



GEMKO Information Group

Externalization

"Modernization is a journey, not a destination."

What happens in an Externalization project:

- Take inventory of all software modifications.
- Prioritize and justify all system modifications (what's the benefit regarding cost versus expense? How does it impact the software lifecycle?)
- Begin Technical training and education in Externalization methodologies.
- Strategic planning sessions for project roadmap development including user input, assessment and implementation details.
- Prioritize, Execute and Test Externalization implementation.
- Monitor, reassess and practice the process of ongoing improvements.

Who would use Externalization?

- **iSeries/AS400 clients** with customized 3rd Party ERP Applications including **MAPICS, BPCS, SAP, JD Edwards, PKMS, Infor Solutions, PRMS, Panasonic, CMS/400, IDS, etc.**

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To modify or not, what's my application ROI?

Modifying 3rd party applications has been a long lived practice for tailoring software to fit specific business needs. In the short term, this practice appears to be well justified and needed. ***What organizations fail to realize in the long term is that making these various customizations dramatically increases the overall application and support cost.***

Negative ramifications of this practice include:

- *Increased cost and time for applying new software releases and functionality.*
- *High risk of losing 3rd party application support.*
- *Potential for application corruption vulnerabilities due to inaccurate quality testing and certification processes.*
- *Continuing to pay annual license fees without taking advantage of new software releases and technology enhancements.*

Introducing Externalization.

Externalization is a methodology which seeks to reduce and eliminate the need to customize 3rd party iSeries/400 mission critical applications (ERP) without jeopardizing business software functionality needs.

Externalization combines both technical and non-technical best practice approaches providing the equivalent custom function and workflow without altering the 3rd party application. It employs the latest development technologies provided by IBM, *contained within every iSeries/AS400 system.*

Benefits include:

- Taking advantage of new version releases without the cost and time associated with reapplying your customizations.
- Re-establishment of 3rd party vendor support.
- Leveraging annual software license fees enabling users to take advantage of new version releases and technology enhancements.



GEMKO Information Group *Externalization Case Study*

Company Profile:

McGard LLC, based in Orchard Park NY, is a manufacturer of automotive security products.

Situation:

Heavily customized ERP systems were compromising inventory and forecasting data integrity, increasing overall application expense and risking existing customer and new EDI trading partner business relationships.

Pains included:

- Synchronization of database silos were producing inaccurate inventory calculations disrupting the shop floor, supply chain and customer orders.
- Loss of 3rd party software support.
- Unable to take advantage of new modules and functionality due to legacy system install.
- Highly customized EDI processing interface was cost prohibitive to embracing new trading partners and extremely risky for existing customer relationships.
- Unanticipated resource, time and expense was frequently allocated to maintaining and firefighting the required synchronization of segregated custom and native ERP databases.



GEMKO Information Group decided the best solution for McGard LLC would be to leverage their current IBM iSeries/AS400 investment using technology readily available in RPG IV and various other platform features to streamline their modification processes.

The Externalization process identified common modification trends which were consolidated by constructed reusable business logic. This rich repository of reusable business logic provides increased productivity and uniformity to their internal IT development environment.

McGard was now able take advantage of enhanced technologies within the latest release of their Infor Application Plus ERP system. The new software functionality leveraged Audit trail tracking and a single native database feature eliminating the need for silos of custom inventory and ERP data synchronization, costly maintenance and firefighting resources.

Accurate inventory and forecasting data brought continuity back to McGard's internal supply chain. Native EDI improvements, in conjunction with the new programming techniques, enabled a simpler, cost effective method for implementing and maintaining new and current business trading partners.

Customer Benefits included:

- 84% reduction in the number of modified objects.
- Significant streamlining of custom applications.
- Critical business rules defined once for development environment uniformity.
- Rich repository of business logic to support future development projects and the process of ongoing improvement.
- Re-establishment of 3rd party vendor support.
- Reduction in the cost and time associated with future software release upgrades.