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WHITE PAPER

PPM and ERP Integration Guide:

Strategies for software integrations in project-centric organizations

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PPM and ERP Integration Guide:

Strategies for software integrations in project-centric organizations

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Abstract

For many project-centric organizations purchasing a new project portfolio management (PPM) system is the result of the lack of visibility and effectiveness their current tools (or lack thereof) has delivered to their project practitioners in getting their jobs done. PPM systems should deliver on the promise that the project stakeholder comes first and the necessary project-related information is easily captured, accessible and shared to improve results. That being said, PPM systems (similar to any other enterprise system) rarely functions within a vacuum. It is not uncommon that the primary users of PPM still rely on other enterprise systems such as ERP that were there long before their arrival helping them get their facts straight in order to make the best possible decisions both strategically and tactically. The fact is, many PPM systems lie at the heart of project-centric organizations acting as the life line between the critical projects that drive their business and the back office ERP system that keeps the "machine" running. Consequently, true enterprise PPM systems are designed with the right framework and platform in place to bi-directionally exchange the right level of data with even the most complex financial environments supported by the leading ERP systems in the marketplace.

For most global and enterprise project-centric organizations "The PPM and ERP Relationship" cannot be treated as an afterthought. While the PPM system will always be the primary tool of choice for project practitioners, for many organizations, ERP will always be intricately tied to the projects housed by PPM delivering the critical financial data required to get a full picture of progress and status. Consequently, the real challenge lies with building the best integration between both systems so that the exchange of data works in harmony and does not add another layer of complexity that will hurt the existing ecosystem of applications. The goal is to let each system do its job and exchange only the necessary data between the disparate systems adding value to the business. This white paper will help organizations identify what to look for in a PPM system that needs to exchange data with an existing ERP system. More specifically, it will detail the typical functional and technical characteristics found in PPM systems that can ensure the successful integration with your back office system.

The role of PPM and ERP in your business

One of the biggest reasons organizations face integration challenges between different enterprise systems can be traced back to the lack of knowledge where one system ends and the other begins. Meaning the hand off of data between systems is not clearly defined and carefully aligned with the needs of the users interacting with both applications. When speaking specifically to the overlap between PPM and ERP systems, project practitioners are looking for specific costing information that is best suited to be managed in each respective system. That being said, organizations first have to be cognizant of the fact that each system plays a specific role in delivering the necessary project information to their users.

Although it is true that ERP systems are the operational and financial backbone of most organizations, they tend to fall short in effectively tracking time and labor costs that project practitioners demand to efficiently track the detailed labor activities associated to their projects. The project management world requires a flexible labor and time tracking system that can easily map to their project plans regardless of their complexity. Hence, the birth of the project portfolio management (PPM) system. PPM systems were born based on the challenges project practitioners were facing in capturing plan versus actual progress and costing details. ERP systems were able to deliver the financial information required at a consolidated level that allowed to track project costing, however fell short when mapping the financials to a project plan's work breakdown structure (WBS). As a result, PMOs and project managers were left in the dark in pinpointing progress and bottlenecks at the task and resource levels.

Alternatively, an effective enterprise PPM system needs to map to the complex financial structure residing in an ERP system. Many PPM systems fall short in delivering the flexibility to push all the detailed cost information captured within their system to the complex financial structure commonly configured in ERP. In many cases PPM systems will push a single consolidated order at the project level from the PPM system to the ERP system that will result in the lack of detail to accurately map cost information to various cost centers. Especially in enterprise organizations, it is not uncommon that a project plan will be associated to different cost centers based on grouping of activities under the budgetary jurisdiction of different departments, business units, groups or regions (e.g. Marketing, Engineering, etc.). That being the case, a good PPM system needs to have the necessary integration platform to allow the mapping of these costing details important for tracking in their ERP system.

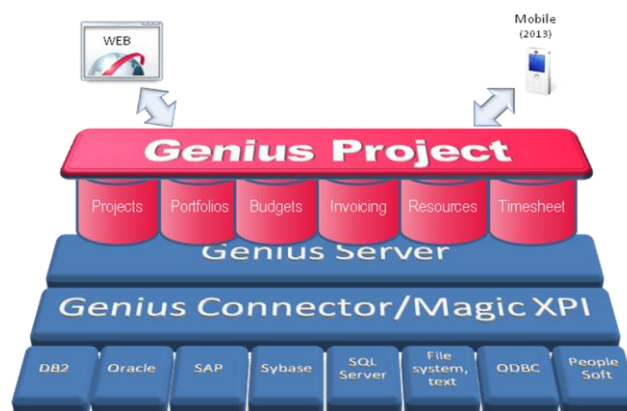
In the final analysis, the perfect PPM and ERP marriage will facilitate each respective system to perform what they were designed to automate while delivering the technical flexibility to exchange the right level of data to satisfy both systems currently and as the organization's needs evolve.

Integration Utopia: Choosing the best platform with a proven track record

A streamlined integration between two enterprise systems needs the combination of a flexible integration platform along with repeatable best practices and guidelines delivered to real customers. When left up to a vendor's interpretation, the "integration" term can mean almost anything. The reality is, with today's technology almost any requested integration is possible. The challenge for integrations is not "can it be done", but "how it gets done." Knowing the "how" can mean the difference between a successful integration initiative and one that will ultimately fail.

Take the following scenario - an organization needs to push time and labor data from their PPM system into a third-party ERP application. This integration can be achieved in many ways with different levels of data exchange. The fact is without a clear understanding of what and how the exchange of data needs to be achieved, the technical integration can result in many forms resulting in a solution that may not meet an organization's needs. Will the organization need a one way push of data? Perhaps the bi-directional exchange of data is required? What level of granularity is required? Will the data need to be consolidated or broken down? Will an export into a standard format that can be manually imported into the ERP system meet the customer requirements? Or perhaps the integration needs to be achieved via batch process or in real time? With all the possibilities for integration in this scenario, an enterprise PPM and ERP system needs to have a flexible integration platform that will support all possibilities routes, provide industry best practices and offer available connectors to ensure the best marriage between both systems.

Figure 1



Enterprise PPM systems set themselves apart from the hundreds of project management and PPM systems in the market by taking into consideration the other systems residing in the organizations they serve that may need to interact with their application. Their system architecture (as demonstrated above in Figure 1) must provide a comprehensive platform facilitating the project practitioner that may require information from both front office and back office systems that contribute to the successfully delivery of projects.

Build a PPM and ERP compatibility test

Evaluating the integration between your PPM software and your existing ERP system, requires that your organization incorporate the right criteria and questions that will ensure there is a good integration fit between both applications. A high level mapping exercise is necessary to help guide the line of questioning required to effectively evaluate the integration compatibility of both systems. Here are some questions organizations should consider when evaluating the integration between PPM and ERP systems:

1. What level of project costing detail is required from each system to add value?

Every organizations has varying degrees of costing details required for their project stakeholders to make informed decisions and associate the funds to the appropriate parties. The integration platform needs to support the financial structure of the organization it serves.

2. What types of integration options are available? Import/export, batch process, or real-time?

Regardless of an organization's needs it is important to identify what types of options are available so that the solution can scale with its changing needs. Furthermore, multiple integration options can provide the flexibility in delivering a solution that will fit within your budget.

3. Does the integration platform support bi-directional and the one-way exchange of data?

In addition to flexibility and meeting your integration budget, defining how data needs to be exchanged will reduce the chances of future issues in support and maintenance that can occur with an unnecessary and/or over complex integration solutions proposed to meet your needs.

4. Does the integration technology support both client-server and cloud platforms?

Systems need to have the flexibility in functioning and integrating with different types of technology. The best systems deliver an integration platform that can adapt to many environments (including legacy systems that may be core to the business)

5. Do the integration options provide connectors for your ERP and potentially other systems?

Vendors that provide connectors to other third-party systems typically confirm experience in delivering successful integrations. Connectors also will reduce the effort and cost involved in building integrations from scratch.

6. What expertise do the vendors have in addressing integrations for your industry?

Vendors with industry expertise should be able to convey the unique challenges and best practices organizations similar to your business face. This expertise will ensure that the best steps are taken in building a tight integration between both systems.

7. What type of technology is utilized for integrations? Web services, APIs, ODBC, third-party platforms?

Having a clear understanding of the employed technology options can mean the difference between a quick and seamless integration and pricey and clunky solution. Multiple options offered up by a vendor will allow your organization to select the best route to success.

8. Can the vendors provide estimates of effort and costs to deliver your requested integration?

Experienced vendors will be able to give you a ballpark of the effort and costs involved to deliver multiple options towards a successful integration between your PPM and ERP systems.

9. Can your PPM vendor provide you with post integration support?

Once the integration is complete it is important to have the option to establish an SLA or support agreement to ensure the continued success of the integration project. This support agreement should also include documentation of what has transpired and the knowledge transfer of the project to your organization.

10. Can your PPM and ERP vendors provide customer references to validate the success and pitfalls of proposed integrations?

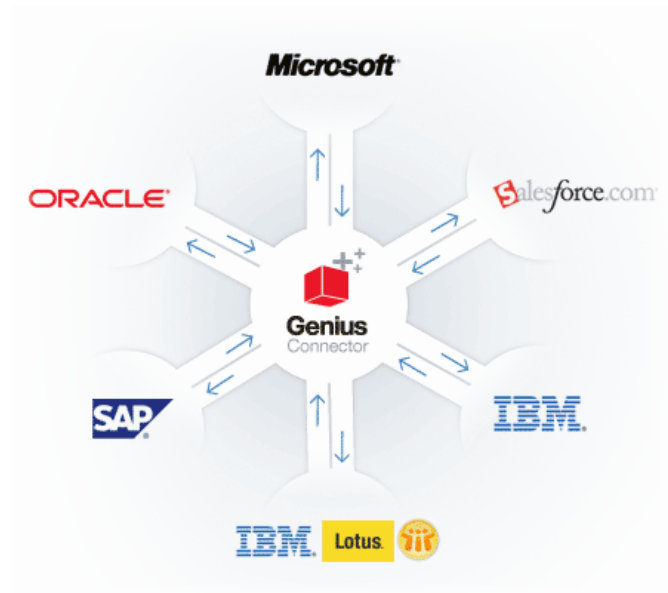
Nothing will reveal more about the outcome of the integration than speaking directly to a customer to validate the capabilities and results delivered by the vendor and the employed integration technology.

Asking the right questions will reveal a lot on what each system can deliver. Integrations are never as simple as they may appear and a big part in successfully making two systems effectively speak to each other is to plan for both the good and bad realities that can result from this initiative.

Genius Project knows how to get along with others

Genius Project Integration Platform

Genius Project quickly and cost-effectively integrates with enterprise software applications including SAP, Salesforce.com, Oracle JD Edwards, Lotus Notes, Microsoft Share point, Microsoft Office, IBM (AS/400), HL7, Google Apps, and many more, using Magic xpi technology. With no need to manually input the data to every system, you save manpower, reduce human error and improve your business's overall productivity.



This Genius Project integration platform helps managers:

- Create visual workflows between applications
- Save time and reduce errors by eliminating redundant data re-entry
- Out-of-the-box business logic, administration, communication and monitoring
- Deploy new business applications quickly and dynamically - no need to write code or programming
- No need for lengthy development, testing or implementation
- Optimize productivity for both technical and non-technical employees
- Gain maximum deployment flexibility - make changes to prototype business models without Typically affecting actual business or technical layers
- Future-proof your application environment - make business process changes without necessarily requiring changes to your applications

To learn more about our integration platform go to: <http://www.geniusinside.com/software/integration>