

Case study:

3i



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## 3i recipe for a successful systems implementation

3i, a world leader in private equity and venture capital, is well versed in successfully delivering projects to budget and on time. The recent implementation of a group-wide, multi-currency financial and business management system to comply with International Accounting Standards (IAS) was no exception.



### 3i Benefits

- A single system replacing disparate legacy systems in eight regions from the US to Asia
- Compliance with IAS / IFRS
- Greater efficiency and cost savings by reporting in a common format across the organisation
- Flexible and easy to use and manage across multiple companies
- Ability to provide detailed analysis and handle a wide range of currencies

The key challenges facing 3i in replacing its disparate legacy systems with AGRESSO Business World in offices in eight regions from the US to Asia were how to align accounting in non UK locations with the UK to give a group view whilst still meeting local reporting needs. In addition, the system needed to support 3i's to adoption of IFRS and to interface with the group's main sub-systems without any modifications to the core package.

## Golden

According to 3i, the three golden rules for a successful implementation are preparation, following a structured project methodology and, essentially, carrying out very detailed and rigorous system testing prior to go live.

Colin Smith, 3i's manager of business intelligence and group financial systems, says: "Internally, we work to Prince2 (PProjects IN Controlled Environments) standards as a project delivery method which stresses that building strong foundations is critical to success. Clear objectives need to be set, a project board established with senior level representatives and the resources to be committed to the project must be agreed at the initiation stage.

"Once you have an objective / project brief, you need to carefully and impartially match your requirements with the systems available in the marketplace," advises Smith.

"Getting the early buy-in of all the end user groups makes implementation much smoother so representatives of all the stakeholders need to be involved from the request for information stage."

After selecting the system which best meets your objectives and project brief, the next step is to build a close relationship with your chosen supplier and work as a partnership to achieve the project plan's milestones.

Smith continues: "Monitor progress against the plan on a regular basis and ensure there is clear, continuous communication and buy-in across the business. Combine all that with a talented, hard working team and you stand a much better chance of delivering the project."

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3i's project brief on this occasion was 'to evaluate, select and implement an accounting software package that delivers general ledger, purchase ledger, cash ledgers, sundry sales ledger, fixed assets and purchase ordering, and best meets 3i's needs and business strategy, providing the maximum process benefit with no, or minimal, customisation'.

The key drivers for change were compliance with IAS combined with efficiency gains from a rationalised group-wide chart of accounts and consolidated reporting. 3i is a complex organisation which reports across geographical, company and business lines. Implementing a single package across its global offices would allow it to align and simplify its statutory and internal management reporting in a standard format, to give both group and local views, improving efficiency and bringing cost savings.

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3i's requirements of its new financial system were the need to be internationally acceptable to all its local companies and to be both flexible and easy to use and manage across multiple companies. Another prerequisite was the ability to provide detailed analysis and handle the wide range of currencies in which 3i deals. It also had to interface with 3i's new investment accounting package (which was implemented at the same time as AGRESSO), and with its treasury and cash book and its data warehouse.

## Agresso

AGRESSO Business World was selected from a shortlist with Coda and Sage. The system was installed on a central database server in the UK with 3i's offices in Benelux, Spain, France, Germany, Scandinavia and the US accessing the application via Citrix Metaframe thin client technology.

Dominic Flood, 3i's IS project manager, said: "We have some very talented IT people at 3i who are used to working closely with finance to deliver successful projects. The key was in very detailed, upfront planning and maintaining a clear focus so that any issues were identified and resolved either at the build or test stages."

The UK office was live on all the AGRESSO modules purchased from day one, with the system being rolled out to the other countries over a two month period. 3i's locations in Asia and Italy will also come on stream once the UK has upgraded to the next AGRESSO service pack.

## Success

3i's advice to achieve successful implementation is to ensure from the outset that the project has commitment at the highest levels in the company. Smith says: "Senior level sponsorship is key so set up a project board or steering group with a chairperson who has links to the CFO and sits alongside executives from the user group, from IT and from the software vendor."

The role of the board is to provide direction for, review and approve each phase of the project, monitor the external environment for impact and risk as well as appoint a project manager.

The manager should head a project team with representatives from all the stakeholders and end users. In 3i's case this included staff from all the global business lines, both to win their buy-in and ensure that the selected system could meet their local needs.

Smith advises: "A full time resource would be ideal but the practicalities in most organisations mean team members can only devote part of their working life to the project because day jobs still have to be done. The key here though is to agree priorities and time allocation at the outset, including bringing in extra resource at the critical points."

The project team's first step should be to draw up a list of what, precisely, the business requires from its new system with clear boundaries of what is included and excluded. Smith says: "Detail at the start saves pain later. Be realistic about estimates of budget and resource and carry out a risk analysis before then putting out a request for information, evaluating and shortlisting system vendors. Make an objective selection against your RFI, negotiate costs and above all be clear about what you are buying and any additional costs."

## Close

Working closely with the system vendor throughout the project is essential to keep it on track. "There is no point buying the right package but implementing it wrongly or vice versa", Smith points out. "At 3i we hold a 'kick-off' meeting with the supplier's team of consultants to establish the ground rules and a common language. If you have the correct focus and dialogue upfront before any issues arise, then both sides will know how to deal with them and react quickly and appropriately when they do."

He goes on: "It sounds strange but we almost 'trained' Agresso in 3i. 3i has implemented many systems before but not AGRESSO. Equally, Agresso has implemented AGRESSO Business World for dozens of customers but never for 3i."

The next piece of advice is to get the system right at the build stage. 3i recognised that to maximise the benefits it would get from a standard package, it would need to change its business processes. "Build the system you will go live with" advises Smith "and customisation is best avoided."

As well as rationalising its chart of accounts and simplifying its reporting, a key business change at 3i was to introduce web based purchase order processing and invoice authorisation which meant that workflows had to be redesigned.

It is here that 3i benefited from a strong track record of close co-operation between finance and IT. Dominic Flood says: "We have a good heritage developed over a number of systems implementations which clearly helps and the AGRESSO project was no different."



“The AGRESSO implementation went well as a result of the experience and professional, dedicated resource of both Agresso and 3i,” says Smith. “It wasn’t straightforward, no project ever is, but we delivered to the timescales and to the business benefits which we set out to achieve. I’m confident there’s much more to come.”

One of Smith’s mantras for successful implementation is that it is essential to carry out very rigorous and structured system testing before go live. 3i scheduled to go live on AGRESSO on January 1st 2005, parallel running accounts payable and accounts receivable to allow a three month window to fine tune the system in a test environment before the cutover of 31st March, the end of 3i’s financial year.

Flood confirms: “There are always surprises so, as an organisation, we factor in a 25% contingency period to make sure that the system is both working as it should and is delivering what the business needs by the critical cutover point.

“We had a very strong IT team working on the technical architecture and infrastructure so any issues were identified and solved at the design and build stage and during the final 6-8 weeks of testing before they could potentially become project stoppers.”

## Communication

Regular monitoring of the project for progress against the plan milestones is critical and 3i held monthly and then fortnightly meetings of the steering group with weekly and then daily meetings of the project team as the final stages approached.

Clear communication at every stage to every stakeholder is always important and never more so when implementing change. The global nature of 3i complicated this to some extent: “Our US and Asia offices are almost a working day apart in terms of time

zones,” notes Smith, “so we circulated the AGRESSO project communications to our non UK colleagues using a variety of methods including portal technology and e-mail. That ensured they were fully briefed on every issue and decision as it happened so we maintained their buy-in to the project.”

3i has continued to run steering meetings in the post implementation phase until the AGRESSO project was formally appraised and signed off six months after full go live. It has now been replaced with two sub-projects to handle the upgrade to the next AGRESSO service pack and then the roll out to the Italian office.

## Training

It is one thing to ensure that the system is thoroughly tested and operational but people are the other, equally important element in the mix. Timely and appropriate training for end users is critical to ensure that on day one of the new system people are still able to do their jobs. The difficulty comes in how to give enough training, at the right stages, with correct levels of support post implementation.

Smith advises: “You have to accept that there will never be enough training, just do what is necessary for a smooth implementation and make sure there is plenty of good support and supplementary training after go live. For example, we sent UK representatives from the AGRESSO project team to train local non UK finance teams in their offices and we operate a cross-border buddy system, as well as an IT helpdesk, for ongoing support.”

## Lessons

Like any project, there are always a few lessons to be learned. "We had a few surprises," says Smith. One was recognising just how ambitious the 12 month project timescale was. "AGRESSO was a major implementation and the system build and overall project delivery was made far more complex by the move to IFRS and by all the currency issues which a multi-national organisation such as 3i faces.

"Add the system bugs - both known and unknown faults - which are inevitably uncovered and it was a challenging project," admits Smith "but we achieved success because we followed the golden rules. We prepared with clear objectives and an appropriate resource, we followed the structured project methodology and we undertook very rigorous testing before go live."

## Measure

The immediate and most simplistic measure of a successful systems implementation is whether everyone is still able to do their jobs on day one after go live. Longer term, an organisation needs to measure, at the appropriate milestones such as formal project sign off, at the half year and year end accounting points, whether it has achieved its original objectives.

Although it is still early days, 3i is clear that it has: "The AGRESSO implementation went well as a result of the experience and professional, dedicated resource of both Agresso and 3i," says Smith. "It wasn't straightforward, no project ever is, but we delivered to the timescales and to the business benefits which we set out to achieve. I'm confident there's much more to come."

### 3i technical information

- **Server Operating System:** Windows Server 2003
- **Server architectures used to host RDBMS:** Windows 2003
- **Thin client solution:** Windows Terminal Services and Citrix
- **RDBMS:** SQL Server 2000
- **Client Operating System environments:** Windows XP and 2000
- **Network Operating System:** Windows
- **Microsoft.Net Implementation:** XML Web Services



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