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Five Things You Shouldn't Do When Changing Production Accounting Systems

Evaluating Your Options

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1 Five Things You Shouldn't Do When Changing Production Accounting Systems

Do you feel that your current hydrocarbon accounting solution is no longer delivering what your business needs? Do you feel trapped in your current contract, with no options and no choice?
Don't worry, you're not alone in feeling that way.

More than 70% of people who have moved to the EnergySys Cloud Platform did so from a traditional on-premises system. And most of these were using Tieto's Energy Components product, so we know a lot about the migration process. Like you, they felt they had little choice but to continue to ride the roundabout of hugely expensive installation and maintenance costs. They thought they had no choice but to pay the prohibitive cost of upgrades, and face the disruption of the associated upgrade project, just to get continued poor support. They thought they had to live with the inflexibility of the platform and the need for consultants to make changes.

But all of them realised that they did have a choice. They were able to make the jump to a cost-effective, powerful, configurable cloud-native platform. One that would place the ability to make changes, and even to create entire new applications without programming, entirelyhands. They were able to do more with fewer people. They were able to move valuable expert IT staff onto work that really benefitted the business, rather than doing backups or database administration.

Most of all, they overcame the single biggest hurdle facing them. The need to believe that better was possible. That world-beating technology combined with outstanding support was actually available. That regular upgrades could bring new features more rapidly than ever before, without any additional cost and without any disruption or hassle.

That's not to say that migrating to the cloud is effortless. It does require work and expertise. But it's a lot easier and less costly than you'd think. In some cases, we've actually achieved it for less than the cost of an upgrade of the legacy solution.

To get you started, here are five things you shouldn't do when you start thinking about changing your production accounting solution.

2 Upgrade Your Current System

We understand why you might feel that an upgrade of your traditional system is likely to be the lowest cost and easiest option. It's generally not. We also recognise that you've probably invested huge amounts to get to your current position. You might even have standardised across your whole estate. You've invested in training your people. You don't want the hassle of a tender process.

The first step is to recognise that all of that investment is, in economic terms, a sunk cost. Your past costs should play no part in future decisions. The key is to ensure that your next decisions are the best possible ones for you and your business. Thus, the question to really ask is whether an upgrade will take you to a fundamentally better situation? Not just whether it will get you back in support, or give you a new feature or two, but deliver real value for money over the coming years? For our customers, the answer was no.

The second point to recognise is that upgrading traditional systems is usually a complex proposition. It needs to be run as a project, with associated costs and time commitments. Automated migration tools, while superficially useful, take you only a limited way along the path. There is so much custom coding that manual intervention is always required. The initial quote for an upgrade is unlikely to be the amount you'll actually pay.

And at the end of an upgrade, having invested even more money, you're unlikely to have anything that's significantly better than what you have now.

3 Write Functional Requirements

You've decided to replace your current system, which is great. Now you need to write functional requirements, don't you? Actually, you don't. And the absolute worst option would be to get a consultant to write your functional requirements for you.

There are two major problem with requirements documents.

First, they are anchored in the knowledge of your existing system, and what it can and cannot do. It is difficult to envisage something entirely different, or a radical new approach.

Secondly, they tend to be written like a big shopping list, but that really isn't appropriate for a major system. It's like trying to list the ingredients for a cake without a recipe.

Functional requirements might have been appropriate when people were hiring programmers to build production allocation systems. Now, you are buying product, and concepts, and futures. And your evaluation criteria need to reflect that. The truth is, any vendor with a reasonable track record will get their system to work for you. The real question is whether their values and beliefs match yours.

4 Go Out to Tender

We get it. Almost every company has rules about tendering and contract values and so on. And we know that sole sourcing isn't always an option. At the very least, though, it's worth thinking about why you are running the tender exercise.

The ultimate goal should be to identify a supplier you trust, and who can deliver your vision of the future. Scoring companies against a requirements list is generally a poor way to arrive at that goal. Tendering is not even a great way to establish a cost for the system. Most of you will have experience of traditional systems projects that go way over in time and cost. Where the original requirements list is ultimately used to argue for change requests. At its core, this problem reflects a lack of alignment.

The absolute best mechanism to assist you in making a selection is to talk to existing users of the products you like. Get as many reference sites and contacts as you can. Don't limit yourself to one or two and be prepared to ask hard questions. Dig deep and try to understand their experience of the full lifecycle of the product they're using. However, don't be too formal about it. People are generally happy to talk but if you ask them to write something on paper they'll tend to sugar coat the responses.

5 Run Parallel Testing

You're implementing a new system, but how do you test that it's giving the right answers? An obvious choice might be to run it alongside the legacy system and compare the answers. Appealing though this seems, we'd recommend against it.

First, there's the reality that a new system implementation represents an opportunity to fundamentally re-evaluate your current practices. Several of our partners specialise in reviews of allocation agreements, or their creation if nothing already exists. They can help you establish better workflows and practices that remain compliant. If necessary, they can also help you negotiate different business rules with partners. Mostly, they can help you simplify things. In this light, the results are not necessarily going to be the same as before, so parallel running adds no value.

Second, there's the practical resourcing issue. If you're like the majority of the people we know, you don't even have time to get your day job done. The idea of doubling up with data entry, processing, validation and checking is not remotely feasible. Of course, you can set aside a project team, but your team's skills are in short supply and this probably won't work either.

Finally, parallel running is the absolute best way to identify problems with your old system, not the new one. EnergySys provides complete transparency in respect of the way data is handled, and the calculations that have been performed. It's easy to identify and fix errors. Your legacy system is likely to be opaque. The calculations might be written in hieroglyphics, and you might have no idea where the data is stored or what happens to it along the way.

Test the new system as a standalone system. Look at the calculations, examine the way they are working, and test them in isolation before loading them into EnergySys.

6 Compare Apples and Oranges

Historically, production accounting systems have come from companies that sold software development services. While many packages exist now that are closer to being products, that mentality still pervades the industry.

EnergySys is a true product that can be configured to meet the needs of every different client. A single annual subscription gets you access to all elements of the service. There's nothing extra you need to do regarding server planning, storage, failover and disaster recovery. Everything is done in a web browser. There's no need for you to employ dedicated resources for system maintenance, or specialists to manage the solution.

This distinction makes a comparison with traditional systems quite complex, and it's easy to fall into the trap of comparing apples and oranges.

Take implementation, for example. For EnergySys, implementing your solution requires no coding and you don't make changes to the core software. This means that the delivery phase is shorter and lower risk and estimates of costs are much more accurate. It might be called the same thing in project plans, but implementation for traditional systems tend to be much more complex, much higher risk, and involve programming rather than configuration.

Or consider licensing. For EnergySys, it's a service subscription. You can use it for as long or as short a time as you want, and there's no big up-front software expenditure. There's no need to buy hardware or software or do installation. And there's no separate ongoing fee for support and maintenance, or for installation of new versions.

And don't confuse support and maintenance with the subscription. In a traditional solution, all the pieces are separate, so you're paying for someone to answer the phone and send you new versions of their software to put on the shelf. With a cloud subscription, everything is included, and more.

7 A Different Philosophy

EnergySys is a technology platform provider. We pride ourselves on our domain knowledge, built up over twenty years in business. We've been developing our cloud platform for ten years, making us one of the most experienced providers in this segment.

We don't generate our revenues from man-time services. Of course, we can help you configure your solution. We also have experienced partners who can configure EnergySys and add broader value through their expertise in commercial agreements or metering or whatever. And you can configure your application yourself, should you choose. The important point is that we're notmotivated to generate major projects requiring lots of people.

Most importantly, we have a vision of the future that we want to share with you. We see cloud delivery as a way for us to cut the cost of ownership while delivering regular upgrades. EnergySys is a platform that will grow with you, responding to your needs and changing circumstances.