



## SECOND ITEM ON THE AGENDA

**Integrated Resource Information System (IRIS)****Introduction**

1. During the 295th (March 2006) Session of the Governing Body, the Information and Communications Technology Subcommittee (ICTS) of the Programme, Finance and Administrative Committee (PFAC), reviewed progress of the implementation of the ILO Integrated Resource Information System (IRIS). Information provided on IRIS included a review of the implementation timeline, an overview of business functionality, steps taken to mainstream IRIS into the Office, the status of training, benefits already realized, and specific goals and actions going forward with a focus on the roll-out of IRIS to the field. Two live demonstrations of IRIS functionality were also presented.
2. The Report of the External Auditor for the financial period 2004-05<sup>1</sup> provided a number of observations and recommendations to guide the Office in its continuing development of IRIS and on measures to be adopted for any future IT projects. The PFAC was informed during its 295thbis (June 2006) Session of steps already being taken by the Office to implement these recommendations. This document highlights lessons learned during the implementation of IRIS at headquarters.
3. As background to this paper, it is important to note that the business case for implementing an integrated, state-of-the-art Enterprise Resource Planning (ERP) system at the ILO was based on the urgent need to replace outdated legacy applications which were becoming increasingly difficult and costly to maintain, and to meet changing business requirements.
4. The following are the major components of IRIS:
  - accounts payable;
  - accounts receivable;
  - benefits;
  - budget formulation, implementation and management;

<sup>1</sup> GB.295bis/PFA/1.

- cash management;
  - financial reporting;
  - general ledger;
  - human resource management, administration and reporting;
  - payroll and benefits;
  - procurement;
  - travel; and
  - treasury.
5. In order to provide an integrated, collaborative interface, the IRIS strategic management application was designed to support management in planning, implementing, monitoring and reporting within a results-based framework.
6. All of the above functionality is currently available and working in IRIS. With the implementation of IRIS, a significant number of enhancements were made to improve the quality, security and usability of essential information throughout the Office. As with any major change in technology, established business processes and operations, the implementation of IRIS resulted in a number of significant challenges to the Office. The remainder of this paper will focus on key lessons for the future, with emphasis on implications for the roll-out of IRIS to the field.

## Lessons for the future

### Change management

7. **Change is a process, not an event.** Change management related activities such as training, support, communication, role mapping, and alignment of organizational structures and staffing profiles to modified business processes require early and ongoing attention. IRIS has impacted day-to-day activities of staff, including staff not directly involved in the implementation of IRIS. Performance and recognition programmes to motivate staff towards developing additional skills and competencies required for using IRIS are essential to changing behaviour. The initial responsibility for managing change was delegated to an external implementing partner that did not understand the Office. This competency is now being developed and kept in-house. An Organizational Change Advisory Committee has been established which is addressing many of these issues.
8. **Manage expectations.** It is important to maintain realistic, achievable expectations and communicate these regularly to all staff. Staff can only engage if they know what the project entails, what the issues are, and how the project will affect their day-to-day work. It is important to define and maintain a formal communication strategy and plan, and to hold regular communication events to address staff concerns and expectations. A number of strategy and planning meetings, teleconferences, workshops, and face-to-face discussions have taken place with field directors and staff to clearly communicate and manage expectations regarding field roll-out.

- 9. Listen to end-users.** End-users need to be involved from the outset to gain the necessary insights on business issues facing management and key-users. Input on business requirements was primarily received from process owners working directly with IRIS staff. While this input was important, it was by no means sufficient. Although IRIS solutions resulted in improvements and efficiencies for many users, the day-to-day workload of others increased. The IRIS Users' Forum and the IRIS Funds Control Officer (FCO) Information Sessions now give key-users of IRIS the opportunity to share experiences, ideas and concerns with key decision makers.
- 10. Do not underestimate the impact of centralization/decentralization.** It is essential to analyse the impacts of change in internal service and support structures on future administrative procedures, operations and staff. Decisions were made to centralize processes that were previously decentralized and vice-versa. As a result, administrative and management workload for many departments increased while others experienced a decrease. The resulting imbalance had a significant impact on ongoing operations. An Office-wide effort is currently under way to streamline administrative procedures and organizational structures using shared services and centres of excellence.
- 11. Integration requires coordination.** With an integrated system, process owners need to ensure that administrative processes which cross organizational boundaries function well. Prior to IRIS, stand-alone legacy applications could be managed and operated within departmental silos with little impact on other business units. With the implementation of IRIS, conflicting priorities and ambiguous procedures within a single business unit can have a significant impact on work throughout the Office.

## Training and support

- 12. Educate while training.** In order to realize the benefits of an ERP system such as IRIS, staff must understand how to use the system to its full capacity. Without adequate training, users can become frustrated, support costs will increase, return on investment will be compromised, and business operations may not improve at the rate they should. Training of staff was designed and executed by project staff in conjunction with go-live and preparation. Training was too compressed, too complex and too fragmented. Training must be more holistic to include underlying business rules, regulations, policies and procedures that have changed with the implementation of IRIS. IRIS training is now under the direction of HRD and the current training strategy, curriculum, materials and delivery mechanisms take into account the importance of educating, not just training, the users.
- 13. Provide adequate support staff.** When providing in-house functional support, ensure that key-users, help desks, competency centres and other support groups are not just ready for the first wave of issues after go-live, but are able to absorb the volume of ongoing support within their normal work routine. The IRIS support model is based on designated key-users and separate help desks providing first- and second-level support to users. Most operate independently on a part-time basis and, due to other urgent priorities, are not always adequately staffed. Without a "one stop shop" to go to for help, users can find themselves going from one help desk to another without their problem being solved in a timely manner. A number of scenarios are being explored which would facilitate a more integrated and centralized approach to support.

## Governance and management

- 14. Get business buy-in.** It is essential to get the right staff involved in the implementation from the beginning. Business units must commit the necessary time and effort to

understand and influence solutions. Without this commitment critical knowledge will be overlooked, leading to gaps in software configuration and design, incomplete process flows, and inadequate end-user documentation. Lack of involvement from process owners and end-users during user acceptance testing can also result in unexpected errors and costly changes to implemented solutions.

- 15. Engage technically experienced management.** The implementation of a packaged ERP solution with all of its accompanying terminologies, technologies and methodologies was new territory for the ILO. Because of the lack of in-house expertise, management had to rely heavily on external expertise for advice and direction and the advice received was not always in the best interest of the Office. An increased focus on governance in the later phases of the implementation resulted in significant changes to internal and external senior project staff. These changes resulted in remaining tasks being completed within budget and on schedule.
- 16. Allow sufficient time and resources for transition.** It is important to accurately estimate the resources and time for completing post-go-live transition and stabilization. With a rapid reduction in project staffing levels due to budgetary constraints immediately after go-live, efforts to stabilize IRIS and ease the impact of the change, took longer than anticipated.
- 17. Open space facilitates open dialogue.** Consolidating project staff to a single location changed the entire dynamics of the project. Productivity, timeliness of decision-making, communications, knowledge transfer, and mitigation of risk were greatly improved with the decision to move the entire project staff to one location in June 2004.
- 18. Implement in phases.** Implementing IRIS at headquarters prior to the field reduced overall risk, allowed time to stabilize and improve newly implemented processes, transfer operational knowledge to permanent staff, build support and training competency in-house, and apply lessons learned in advance of roll-out to the field.

## Resources and costs

- 19. Keep within scope.** Control mechanisms to strictly limit “scope creep” are essential. Initial IRIS scope was well defined but lacked sufficient control mechanisms to minimize scope creep. Ongoing requests to include “nice-to-have” functionality resulted in some delays and over complex and arduous processes for users. It is prudent to deliver a more maintainable, cost-effective and practical solution, and postpone “out of scope” functionality until future software releases after thorough cost/benefit analysis.
- 20. Maintain project control.** To control costs, sound project management techniques must be followed including well-defined project objectives, clearly stated critical success factors, a comprehensive project methodology, meticulous risk management, clearly stated roles and lines of authority for making decisions, accurate resource and time estimations, and ongoing governance and control mechanisms. It is important that comprehensive evaluation criteria, metrics, checks and balances, and periodic audits are in place to determine if project performance is on schedule and to make changes expeditiously when necessary.
- 21. Consider outsourcing carefully.** The outsourcing of IRIS technical infrastructure and development services enabled the Office to continue to focus on core activities and minimize impact on internal IT operations and staff. External, fully redundant hardware, software and physical facilities provide a critical layer of security and business continuity in the event of a disaster. Significant effort is required to manage the relationship with

outsourcing providers, coordinate work and ensure delivery of services based on agreed service levels.

## Summary

22. Implementation of IRIS was successful in that it replaced existing legacy systems and met its stated business goals. However, more emphasis and time should have been given to the wider organizational and management goals. In applying lessons learned at headquarters to the field, it is imperative that commitment of business owners and departments is maintained throughout the field implementation.
23. Sustained change management is essential to enable staff at all levels of the Office to work effectively with the new system. When considering roll-out to the field, full impact analysis including costs, benefits and risks is required before decentralizing previously centralized functions, or vice versa. It is also important to have early input from the end-users of IRIS and communicate and manage expectations, as many of the benefits of ERP are often longer term, qualitative, and require sustained effort.
24. Perhaps the most important lesson learned at headquarters is that the capacity of organizations, including the ILO, to take on significant change in a compressed time frame is limited. It is important that the implementation of IRIS in the field is done incrementally and only when field staff are trained and ready to absorb the full impact of new processes, procedures and technologies introduced with IRIS.

Geneva, 20 September 2006.

*Submitted for information.*