Concise Summary of Case Study: Case Study I-6: HH Gregg:
(Deciding on a New Information Technology Platform)

**Executive Briefing**

An aging system used to process orders, inventory, and manage the warehouse has been used for over 20 years. In order to support new growth to it is necessary to implement a new ERP system. With HP no longer supporting the IDEAS/3000 system, it is time to implement a new enterprise-wide system, which is an opportunity to have updated to date technology and streamlined efficiency.

The previous CIO had narrowed the search for vendors down to two, Delphi and Sentra. The Delphi option would require implementing a completely new revision of existing systems, which would mean re-training our employees on Delphi’s system and transferring our existing data over. Sentra is offering that we adopt their systems and work directly with our IT department, this would allow for familiarity beforehand and more manageable means of retraining our employees.

We approximate that the cost to purchase and implement Delphi to be $15-$20M and licensing fees would likely run in the $1 to $2M range annually. Sentra is estimated to cost less at $10-$12M, which makes sense since our own IT department would be handling customizing the software. At this time, these estimated do not include testing. Additionally, the Delphi system would be with more support throughout the lifetime of the system. The timelines of the Delphi and Sentra solutions are similar, ranging from 18–24 months.

**Introduction**

This case study is a look at an appliance retail company that is currently using a proprietary HP system to keep track of all business transactions. A new CIO is brought on board and needs to make a strategic decision on replacing this mission critical information system “IDEAS/3000”. The CIO has several options available, each with different benefits, weaknesses, costs, and risks associated. The company has been advised to upgrade in the past but has resisted the change. Now the company is attempting to grow and will simultaneously need to choose between Delphi, Sentra, and writing their own UNIX program that would be supported in-house. Another solution they are entertaining is installing the new hardware, but emulating the IDEAS/3000 software to postpone training for 3000 employees and prevent downtime.

**Analysis**

The previous CIO discussions with Delphi and Sentra will be key in determining what our final choice will be. Retrieval of all records and further consultation with the solution providers is a must before coming to a conclusion.

Future expansion of the company necessitates implementation of ERP system to handle the exponential amount of data and requests that will be captured across various branches of the company. Consultations with large scale ERP providers such as SAP Microsoft and Oracle to discuss what solutions they provide, and how they handle similar cases like ours. Having in mind of further growth and possible global reach in the future, whatever we choose must address this possibility. Also, working with HP to assess the move taken by similar firms who were working with their system have made to answer questions like, what systems did they finally settle on and why. HP will also recommend which solution provider between Delphi and Sentra will handle the legacy data best to minimize data loss and harmonious transition to the new system with the previous database.

Finally, discussion with our partners and clients to see what systems they are using will help a great deal for better collaboration and service delivery. Should we be the first to make this move, it will be prudent to align our needs with the system that best address our needs using a scorecard that must also include the future expansion.

**Conclusion**

Having in mind that no vendor will provide a fully customized solution to our case, all vendors must provide a solution to handle the legacy data, and how the data will be incorporated into the new system. The database being the most important part of the system should be designed in such a way that it can incorporate most, if not all vendors. It should also be made available for future expansion plans.

Second is that the CIO and the top management, should fully support the move and take full ownership of the implementation plan. This will align the firm’s strategic plans with the new systems and raises the chances of success. Case Study III-5, *NIBCO’s ‘Big Bang’: An SAP Implementation.* The project leaders took ownership of the SAP implementation and effectively communicated their plans before, and throughout the project to each team and individual within the company.

Following standard procedures is the best idea, although some vendors may not want that, but to have that in mind has proven to work in the past, for even larger firms. Adhering to the system that has been proven to work has the upper hand over risking implementation over consultation of different vendors. Testing the water with both feet has proven to be dangerous. Delay in implementation until enough information, and a feasibility study is available to enable a much more informed move, which will cover all stakeholders, and have the firm’s strategic plans in mind.

**Recommendations and Next Steps**

The first recommendation is the ideas of keeping the legacy system in play, by using middleware, be dropped to focus on the vendor-supplied solutions. In order to design and implement solutions, such as ERP, and grow into the future, middleware and/or “in-house” solutions, do not seem like a good option. As stated on page 175, “There was no way the software emulation could support a company with the number of transactions as Gregg’s has in 2006” (Brown et al., 2012). The database information will need to be transferred to a new database system that can be supported by the new vendor to allow expansion and flexibility. Middleware or other “in-house” solutions do not provide support or efficiencies needed to grow as forecasted.

I would also recommend that the CIO take a page from the notebook of Case Study III-5, NIBCO’s ‘Big Bang’: An SAP Implementation. The project leaders took ownership of the SAP implementation, and effectively communicated their plans before and throughout the project, to each team and individual within the company. The need for a total over-haul is similar in both case studies, but the way Nibco “grabbed the bull by the horns” rather than allowing the consultants to dictate what Nibco needed, and effectively brought about a cross-functional strategic planning process, sets an important precedent and raised the chance for success.

The next steps would be to sit down with two or more vendors to find out more information before deciding which vendor to go with. The culture and input of other C-level executives, directors, and managers needs to be considered before such a drastic change. Additionally, it is imperative to build ownership, sponsors, and champions at the C-level and below. There is no point in spending into the tens of millions of dollars if, from a sponsorship perspective, the ERP is dead in the water before it is functional. Communication is going to need to be a focus as well as change management. Change is not something which comes naturally - particularly to an organization of 3000 employees who have done things the same way for 20+ years. Although the deadline of support for the legacy system is coming, that does not mean that the system stops functioning, business can continue in the meantime while more analysis is done to answer many of the questions that are still hanging in the air. Most IT projects fail due to improper planning.

References

Brown, C. V., DeHayes, D. W., Hoffer, J. A., Martin, E. W., & Perkins, W. C. (2012). Managing information technology (7th ed.). Upper Saddle River, NJ: Prentice Hall/Pearson.