Statement on behalf of the Joint Inspection Unit
By Inspector Jorge Flores Callejas
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Item 134. Programme budget for the biennium 2014-2015
Umoja/ERP

Mr. Chairman,

On behalf of the Joint Inspection Unit I have the honour to present the system wide report, contained in the document JIU/REP/2012/8 titled "Review of Enterprise Resource Planning (ERP) Systems in United Organizations"

This review is intended to assist organizations to improve their ERP as well as its benefits, regardless the phase of the life cycle the organization is in. It covers aspects such as implementation, use, maintenance, evolution, upgrade and extension.

It Also identifies system-wide opportunities to share, harmonize and standardize ERP operations between the organizations, share services or merge components of systems in order to maximize synergies across the system, and strengthen the position of the United Nations organizations in their relations with ERP providers.

Mr Chairman,

The review found that most United Nations organizations initially opted for a Cost ERP, as managers were reluctant to redesign business processes. At the time of the upgrade, they would re-implement or upgrade the system in a less customized manner, due to the high costs associated with the maintenance and upgrade of customized systems. The review also showed that high customization of ERP systems had a negative impact on ERP systems' usability and accessibility.

The review revealed that most organizations' ERP systems were implemented over budget and over schedule, as a result of weak project planning and management, including: inadequate definition of functional requirements, unrealistic budget and schedule, changes in the project's scope, delay in data conversion and business process re-engineering, users' resistance to change and unforeseen customization costs.

Regarding cost, the review concluded that each organization measured ERP costs differently, making it very difficult to assess the total cost of ownership of ERP systems. Indirect costs tended to be omitted from ERP projects' budget, as well as the projection of maintenance and upgrade costs.

Mr Chairman,

Most organizations reviewed that have gone at least through their first upgrade reported that ERP enhanced efficiency in their organizations. ERP systems allow the timely access to income, budget and expenditures data, enabling a more efficient management of financial and human resources, as well as strengthened financial controls

the review showed that although there is no coherent United Nations strategy regarding ERP implementations, ERP itself has led to a certain degree of harmonization of business processes across the United Nations system, due to a number of factors including: the implementation of less customized ERP systems over time, the convergence of functionalities offered by ERP providers and the possibility to integrate different systems. Nonetheless, the fact that organizations have different rules and regulations, charts of accounts and reporting practices continues to be one of the main issues preventing greater ERP coherence.

Mr. Chairman,

In general ERP systems had a positive impact on organizations in which they were fully implemented and have gone at least through one upgrade. ERP allowed the streamlining and harmonization of business processes across organizations' duty stations, as well as efficiency gains, and improved information management and reporting.

The Inspectors recommend that organizations follow the success factors identified during this review, share lessons learned within the system, and enhance inter-agency collaboration for ERP support, to achieve a more cost efficient ERP implementation, maintenance and growth.

Finally, the report contains four recommendations: one addressed to the Secretary-General as head of CEB, one for the consideration of legislative/governing bodies, and two addressed to executive heads of United Nations system organizations.

Thank You, Mr. Chairman