



A Search for New Horizons



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BMC ATHENS DATA QUALITY INITIATIVE

2005 COMPUTERWORLD HONORS CASE STUDY

BUSINESS

THE AUTOMATION OF THE ENTIRE QUOTE-TO-CASH PROCESS ACROSS THE ENTERPRISE., WITH ALL PRE-EXISTING CUSTOMER RECORDS CONVERTED AND CONSOLIDATED INTO A SINGLE DATABASE WITH A COMMON ACCOUNT STRUCTURE, ENABLED SALES, FINANCE AND CUSTOMER SUPPORT TO BETTER SERVE A GLOBAL CUSTOMER BASE. [20055388]

SUMMARY

The initiative created the ability to automate the entire quote to cash process across the enterprise. All customer records were converted and consolidated into a single database with a common account structure. This enabled sales, finance and customer support to better serve our global customer base.

APPLICATION

BMC Software, Inc. is one of the 10 largest software companies in the world and one of the leading providers of enterprise systems management solutions that empower companies to manage their IT infrastructure from a business perspective. Founded in 1980, BMC Software solutions span enterprise systems, applications, databases, and service management.

In the fall of 2002, BMC acquired the Remedy Corporation to complete R&D technology roadmap components of its Business Service Management strategy. The Remedy & BMC processes needed to become more integrated to reflect market and customer demand for integrated solutions. This project specifically addressed sales order process integration.

Prior to acquiring Remedy, BMC began a business transformation effort to re-architect the IT infrastructure to support an emerging business model. Inclusive in the transformation was the re-mastering of the Customer and Product masterfiles within a single system that has been integrated via middleware across the application workflow. This effort provided the "foundational" infrastructure upon which the integrated order management workflow was established.

Functionally, the project scope included front-office sales and marketing end users (Campaign, Response & Opportunity Management), the inclusion and mastering of product and customer information in a single environment, and the deployment of middleware functionality to provide initial multi-platform integration (front-to-back office), including tactical linkages to the backoffice ERP and Customer Support application.

The functional integrations would address the multi-channel ordering needs across the business globally. This multi-channel orientation included order transactions received directly by customers via a web eCommerce engine, deals generated by the direct sales force, and transactions received from external business partners (SI's and VAR's). The conceptual end-state model included an end-to-end automated workflow that takes transactions from front-office qualification / quote, configuration and pricing to back-office order booking and invoicing.

BENEFITS

Project ORBIT (Order Relationship Backoffice Integration Team) set out to achieve the following core objectives:

1. Reduce Risk in Financial Close Process
 - Implement a single GL and AR systems for BMC and Remedy
2. Create multi-channel electronic Quote / Ordering Capabilities
 - Configure Siebel to handle co-mingled transactions to feed a common booking system
3. Achieve Remedy Finance & Operations Business Integration
 - Migrate Remedy Customers and Products into BMC masterfile infrastructure
4. Drive BMC Business Transformation
 - "Protect" the Remedy Brand and Business Model

- Change historical BMC policies and embrace new ones
- Achieve business simplification through more standardized operating procedures

The first three objectives were critical for tactical survival, operational efficiency and Sarbanes-Oxley compliance. To that end, these objectives were met. The effort fell short of fully accomplishing the fourth objective as it was more strategic and culturally challenging. Business Transformation in general requires unwavering leadership and conviction for the task at hand that often flies in the face of historical practices and ways of doing business.

The project fundamentally positioned BMC for future growth and the ability to integrate future acquisitions more easily and more expeditiously. BMC will also benefit from integrating these acquisitions without the need to retain acquired resources to support that company's systems and processes, which will improve bottom-line operating performance. Quote to cash activities that were formally manual and labor-intensive were automated and streamlined within the front-to-backoffice systems. Automated controls were implemented to make the workflow more SarBox compliant as well.

Lastly, the project allowed BMC's operations team to fully align with the customer-facing teams and support the CEO's Business Service Management vision. Customers could order the entire portfolio of BMC products via any of our go-to-market teams and have them processed and invoiced by a common infrastructure that leveraged a single customer repository. This system established the core operating performance model that would more easily integrate future acquisitions and scale the company into the future.

IMPORTANCE

Information technology played a huge role in Project ORBIT as manual processes that existed within both organizations (Remedy and BMC) were consolidated and automated into a single set of integrated applications. The front office processes were automated into the Siebel enterprise application with the core backoffice order and invoice functions automated in an Oracle enterprise application. Committing to these "best-of-breed" packages allowed BMC to commit its business model to a known set of technology providers that would continue to enhance their product set in future releases. This minimized the risk going forward of having an out-of-date infrastructure that could not scale to meet the company's growth plans.

Key technologies that enabled a fully automated front-to-backoffice workflow included middleware solutions from webMethods. This product provided the ability to move data between the various business functions (both transactionally and via mass data updates) that minimized the need to "hard-code" solutions to either the Siebel or Oracle environments. WebMethods' web-services architecture further exploits the ability to master information in one part of the business and leverage it dynamically in another, which was a key enabler to achieving the overall business vision.

ORIGINALITY

Project ORBIT achieved a level of operational and transformational integration that had not been achieved with the prior 10 acquisitions. The methodical approach to define end-to-end processes, develop an integrated application and data architecture, and program manage the software configuration, training and change management components led to the overall success. Prior initiatives lacked the comprehensive program management to coordinate the interdependent activities that would bring together the business, technical and organizational change aspects simultaneously. This was critical to the project's outcome.

SUCCESS

The ORBIT project went into full production 18 months after the project started. The entire sales order process can now be executed within a single workflow with integrated front-to-backoffice systems. All of the business applications leverage a common customer data model that keeps the account records synchronized and cleansed, which was a key project objective. Of the company's 7,000 worldwide employees, nearly 65% of them directly benefit from the project. The remaining one third are indirectly affected as the company at large will increase overall customer satisfaction and position BMC for future revenue growth.

Within the finance community, ORBIT has provided the electronic means to reduce overhead associated with the "order processing crunch" at the end of each quarter. Sales reps can now quote deals with customers on-line instead of using offline paper documents that were manually entered into the backoffice system. Accounting now has the ability to better manage the entire revenue workflow and determine which deals are potentially non-compliant to revenue recognition policy and Sarbanes-Oxley governance.

Any project of this magnitude requires tremendous change management to achieve a broad level of adoption. ORBIT worked diligently to make end-users aware early and often of the changes and focused on the key benefits that would be derived. Sales reps and financial operations teams worked together to learn the system changes and have categorically embraced them as beneficial to better governing the quote to cash process. Gaining access to common Remedy and BMC customer account records has been a huge benefit to the sales reps as they can better collaborate on jointly proposed deals.

DIFFICULTY

Project ORBIT had tremendous executive interest and involvement in its first 90 days. A key challenge for the project leadership was to turn this executive interest into true executive sponsorship. Key business decisions that crossed organizational boundaries had to be rationalized and resolved by the Senior Management team. Keeping this team engaged and committed to the core project objectives was a tremendous challenge. Other competing business influences and "run-the-business" priorities added to the dynamics of keeping the executive team focused on the task at hand and staying the course on the tougher business transformation changes.

An additional item which made the project challenging was the organizational and cultural differences between the BMC and Remedy teams. A number of key business stakeholders were driven to maintain and hold-on to "their way" of doing business. This made it very difficult to find a middle ground upon which the project team could build a common operating model and supporting IT infrastructure. A number of key tenants for achieving common processes and leveraging the best of breed software package functionality were not adhered to and, as a result, the transformational project objectives were compromised a bit.