Case study:

LogicaCMG

ERP... with NO Expiry Date™

AGRESSO

Agile ERP supports more than a decade of business change at LogicaCMG

For more than a decade, LogicaCMG has taken change in its stride using Agresso business systems. Remarkably, globalisation, a substantial merger, the introduction of IFRS and the growing demands of an expanding products and services organisation have all been satisfied at a local and Group level without any bespoke modifications.

LogicaCMG Benefits

- Ability to cope with change as it occurs in a demanding multinational setting

- Adapts to formidable business change without bespoke modification

- Satisfies local and group level reporting and analysis in a single application

- Provides scalability and flexible operating models on a global and local basis

- Ability to work in close partnership with a 'listening' software provider.

LogicaCMG first rolled out an Agresso system in 1995 when Logica (as it was called at the time) was principally a UK operation with just 3,000 employees and a handful of overseas offices. Since then, the Group has grown to 30,000 employees operating out of 37 different countries, yet throughout this period, it has managed to take change in its stride.

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The achievement is particularly noteworthy as LogicaCMG itself is a global leader in the IT sector and sets high standards for both its internal systems and the services it provides to other companies, helping them to achieve their business objectives through innovative information technology and business process solutions. Its services comprise consulting, systems integration, and IT and business process outsourcing across diverse markets including telecoms, financial services, energy and utilities, industry, distribution and transport and the public sector. The Group is headquartered in Europe and is listed on both the London Stock Exchange and Euronext (Amsterdam) and in the year ended December 2005 had a turnover of £1.8 billion.

Managing change

Andrew Smith-West, director of Group financial systems at LogicaCMG puts the success of Agresso down to the flexibility of the software and its post-implementation agility which has consistently allowed the Group to respond rapidly to both change and growth.

During the past 10 years that he has been working with the Agresso system, Smith-West recalls a number of very major changes that have been implemented through the software.

Taking on acquisitions at short notice

It was the ease with which Agresso could be configured and implemented which first caught Andrew Smith-West's attention. "We acquired a subsidiary in France quite suddenly in 1997/8 and needed to implement a financials system in a hurry. We started in March and had completed the task by the end of July," he says. But it also turned out to be a defining moment for the Group's information systems strategy as it contemplated a full rollout across continental Europe.

"Logica had been expanding rapidly, but we were using more than four different accounting systems. At roughly the same time we needed to adapt to the introduction of the Euro and in common with many other companies, faced issues around Y2K. Based on our very positive experience of implementations of Agresso in France and the UK, and the flexibility of project accounting and reporting, we decided to standardise on Agresso for the European roll-out," adds Smith-West.

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Coping with IFRS, local statutory and management reporting

For a pan-European project on this scale the implementation team was surprisingly small. The 18 month roll-out was managed and supported by a team of just four people. A central theme of the information strategy was to implement a common "core" accounting system, for example, standard chart of accounts, and drive local statutory and regulated accounts out of it. Smith-West recalls that the system had to cope, for example, with different regulated accounts in Germany, France and the Czech Republic.

In systems terms, the challenges of IFRS almost went unnoticed. "Once we had decided on how IFRS impacted our business and identified the new accounts we needed in the chart of accounts it was a matter of a couple of weeks for us to create and test the scripts that would update all of our systems. Running the IFRS scripts at the year end literally took a few seconds," he says.

A measure of the success of the implementation in Europe was that subsidiaries in the Asia Pacific region decided to switch to Agresso based on the good experiences they had heard about elsewhere in the Group. "It was very satisfying that subsidiaries were asking to jump onboard as opposed to being required to make the change," adds Smith-West.

Now the deployment of Agresso to new subsidiaries or countries takes just a matter of days. "The bottleneck is the speed with which the people can adapt to this change – not the application," says Smith-West.

Changing from services to products

Naturally, the chart of accounts has changed over time in line with significant changes in the Group. For example, in 2001 the Group acquired a global telecommunications business based in Ireland but with offices around the world. More significantly, this marked a shift from a completely services based organisation to a supplier of products as well. The chart of accounts needed to reflect this major change but Andrew Smith-West recalls that that he and his team were able to implement the changes all around the Group within a matter of days.

Absorbing a major merger and changing year end

The merger between Logica and CMG in 2002 was a major transaction but, in financial systems terms, the transition went smoothly. "The major challenge, other than scale, was to change the year end from the 30th June to 31st December, but we wanted to re-state all of our history so that we had comparatives on a calendar year basis for management reporting," says Smith-West. Under normal circumstances, this would be a massive undertaking, especially as history would also need to be maintained for audit on the old basis as well.

"We sat down with Agresso and within a few days we had come up with a script that would automatically run through the database and make the changes. Remarkably, the whole operation was completed within two weeks.

Managing globally but with local operational requirements

Despite the comprehensiveness of the core accounting application defined by the Group, every subsidiary within the organisation had its own statutory and local operational requirements. But Smith-West never considered that he had to settle for an unsatisfactory compromise. The outstanding flexibility of the Agresso solution allowed group and local requirements to sit side by side, without undermining the core system.

"The Netherlands business is based primarily on time and materials which is quite dissimilar from the UK with its emphasis of fixed price work. It also has different invoicing requirements, for example, if 200 people are working on a single global project, the system has to be able to produce individual invoices per person as well as a consolidated project invoice. But we coped with the requirements using the standard system and Crystal Reports," says Smith-West.

The core system supports consistent reporting around the Group's principle lines of business but local entities can use the 'attributes' within Agresso to tailor reporting to their needs. For example, the French operation needed analysis by geographic region to support applications for government grants in different geographies.

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Kevin Radley UK COO and FD said, "When I made the decision to offshore our F&A transaction processing it was vital that there was no degradation in financial control both during transition and when the new service went live. My neck was on the block, but I had every confidence that our Agresso system was robust enough to support this radical change."

Flexibility of centralised or distributed operations

With increasing improvement in telecommunications bandwidth and reliability of the internet, LogicaCMG has been able to change the structure of its systems architecture without major disruption to the business. Initially, the system was rolled out as separate installations around the world, but with technology improvements it has been possible to move gradually to a shared services model with a server installation housed in Wales and remote communications via Citrix and the Web to other locations. Unsurprisingly, as a leader in outsourcing, the Group has transferred most of its Finance & Accounting (F&A) transaction processing to an offshore site in Bangalore, leaving management reporting to be managed out of the UK. Kevin Radley UK chief operating officer and finance director said, "When I made the decision to offshore our F&A transaction processing it was vital that there was no degradation in financial control both during transition and when the new service went live. My neck was on the block, but I had every confidence that our Agresso system was robust enough to support this radical change."

Working closely with Agresso

Smith-West and his team work closely with Agresso. "I couldn't imagine other organisations working so closely with their ERP providers, particularly around future product development," he says. In the early days, the relationship with Agresso was based in Norway, but as the roll-out proceeded it was switched to Agresso's UK operation which took responsibility for global support. LogicaCMG enjoys a close relationship with Agresso, particularly around future product development.

Timesheet management is a core process for the Group which is at the leading edge of managing the challenges of international projects. Agresso and LogicaCMG have been able to share experiences around high volume timesheet entry and complex international billing between operating units in order to develop the next generation of Agresso's web based offerings. "Agresso has responded very well to our suggestions and in return, we have been piloting the new product," says Smith-West.

Summary

The LogicaCMG experience underlines the flexibility and scalability of the Agresso system in the face of enormous change. Few packages would be agile enough to cope with acquisitions 'on the fly', a major merger and the rapid growth of overseas operations whilst simultaneously satisfying demanding reporting requirements at a Group and local level. All of this has been achieved without bespoke development or jeopardising core functionality and in ambitious timescales using a small dedicated team of six full time equivalents. It demonstrates real agility though Smith-West acknowledges the advantage of being experts in the field and having an outstanding team. Agresso is a powerful business information system as well as a very competent transaction processing system. But Smith-West cautions that such flexibility has to be carefully controlled. "Flexibility has to be managed and the Group's strategy of rolling out a core model has been vital to ensuring its success," he says. Overall, LogicaCMG has been so impressed by its experience that it is seeking to share its success with its clients. The "outsourcing" of its own F&A processes on an Agresso platform has added a shared service offering to its clients and it now offers Agresso Business World alongside traditional ERP packages when helping client companies to choose and implement solutions to meet their requirements.
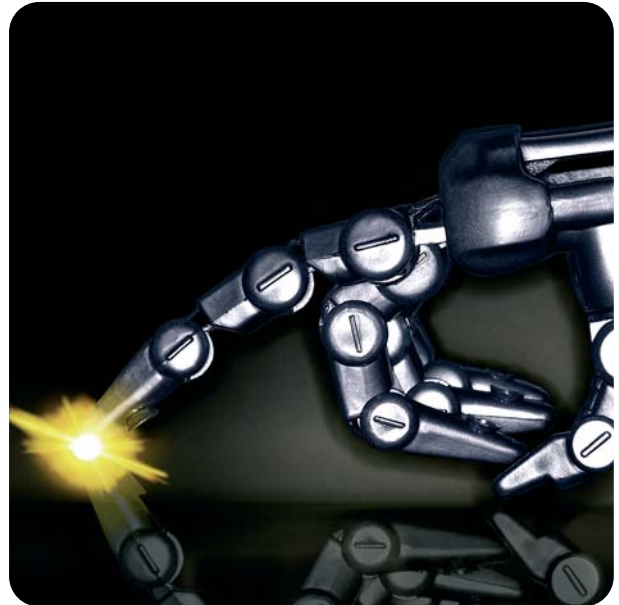
Agresso Business World. The agile business management system

Today's top performing organisations need to be able to accommodate significant change without disrupting their business. However many systems, once implemented, lack the agility to respond to such change resulting in time consuming and costly redesign or replacement. Agresso Business World's seamless integration between its various business applications, workflow management and powerful reporting /analytics ensures that business change in any of these areas is automatically reflected across the others without the need for system redesign.

This means Agresso Business World has the agility to keep pace with your business objectives long after the initial implementation resulting in a low total cost of ownership and faster realisation of business benefits.

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