.
- **Poor User Experience:** The user experience of the new system was rated as a '2' on a scale of 1 to 5, with users saying it would only be better, faster, and easier 'if it worked'.

Case Study 16: On-premises to SaaS Office Productivity Migration

Organisation: Federal Government Agency

- **Size:** 2700 staff
- ICT Team Size: 16
- **Cost:** $3 million for planning and migration, excluding licenses.
- **Budget Results:** Overrun by 20%, largely due to contractor fees.
- **Time taken:** Planning phase 12 months. Implementation 12 months with some specific services (telephony) expected in an additional 12 to 18 months.
- Success Rating: NA

Summary:

This organisation embarked on a major technology uplift involving the adoption of multiple Microsoft productivity solutions, including Microsoft 365. The project was framed as an organisational change management challenge, not a technology problem, due to the need to engage the business and change traditional ways of working, such as embracing collaboration tools with links to core business solutions.

Two external consultancies were brought in to assist with the build/deployment and the organisational change management. The project's forecast spend was almost entirely used up by two external companies for build/deployment and organisational change management, with only $300,000 left. This left minimal budget for internal resources, which led to a skills deficit and greater technical debt post-project. The project's costs were higher than initially forecast. Even so, the return on investment (ROI) is anticipated to be achieved by the beginning of the 2026-27 financial year.

Activities:

- Engaging a mid-sized consulting firm organisational change management.
- Engaging a second international consulting firm to conduct an audit of the current environment to identify legacy systems and data that do not need to be integrated or migrated as part of the overall uplift, and then perform the migrations.
- Planning for the deprecation of legacy software and services, such as Citrix, Ping ID, and Webex, to achieve cost savings.
- Building a greenfield environment.
- Migrating from a Webex telephony system to Teams Phone over 12-18 months to manage user disruption.
- Deprecating two various software packages where functionality is now included in Windows 11 and Microsoft 365.

Structure:

- The project involves a system integrator to assist with the implementation.
- The project has engaged a company to help with organisational change management.

- Microsoft has been highly engaged and supportive, providing advice on toolsets and roadmaps.

Cost Breakdown:

- The overall project forecast spend was almost entirely consumed by two external companies for the build/deployment and organisational change management.
- The step-up cost from E3 to E5 licences is approximately an extra $20 per user per month, a budgeted licensing increase that warrants an analysis of which legacy solutions could be discontinued, and the resulting security and integration impacts.
- Savings from deprecating legacy systems and services, including Citrix, Ping ID, Semantic endpoint protection, Webex, and TPG are being used to offset the licensing increases from Microsoft.

Key Learnings:

What worked:

- A detailed ROI spreadsheet was a useful tool to demonstrate anticipated returns to the business, which helped sell the project internally. However, such returns are being drawn out further into the future.
- The decision to pursue a platform play (Microsoft 365) rather than a 'best-of-breed' approach is a better one because it removes integration challenges and helps manage costs, training, and staff upskilling.
- Adopting a SaaS model reduces the ability to heavily customise services, which in turn removes a lot of cost and complexity from the environment.

Challenges:

- The project budget for external consultancies was higher than initially forecast.
- A major challenge is a lack of sufficient planning for the actual migration.
- Insufficient engagement with the business is a significant risk to the project's success.
- The organisation has a lot of technology debt and a history of relying on legacy practices, such as using email as a primary collaboration tool, which will require a significant organisational change.
- Using external consultancies has meant that the organisation has not had the opportunity to build internal capability, which will likely lead to a skills deficit and greater technical debt after the project is complete.
- Employees who are used to on-premises systems (servers, custom applications, etc) feel threatened by the move to the cloud, and the project has not done enough to take them along on the journey to a new way of working.
- The project is still maintaining some legacy third party applications, which has an ongoing cost and complexity.

Case Study 17: Legacy ERP Upgrade

Organisation: State Government Agency

- **Size:** 4000+ staff
- ICT Team Size: 36
- **Cost:** Est $25 million
- **Budget Results:** 10-20% cost overrun.
- Time taken: 25 months
- Success Rating: 3 out of 5

Summary:

A state government agency upgraded its legacy ERP system to the latest (mandated) version. The project was primarily driven by the increasing risk and total cost of operations associated with the old system, which was nearing its sunset date. The legacy system, a monolithic architecture, managed all corporate back-office functions, including finance, HR, and procurement. Despite predicted infrastructure savings, the majority of cost savings post implementation were realised through a 'sweetened licence deal for early adoption by the vendor'. The migration project experienced significant cost overruns of 10-20% and received a success rating of 2 out of 5, largely due to the challenges with customisation and administration.

Activities:

- Upgrade ERP solution.

- Technical 'lift and shift' of existing customisations.
- User acceptance testing (UAT)
- (Limited) change management

Structure:

- A multinational systems integrator to provide skills and additional human resources for the migration project. This firm provided 15-20 people for the heavy lifting technical tasks of the project.
- The ERP vendor's consulting arm provided an engagement lead, three business architects, and one technical resource, for governance and quality.
- The organisation's in-house team comprised 15 people for solution governance, architecture, and UAT, with security handled separately by the organisation's own cyber and risk team.

Cost Breakdown:

- **Consulting:** Consumed approximately 55% of the total migration program budget.
- **Infrastructure:** Savings from hardware rationalisation by moving from a four-tier on-premise landscape with significant idle capacity.

Key Learnings:

What worked:

- **Performance:** A marked improvement in performance was noted, particularly in long-running batch jobs and user queries, with some processes reducing from four to five hours to less than 30 minutes.
- **Long-Term Cost Savings:** The project successfully reduced long-term operational costs by reducing the effort and expense associated with future upgrades.
- **Risk Mitigation:** The primary goal of reducing the risk associated with an unsupported legacy system was met.

Challenges:

- **Customisation Management:** The project struggled with customisation as it was a 'technical upgrade' rather than a greenfield implementation. A thorough impact assessment was not conducted, leading to significant effort in retrofitting and rewriting code. The use of the ERP vendor's native tools was less efficient than expected.
- **Administrative Learning Curve:** Administration of the new system took more time initially, as the entire system, from the user interface to the underlying database, had changed. The client leaned heavily on the SI partner for upskilling and capacity uplift.
- **Justification:** The business case was driven by risk and cost rather than a strategic business-value-focused approach, which is a common pitfall in these types of projects.
- **Automation:** A key lesson learned was the need to invest in automation tools for impact assessment, code correction, and regression testing to fast-track the technical aspects of the project and reduce risk.
- **Governance:** The interview highlighted the importance of a tight governance layer and holding the product vendor accountable to ensure project success.

Case Study 18: Federal Public Sector Agency Upgrade

Organisation: Government Agency

- **Size**: 1,200 staff
- ICT Team Size: 25
- **Cost**: AU$6.5 million (initial budget AU$5.5 million)
- **Budget Results**:AU$1 million cost overrun
- **Time taken**: 30 months (18 months delayed)
- Success Rating: 3 out of 5

Summary

A stage public sector agency initiated a project to upgrade its legacy, on-premises core financial and human resources (HR) systems to a modern, integrated SaaS platform. The project, with an initial budget of AU$5.5 million, was intended to improve efficiency, reduce operational costs, and mitigate the risks associated with an aging system nearing the end of its life. ICT executive and senior management goals included aligning the organisation's financial

and workforce processes to 'standard practices', rather than retaining the many customisations and workarounds in place in the legacy solution.

An international consulting firm was engaged to manage the plan, with an estimated AU$1.5 million project management fee that included requirements gathering and implementation planning. The project, however, was plagued by significant delays resulting in budget overruns. The primary reasons for the failure were a flawed requirements-gathering process that initially called for heavy customisation of the target SaaS environment, and the resulting internal challenges to gain agreement. with user acceptance testing (UAT), and a heavy reliance on the external consulting firm.

Activities

- **Requirements Gathering**: An international consulting firm was tasked with leading a comprehensive requirements-gathering phase. Initially this was expected to take 3 to 4 months. However, lack of agreement saw this task ending close to a year.
- **System Configuration and Implementation**: The consulting firm was responsible for configuring the new SaaS platform, with internal staff being trained during this process.
- **Data Migration**: An internal team managed data migration from the legacy system to the new platform, given their intimate knowledge of the underlying customisations.
- **User Acceptance Testing (UAT)**: UAT led to the discovery of multiple issues stemming from unresolved differences of opinion regarding the requirements.
- **Change Management**: The agency developed a change management plan to address the transition to the new system, but was met with resistance.

Structure

The project was led by a steering committee with executive sponsorship, but the implementation and project management plan was largely run by the consulting firm.

The internal ICT team's role was primarily to support the consultants and provide domain knowledge technical assistance during the planning stage.

Business leaders and end-users were engaged in workshops led by the consulting firm, but their input was not fully integrated into the project plan.

The project governance model was top-down and rigid, leaving little room for a more agile approach to adapting to user feedback, nor an ability to gain genuine agreement on the 'must have' features, nor priorities.

Cost Breakdown

- **Consulting Fees**: AU$1.5 million was paid to a large international consulting firm for project management, requirements gathering, and technical implementation.
- **Internal Costs**: AU$4 million covered internal staff time and other operational expenses (excluding licenses).
- **Cost Overrun**: An additional AU$1 million was spent due the time overrun on the project bringing the total cost to AU$6.5 million.

Key Learnings

What Went Wrong

- **Ineffective Requirements Gathering**: The consulting firm's traditional, exhaustive requirements gathering process was a major source of delay and cost overruns. The approach focused on gathering every conceivable requirement, many of which were either redundant or well-established in both the legacy and new SaaS solution. As a result, the desire for standardising on 'out-of-the-box' processes and feature priorities were overlooked.
- **Poor User Acceptance Testing (UAT)**: UAT was a significant source of project delay and failure. By the time the UAT phase began, the platform was already heavily configured based on the initial, flawed requirements. When end-users finally tested the system, there were disagreements on the configurations and workflows, leading to friction and user dissatisfaction.

- **Over-reliance on Consulting**: The agency's decision to hand over the project's direction and planning to the consulting firm proved counterproductive. The consultants lacked a deep understanding of the agency's specific domain and were not incentivised to minimise effort or reduce time to value, leading to unnecessary complexity and higher costs.

Case Study 19: ERP Upgrade

Organisation: Utility

- **Size**: 2,500 staff
- ICT Team Size: 40
- **Cost**: AU$12 million, excluding infrastructure and licensing
- **Budget Results**: 5-10% cost overrun
- **Time taken**: 21 months (4 months behind schedule)
- Success Rating: 4 out of 5

Summary

A utility company undertook a project to upgrade its legacy, on-premises ERP and a custom billing solution to the mandated latest version of the ERP, which involved significant changes to the underlying database and infrastructure. The initial project was framed as a 'like-for-like' technical migration to address end-of-life risks for the legacy system, not to create new business value. An international consulting was engaged to scope the project and determine the future of the custom billing solution, with the decision made to upgrade the billing solution at a later date and rework the integrations.

Due to scope increases and delays, the project ran six months behind schedule and 5-10% over budget. A smaller, local consulting firm was brought in to replace the international consulting firm for integration work.

The in-house technical team, supported by a specialist technical consulting group, handled the technical architecture and data center work.

While the project was deemed a technical success with a satisfaction rating of 4 out of 5, no new business value was created.

Activities

- **Initial Scoping**: An international consulting firm was engaged to help scope the migration and determine the future of the custom billing solution and required integration work.
- **Technical Migration**: The in-house team, with support from a specialist technical consulting group, performed the core technical upgrade of the ERP infrastructure.
- **Integration Rework**: A smaller local consulting firm was hired to rework the integrations between the new ERP environment and the legacy billing solution.

Structure

- The project began with a six-month planning phase led by the international consulting firm.
- When the project encountered delays, the utility's project management office (PMO) brought in a smaller, local consulting firm with expertise in integration to take over the larger consulting firms technical staff.
- The in-house ICT team was responsible for the technical architecture and data center work, with a specialist technical consulting group assisting them.

Cost Breakdown

- **Total Project Cost**: Estimated AU$24 million, excluding the cost of new infrastructure and licensing.
- **Cost Overrun**: The project ran 5-10% over budget due to the increased scope of work and delays.

Key Learnings

- **Project Focus**: The project was driven by risk mitigation and operational necessity rather than a strategic business-value-focused approach. As a result, while the technical migration was successful, no new business value was generated.

- **Consulting Model**: Initially relying on an international consulting firm for broad scoping and project management led to delays and cost overruns. The shift to a smaller, more specialised consulting firm for the specific challenge of integration proved to be a more effective strategy for getting the project back on track, aligning with findings that a strong in-house team can expedite the process with targeted external support.
- **Technical Complexity**: The technical 'lift-and-shift' of the highly customised ERP was a hugely complex and labor-intensive effort, contributing to the budget overruns. This highlights the challenges of upgrading monolithic applications with numerous customisations.
- **Administrative Costs:** The project also demonstrated that even when a project is rated highly, the administrative learning curve can increase costs and effort initially.
- **Return on Investment (ROI)**: The project successfully mitigated the risk associated with an unsupported legacy system and delivered a marked improvement in performance for some processes. However, the substantial cost of the project and the lack of new business value meant that the ROI was challenging to define and prove in financial terms.

Case Study 20: Consolidating Multiple CRMs to a Single SaaS Platform

Organisation: Asset-Rich Private Sector Firm

- **Size**: 1,200 employees
- ICT Team Size: 124
- **Cost**: Approximately AU$5 million (excluding software licensing)
- Budget Results: On budget
- **Time taken**: 25 months (phased)
- Success Rating: 5 out of 5

Summary

An asset-rich private sector organisation undertook a project to consolidate nine separate, disparate customer relationship management (CRM) systems into a single, unified Software-as-a-Service (SaaS) platform. The legacy systems included a mix of on-premises and cloud-hosted solutions, none of which were considered fit for purpose, and some were not fully implemented. The project's main goals were to rationalise the fragmented CRM landscape, improve data quality, and gain access to new functionalities.

The migration was planned and executed in phases over 25 months, with an internal ICT team of 12 leading the effort. The project's success was driven by a phased implementation strategy, with change management and user adoption as the primary drivers of the rollout schedule.

Structure

The consolidation was managed and executed almost entirely by a dedicated internal ICT team of consisted of a full-time project manager, 3 part-time BAs, 2 full-time and 2 part-time engineers (retrained in the new SaaS platform), additional ICT staff from the broader company as needed for ‘sprints’ and for their domain knowledge of each of the legacy CRMs. The change management team consisted of 5 part-time staff, involved throughout the program as needed, working closely with the BAs.

This internal team was responsible for all aspects of the project, from planning and data preparation to managing vendor involvement and implementation.

The SaaS vendor was used for specific tasks, primarily configuration support, and data ingestion support after the in-house team had completed the necessary data cleansing and validation.

Activities

- **Requirements Gathering, Go-to-market and product selection**: The CIO and project manager directly engaged business units to gather requirements limited to each CRM implementation. Customisations were noted, but only insofar as inputs for configuration, or potential activities for post-implementation add-ons. A boutique advisory and consulting

firm was used to review the requirements, go to market documentation, conduct a market scan of available SaaS solutions that would service the high-level needs of the organisation.

- **Planning:** The project manager and CIO created the consolidation plan, with the priorities and requirements being refined by the BAs working with the 'owners' of the legacy CRMs. A boutique advisory and consulting firm was used to run workshops, provide external review and assurance over the implementation plan.
- **Data Cleansing and Migration**: The internal team was responsible for reviewing, cleaning, and preparing the data from the nine legacy CRM instances. The SaaS vendor was then engaged to perform the technical data migration.
- **Change Management**: The schedule for the phased rollout was determined by change management considerations, with a focus on training and supporting business units sequentially.
- **Phased Implementation**: The migration was rolled out in phases, with the 'easiest-to-train' (most receptive) business units migrated first. These early adopters were then used as a reference point for subsequent phases.
- **New Module Implementation**: The project included the implementation of several new modules, including an analytics platform, financial management for billing, email management and call tracking.
- **Post Implementation:** The organisations engaged specialist software integrators to integrate marketing technology. The SaaS vendor implemented an e-commerce platform, with integrations being largely performed by marketing technology specialist consultants.
- **Telephony Integration**: Telephony was directly integrated into the new CRM to streamline communication and data capture. This was performed largely by the SaaS vendor and a telephony.

Cost Breakdown

- **Total Project Cost**: CRM consolidation AU$5 million, including consultants and consulting fees, internal staffing. Excluding software licensing.
- **Cost Attribution**: The majority of the project costs were attributed to the salaries and time of the internal ICT staff members assigned to the project.
- **Consulting Costs**: Minimal, as the organisation relied on its internal team and the SaaS vendor's managed migration services. The project was completed on budget.

Key Learnings

- **Internal Capability is Key**: The decision to keep the project in-house and rely on the internal ICT team's deep knowledge of the organisation's fragmented systems was a critical factor in the project's success and budget management. This approach avoided the delays and cost overruns often associated with relying on large external consulting firms for broad, foundational tasks.
- **Phased Rollout Driven by Change Management**: By prioritising change management and user adoption, the organisation was able to successfully introduce a new platform while mitigating user resistance. The phased rollout allowed the project team to refine training and communication strategies with each successive group, leading to smoother transitions.
- **Value of Platform Consolidation**: The project demonstrated the significant value of a platform approach. Consolidating multiple systems into a single platform not only addressed the initial risk of fragmented, unfit-for-purpose systems but also enabled new business capabilities that were previously unattainable. The ability to integrate analytics, billing, marketing, and e-commerce into a single platform created new value from the investment beyond a simple 'like-for-like' migration.
- **Direct cost savings:** By consolidating the 9 CRMs, the organisation was able to eliminate not just duplicated licenses and maintenance costs, but also infrastructure and cyber risks. An early cost comparison of retaining the 9 CRMs but moving them to cloud infrastructure, versus opting for an arguably more costly (per user) SaaS platform showed a significant (10-17%) reduction in BAU costs.

Case Study 21: Local Government ERP Migration

Organisation: Local Government

- **Size**: 700 staff
- ICT Team Size: 12
- **Cost**: AU$1,250,000 (excluding licensing)
- Budget Results: On budget
- **Time taken**: 18 months
- Success Rating: 4 out of 5

Summary

- A local government with a staff of 700 and a 12-person ICT team initiated a project to migrate from an outdated, on-premises ERP system to a new SaaS platform. The legacy system, which was out of support, handled core functions including finance, asset management, property, and ratings. It was also heavily integrated with other aging, custom solutions. The primary driver for the project was to mitigate the risks associated with the unsupported system and its complex, fragmented architecture.
- The agency engaged a small specialist consulting firm to review its options, which led to the decision to migrate to a new SaaS vendor. Due to limited internal resources, the organisation planned to rely heavily on the SaaS vendor for migration support. However, it soon became clear that a specialist data consulting firm was needed to prepare the legacy data for migration.
- The project successfully migrated the core functions, coming in on budget at AU$1.25 million, with most costs attributed to staff salaries. The specialist consultant for integrations, and the SaaS vendor's migration support accounted for an estimated 15 and 20% of the migration costs respectively.

Activities

- **Vendor and Platform Selection**: A small specialist consulting firm was hired to review options and help select a new SaaS ERP vendor.
- **Migration Planning:** Planning the migration was done internally, with close support and workshops run by the SaaS vendor.
- **Data Preparation and Migration**: The project team, with support from a small specialist consulting firm, reviewed, cleansed, and prepared the legacy data for migration. The SaaS vendor was responsible for the technical data ingestion.
- **Integration Rework**: The small specialist consulting firm was tasked with redeveloping integrations between the new SaaS platform and the remaining legacy solutions.
- **Vendor Management**: The project manager managed the relationship between the SaaS vendor and the specialist consulting firm to alleviate tension and ensure a smooth process.

Structure

- The project was led by the internal ICT team, with a dedicated project manager supported by 3 technical leads.
- A niche consulting firm was brought in for the initial review and later to handle the complex data preparation and integration work.
- The SaaS vendor was used for its managed migration services and product configuration. The project's success was largely due to the project manager's ability to coordinate and manage these different parties effectively.

Cost Breakdown

- **Total Cost**: AU$1,250,000, excluding ongoing licensing fees.
- **Staffing**: A significant portion of the budget was spent on internal staff salaries and time, which was partly pulled from BAU.
- **Consulting**: The specialist consulting firm's fees for data preparation and integration work was estimated at around 15-20% of the costs.
- **Vendor Support**: The SaaS vendor's fees for migration support, set at $250,000.

Key Learnings

- **Specialised Consulting is Effective**: The use of a small, specialised consulting firm for targeted tasks like initial review and data preparation

proved to be a more effective strategy than relying on a large, generalist firm. This approach helped to contain costs and focus on specific, high-risk areas of the project. This aligns with findings that a strong in-house team with targeted external support can expedite a project.

- **Vendor and Consultant Coordination is Crucial**: While vendor-provided migration services are beneficial, a third party is often needed to manage the complexities of legacy data and integrations. This case study demonstrates that proactively managing the relationship between the vendor and the external consultant is essential to avoid delays and tension, which is a known challenge when managing multiple external parties.
- **Data Migration is a Key Challenge**: The project highlights that even with vendor support, data migration remains a significant and complex challenge, often requiring specialised skills to ensure data quality and integrity before the technical migration can occur. The decision to bring in a specialist consulting firm for this purpose was critical to the project's success.
- **Proactive Approach to Risk**: The organisation's decision to get off an unsupported system and its willingness to invest in a new platform, rather than waiting for a failure, was a key success factor. This contrasts with projects that are forced to react to end-of-life risks, which often leads to more costly and complex migrations.

Case Study 22: Legacy ERP Migration to Cloud Infrastructure

Organisation: State Public Sector Agency

- **Size:** 1,000 full-time equivalent staff.
- ICT Team Size: 37
- **Cost:** $175,000 (planning phase only)
- **Budget Results:** The program was terminated.
- Time taken: 14 months
- Success Rating: 2 out of 5

Summary:

- The project involved migrating a heavily customised, on-premise Finance, HR, and Payroll ERP system to a modern SaaS platform to gain new functionality and reduce on-premise infrastructure. However, led by a tier 1 international IS firm, the project devolved into a technical 'lift and shift' of the existing, highly customised system into an Infrastructure as a Service (IaaS) environment, rather than the initial strategic goals for an ‘out of the box’ SaaS. A key challenge was the inability to manage demands for integration with a range of bespoke and local government specialised legacy on-premises solutions.
- The program failed to deliver an acceptable plan for a SaaS transformation. It also resulted in the budget for planning being significantly underestimated, and the expected timeline missed significantly, due the the challenges of requirements gathering phase that 'focused on replicating the old system rather than driving change’. The outcome was a system with poor ROI, minimal business process improvements, and the need for a second planning effort.

Activities:

- Plan for the migration a legacy on-premise ERP system (Finance, HR, Payroll) to a cloud environment.
- Map existing heavy customisation in the legacy solutions
- Extensive requirements gathering to document and replicate 'as-is' processes.
- Mapping integrations and data migrations.

Structure:

- The project was led by a tier 1 IS consulting firm.
- The project followed a detailed, upfront requirements gathering methodology.
- The final infrastructure proposed was IaaS, not SaaS which was the strategic direction for the business.

Cost Breakdown:

- **Initial estimates:** Underestimated the true complexity of replicating the heavily customised system.
- **Requirements phase:** Added considerable, unplanned costs, with the project team not providing adequate input and guidance during the requirements gather phase.

Key Learnings:

What worked:

- The project was terminated prior to full execution, which was considered a positive outcome.

Challenges:

- **Expectation vs. Reality:** The project's reality as a technical 'lift and shift' to IaaS did not meet the business's expectation of a true SaaS transformation.
- **Requirements Gathering:** An extensive, meticulously detailed requirements phase, intended to replicate the old system, blew out the project timeline and actively reinforced business resistance to change. The consultant's 'as-is' focus was a major factor in the project's failure.
- **Budget and Time Overruns:** The planning effort and involvement of domain experts was significantly underestimated, leading to misunderstandings.
- **Lack of Benefits:** There were minimal to non-existent business process improvements, no reduction in administrative time, and low user satisfaction. The perceived ROI of the submitted migration plan was seen as poor.
- **Technical Issues:** The unquestioned demands for integrations with other systems were

problematic and took longer than expected. Data quality issues were also identified as being significant, and the predicted costs to remediate deems unworkable.

Program name: Diverse CRMs to Single SaaS platform

Organisation: Aged care Services

- **Size:** 10,000+ staff (many part-time/casual)
- **ICT Team Size:** 27
- **Cost:** $2,500,000
- **Budget Results:** The project was completed on budget. The organisation achieved a 10-17% reduction in business-as-usual costs compared to retaining fragmented systems.
- **Time taken:** 25 months
- **Success Rating**: 5 out of 5

Summary:

The aged-care provider undertook a major project to consolidate several (requested to be kept undisclosed) disparate legacy CRM systems into a single, unified Software-as-a-Service (SaaS) platform. The fragmentation was a result of several acquisitions and mergers. The project was managed and executed almost entirely by an internal team with a phased approach, determined by data readiness and user adoption considerations.

The consolidation led to significant benefits, including improved data quality and a unified client view, reduced ICT operational costs, and increased scalability.

Activities:

- Consolidating disparate legacy CRMs into a single SaaS platform.
- Data cleansing and validation, assisted by a specialist consulting firm.
- Phased migration of newly acquired organisations one at a time.
- Internal team managed all aspects, including planning, data preparation, vendor management, and implementation.
- Postponed complex integrations with disparate legacy systems to ring-fence initial efforts.

Structure:

- The project was managed and executed almost entirely by the internal ICT team, led by the CIO and a project manager. The program was deemed a 'commercial imperative' by the executive.
- The internal team consisted of approximately 4 dedicated FTEs at any given time.
- After an evaluation of existing solutions and a high-level requirements gathering initiative, the organisation engaged three smaller, specialist consulting firms for specific tasks:
  - A boutique advisory firm to review and refine the requirements, then conduct an initial market scan of solutions that would meet high-level needs of the organisation.
  - A specialist firm for complex data cleansing from diverse solutions, and ready it for ingestion into the SaaS platform.
  - A third firm for design the SaaS environment and technical assistance. This consulting firm will also be involved in post-implementation integration.
- The SaaS vendor was used for configuration support and technical data ingestion.
- The phased rollout was driven by change management and user readiness.

Cost Breakdown:

- Total Estimated Cost: $2,500,000
- **Internal Staffing:** $750,000 (30% of total cost)
- Vendor Support Fees: 15%
- Tier 2 Consulting Fees: 60%

Key Learnings:

What worked:

- **Relying on internal capability was critical:** Using the 'merged' ICT team's deep knowledge of existing systems and close working relationships was crucial for setting priorities and providing input on data structures and quality issues. It also provided the project with insights into the digital maturity of business

stakeholders, which drive the change management efforts.

- **Phased rollout driven by change management priorities:** This approach allowed the organisation to refine its training and communication strategies with each successive group, mitigating user resistance and ensuring smooth adoption.
- **Strategic ring-fencing of integrations:** The decision to postpone complex integrations with legacy systems helped to control project scope and costs, allowing the team to focus on core data synchronisation for essential business processes.
- **Focusing on benefits to end-users:** Communicating the direct benefits of the new platform helped to drive user adoption.

Challenges:

- **Legacy system integration:** The need to integrate the new CRM with a wide variety of finance, HR, and care management systems from acquired companies was a significant challenge and potential expense. Integration was intentionally minimised during the translation phase, which led to the need for manual work and some user discontent.
- **User adoption resistance:** Some long-term staff were reluctant to embrace the new processes, despite the phased rollout and communication efforts.
- **Data quality:** The messiness of the data from the acquired legacy CRMs required a specialist firm to assist with cleansing and validation.