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COUNCIL
23rd extraordinary session
Agenda item 4(a)

C/ES.23/4(a)
7 October 2005
Original: ENGLISH

PROGRAMME FOR CHANGE:

(a) ERP and Organizational reforms

Note by the Secretary-General

SUMMARY

Executive summary: This document updates the Council on the post-implementation position and progress of the ERP system, since the latest report to C 94

Action to be taken: Paragraph 11

Related documents: C 94/4(a), C 94/4/Add.1 and C 94/WP.3

Introduction

Progress and ongoing work

1 The Council will recall that, during its last session, updates were provided on the progress with implementing and optimizing the use of SAP, the Organization's chosen Enterprise Resource Planning (ERP) system, and particularly on the benefits realized through the introduction of the system.

2 This document provides a progress report on the major ongoing work identified in document C 94/4(a), and the most recent updates on benefits from the introduction of the system, particularly those from the revised structure of system support arrangements.

3 At the ninety-fourth session of the Council in June 2005, the Secretary-General provided a further update on the key areas of ongoing work on the Organization's ERP system. Progress on these areas is summarized below. In general terms, the SAP system is now fully integrated into the Organization's processes and practices. Work remains to review and optimize these processes, as set out in paragraph 7 below, and also to take full advantage of the information being provided by SAP, but in day-to-day terms the system is now fully operational.

4 Of the four areas of ongoing work identified in document C 94/4(a):

- .1 Travel management – the SAP travel management system has been corrected and updated, and now incorporates a larger number of user-friendly features. These changes have been tested thoroughly and are now operating correctly in the live system. As a prelude to the introduction of the changes, all users of the travel system (some 100 staff in all) were provided with 'refresher' training on

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SAP travel, and introduced to the changes being made. The training sessions also included a 'Frequently Asked Questions' session, in which the main issues being raised by users over the preceding twelve months were addressed thoroughly. During the training courses, a number of helpful suggestions were made by users and, where possible, these were incorporated into the updated SAP travel system when the update was made;

- .2 Strategic Enterprise Management (SEM) – the ongoing development of the SEM tool to support the budgeting process of the Organization is a part of the work of the Organization's Management Accounts Service, who will ensure that it best fits the budgeting requirements. The upload of the approved 2006/07 budget to SAP will be handled through SEM;
- .3 Business Warehouse (BW) – the BW tool is being effectively used in the two areas mentioned in document C 94/4(a), namely Publications and Technical Co-operation. The reporting tool is extremely powerful and flexible, and one of the challenges for the coming year is to refine and target from the wide range of reports available into those which are of the most use to track the performance of these areas of the Organization on a periodic basis, and to embed these reports within a more sophisticated reporting process; and
- .4 Enterprise Portal (EP) – the remote access functionality offered by the EP tool is completing its testing at present, with a particular focus on ensuring the security and integrity of the core system. Subject to proper assurance being derived from the testing, the tool will be rolled out to a pilot section during late 2005, with a view to a broader roll-out during 2006.

5 In the light of the favourable reception to the travel 'refresher' training provided to users, the SAP support team will be developing similar courses to provide users with an update and re-cap on other major areas, such as project management and the procurement process, with a view to rolling out these courses in late 2005 and early 2006.

Implementation reviews and benefits position

(a) Implementation reviews

6 As identified in document C 94/4(a), the Organization is to maintain a focus on realizing the full benefits of its investment in SAP. The starting point for this has been the development of an in-house Post Implementation Review.

7 The scope of the review was outlined in document C 94/4(a), and the progress made on the main areas is set out below:

- .1 Process reviews – a significant amount of work has been done on refining and improving the travel procedures as part of the re-configuration of the SAP travel module. This has led to some streamlining of the procedures themselves. More broadly, in order to focus the efforts of the review more clearly, there will be a process of assessing the 'maturity' of key processes in the Organization, with a high maturity indicating a process which is well documented, well controlled, well owned and well understood, with a view to focusing on those processes which are less mature and bringing them up to the same standard;

- .2 Licensing and system usage – a preliminary review of the licences available has indicated a significant number which had been allocated to users who had subsequently left the Organization. These licences were initially locked, but have now been re-allocated. The model of licence use across the Organization is maturing with greater experience of the system, many Divisions operating similar models to deal with similar issues. There is a recognition that many administrative tasks on the system, such as data entry, may be handled more efficiently if centralized in a smaller number of key people in a Division, whilst tasks, such as authorization and approval, remain distributed;
- .3 Benefits delivery – the most significant additional saving since those reported in document C 94/4(a) have come through a restructuring of the SAP support team as outlined below. The refinement of the travel procedures has made the work of the staff involved in this area easier, but this will not be sufficient to produce savings of posts, although a marginal impact on overtime may result; and
- .4 Support arrangements – a review of the SAP support arrangements has led to an evolution in the structure of the SAP support team. With the greater development of practical skills and experience, particularly amongst the ‘super users’ of the system who were initially involved in the system development, there has been a conscious effort to de-centralize the support for the system, and to move the responsibility for key modules to the ‘owners’ of those modules, with all support calls being routed through the Organization’s main IT help desk. One consequence of this has been the reduction in central full-time SAP support and the return of the full-time ERP project manager to a role in Financial Services, where he/she will become the SAP Financials super user. This has led to a reduction of 12 work months in resource requirement in this area.

8 As foreshadowed in document C 94/4(a), the process of reviewing and optimizing the SAP system to meet the Organization’s needs is one which will last the life of the system, to ensure that there is no stagnation and that the system remains relevant to the changing work of the Organization. The process review, in particular, is a major part of this, and there will be a constant review of processes once they have been analyzed and prioritized, using in-house resource and expertise, which, in turn, helps to build and develop that expertise.

(b) Benefits

9 Documents C 94/4(a)/Add.1 and C 94/WP.3 outlined what has been achieved to date in making cost savings through the introduction of SAP. Many of these benefits are reflected directly in decreases in the 2006/07 budget from previous levels, whilst others represent amounts which have been overspent on programme budgets in the past and compensated for through under-spending elsewhere; and others a transfer of resource to other areas of the Organization resulting in a lower increase than would otherwise have been required. In addition to those amounts set out in the documents mentioned, an additional cost saving of £114,800 has been made through the restructuring of the SAP support team and associated structural changes in Financial Services, as mentioned in paragraph 7.3 above. This is reflected in the updated budget document submitted to this extraordinary session of the Council.

10 Whilst the possibility for further process reforms and efficiencies will not be ignored, and will form a fundamental part of the review identified in paragraph 7 above, the role of SAP now is to underpin the broader Change Management Programme; and to provide the information necessary in a transparent and straightforward manner to allow decisions on resource allocation to be made from an increasingly informed position.

Action requested of the Council

11 The Council is invited to take note of the information contained in this document and to comment as appropriate.
