



CASE STUDY SERIES



MINI CASE STUDY #2/2017

**A CLOUD-BASED ERP RENOVATES
WORK PRACTICES AND CHANGES
BEHAVIOUR AT PAHO**

ABOUT the UNSSC

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With the adoption of Agenda 2030, the College has further channelled its energy towards enabling the UN system to achieve the vision of universality and interconnectedness by establishing the following:

- The Knowledge Centre for Sustainable Development in Bonn (Germany) which builds substantial knowledge around Agenda 2030
- The UN Lab for Organizational Change and Knowledge (UNLOCK) — a programme entirely devoted to organizational change and transformation

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UNLOCK Case Studies have been prepared as part of a range of initiatives designed to foster necessary change throughout the UN system. Subjects have been chosen because of their relevance to agencies and staff across the system, as well as the potential to stimulate learning and knowledge sharing that leads to the practical steps required to build a stronger UN. The opinions and statements presented here do not necessarily represent those of the UNSSC.

Our mini case study series is a collection of agency-specific case studies of the same said topic: ERP and Organizational Change. Our author worked closely with each agency featured in our 'DELIVERING SUCCESSFUL CHANGE WITH ENTERPRISE RESOURCE PLANNING (ERP) SYSTEMS' case study, gathered additional data and honed in on the agency-specific context and ways change was managed.

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A CLOUD-BASED ERP RENOVATES WORK PRACTICES AND CHANGES BEHAVIOUR AT PAHO

In the pursuit of change, **most United Nations organizations have invested in ERP systems**, seeking to contain costs and improve operational performance, efficiency and internal controls. Evidence indicates that **realizing intended benefits has often proved challenging**, and that the extent to which benefits accrued has **depended largely on how change has been managed**. Recognizing the significance of such implementations, UNLOCK has examined and compared the experiences of four entities, selected to highlight key lessons for people pursuing change in the UN, not just in the context of ERP systems.

Among these cases, the **Pan American Health Organization (PAHO)** has implemented a cloud-based ERP solution – the **PASB Management Information System (PMIS)** – conceived as a **once-in-a-generation modernization and renewal** of its aging legacy administrative and management information systems. The PMIS implementation is based on

business applications accessed from the cloud (“software as a service,” or SaaS), making PAHO among the first UN organizations to select a SaaS-based ERP solution. PAHO favoured this approach because of low implementation costs and the opportunity it offered to configure best practice business processes, which could be continually streamlined without the need for classic-ERP system “re-installment and re-customization” upgrades.

Based on a system provided by Workday, PMIS was implemented between 2015 and 2016, on time and within budget. This new system represented a rather abrupt move from a legacy world of specified functionality to more limited PMIS business process configurations, with a much broader user base (all staff). It **had profound implications for how change needed to be managed**. Specifically, PAHO applied a **four-point plan to promote PMIS-related organizational change** and a shift in mind-set by

explaining: 1) Why the change was needed; 2) The implications for programmatic activities; 3) The available tools to support continuous change; and 4) The effects on accountability, responsibilities, and PMIS governance.

At the outset, the four-step plan was developed knowing that, if PMIS was to be the hoped-for catalyst for change, there had to be a shift in behaviour so that the person closest to the information required for a task would also take on that task; rather than, a priori, to delegate task responsibilities to others. Of all the behavioural changes required by PMIS, **transformation in the accountability of PAHO managers and**

the responsibilities of all staff, including managers, along these lines has been, and continues to be, the hardest to achieve.

Further, PAHO came to realize that: 1) **In the digital era, the IT Department can drive cultural change**; 2) A new change management function would be essential, and; 3) Governance processes had to be stringently applied for coherence across functional areas of continuous PMIS enhancements. Therefore, PAHO invested and continues to **invest in digital era governance** to ensure that it derives the full benefits from a successful ERP implementation.

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THE SIGNIFICANCE OF ERP SYSTEMS TO CHANGE IN THE UN

Enterprise Resource Planning (ERP) systems offer many potential benefits to the UN. Fundamentally, they enable organizations to integrate data and business processes under a unified information system sharing a common set of data, while their modular design allows the selection of specific functional applications – such as finance and accounting, human resources management and supply chain management – most relevant to the needs of an organization. These applications can then help organizations to automate and integrate business processes, and people to produce, share and access real-time information. **Because ERP applications have been designed to support “standardised” business processes, their introduction can promote**

good practices and thereby enhance operational efficiency, accountability and organizational performance.

Such benefits have long been recognised and pursued by UN entities, with varying degrees of success. A 2012 review conducted by the Joint Inspection Unit (JIU)¹ encompassed 21 entities that were at varying stages in the implementation of ERP systems, this sample reflecting the dominance of on-premises monolithic ERP suites available at that time (thirteen of these using Oracle systems and seven using SAP). By comparison, PAHO has only recently implemented its first ERP system making it a “post-modern ERP” implementation, where **business applications are accessed from**

¹ “Review of Enterprise Resource Planning (ERP) Systems in United Nations Organizations”; Joint Inspection Unit, Geneva, 2012.

the cloud (called “software as a service,” or SaaS). This reliance on standardized software **has profound implications for how change must be managed** and thus provides the UN a valuable learning opportunity.

This case study examines what PAHO aimed to achieve and how change management contributed to realization of these aims. Specifically, **the case describes PAHO’s**

four-point plan to ensure top executives’ management and ownership of PMIS-related organizational behaviour changes essential for successful ERP adoption. Research was conducted in collaboration with representatives of PAHO, through a series of discussions and document reviews. Given the case study methodology, it was not possible to independently validate the conclusions expressed in this document with system users.

PAHO’S REASONS FOR AND APPROACH TO CHANGE

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The PASB² Management Information System (PMIS) is PAHO’s first ERP system. From a project that started in 2010, PMIS was conceived as a **once-in-a-generation modernization and renewal** of PAHO’s aging legacy administrative and management information systems. Continuation of the status quo was not considered an option. Some systems were over 30 years old and required substantial and costly levels of maintenance. Critical data were hard to gather and not always reliable. Different technological platforms did not speak to each other, while key components of the old system were hosted on mainframe computers slated for decommissioning. These systems were becoming increasingly inadequate to support PAHO’s geographical footprint of more than 30 country offices.

Implemented between January 2014 and 2016, PAHO favoured an ERP system operated through the internet, instead of on servers located physically on its premises. The key reason for favouring a cloud-based ERP system was the ability to configure best practice business

processes accessed from the cloud (that is, “software as a service”) and then, critically, to be able to continue to streamline those processes seamlessly without the need for classic ERP system “re-installment and re-customization” upgrades. This **made PAHO among the first UN organizations to select a SaaS-based ERP solution.** Based on a system provided by Workday, PMIS was implemented on time and within budget, with the human resource and payroll modules going live in 2015, and finance and procurement modules employed in 2016.

Various considerations drove PAHO’s preference for a cloud-based ERP solution. Functionally, cloud-based systems tend to have **better mobile interfaces** than traditional systems, allowing users to perform tasks on tablets and smart phones. This consideration was especially important, given **PAHO’s decision to make system use compulsory for staff**, regardless of role and location. All staff use PMIS to integrate programme delivery, through PAHO’s results-based management framework, with operational management, using International Public Sector

² The Pan American Sanitary Bureau (PASB) is the executive arm of PAHO.

Accounting Standards (IPSAS). Day-to-day programmatic and administrative work occurs through PMIS transactions and a mobile application is available for key transactions and approvals by managers via mobile devices.

Additionally, the **cloud-based option was judged to be safer** than an on-premises system, due to the backup structures and security protocols that cloud-based systems use to prevent data loss. Access to PMIS in post-disaster or emergency situations was also an important consideration. A cloud-system is highly unlikely to be disabled by a natural disaster and can be accessed by PAHO personnel in a disaster-stricken area, including through mobile devices, so long as an internet connection exists. In this way “in the cloud” systems mitigate PAHO’s disaster risks and increases its ability to react rapidly in support of its Member States needs because, after catastrophes, internet access is often quicker to be re-established than physical infrastructure.

Due to their greater standardisation, cloud-systems can also be cheaper to maintain, easier to upgrade, and faster to enhance. **Accurate calculation of PMIS maintenance and upgrade costs, and ability to re-configure the system to meet the changing needs of staff and managers, were fundamental to PAHO’s system selection.** To wit, PAHO performed hundreds of enhancements through PMIS re-configurations in the first year of using the system, permitting optimization of business processes, a further clear benefit to the organization.

Inevitably, such benefits come with other drawbacks. **The main constraint imposed by PAHO’s preference for selection of a cloud-based system was that PAHO was forced to adapt its procedures to fit the use options of the cloud-based PMIS’ applications.** PAHO was aware from the outset that it could not replicate its complex and diverse procedures

one-to-one in PMIS; indeed, this was considered a useful motivator to introduce more streamlined solutions. However, this has come with costs. PAHO has had to adapt many existing procedures to PMIS, and must continually monitor and manage PMIS system enhancements, which are released in the cloud weekly and every six months through larger software functionality upgrades, thus requiring continuous change and change management of PAHO’s work practices.

Such system reconfigurations and automatic upgrades pose a hidden cost by consuming PAHO staff time and requiring re-training. At the same time, they provide the implicit benefit of encouraging PAHO staff to continuously monitor and prepare for changes that can help the organization achieve efficiencies from PMIS. Effectively, this **constant rate of change** – much like that experienced by users of modern era smartphones – has profound implications for the process of managing change.

The outlined trade-offs have spurred a renaissance in PAHO’s governance of information technology and management information to meet the needs of the digital era brought to PAHO via PMIS. Change management for digital era governance is not the same as change management for a singular IT project or classic ERP project implementation. **Digital era governance is managing behavioural change** so that it becomes expected and limited only by the system’s configuration and updates. In a classic ERP system customized to match the status quo, behaviours must change only once, aka when the system is implemented. Classic ERP governance is therefore focused on managing the effect of this single change.³

In contrast, digital era change must be managed continuously with often limited, yet often best practices that are (or become perceived as) a variation from the status quo. These require

³ Flanding, Jens P. and Grabman, G. “Change Management in the Cloud: The Case for Digital Era Governance.” Presentation, Cutter Summit: Unlock Digital Transformation, Cambridge, MA, 15 November, 2016.

behavioural and not only functional changes to the way the organization manages its work practices. **As expressed by the PAHO Director, “PMIS is arguably a catalyst for change of the greatest magnitude for a whole generation of PAHO staff.”** Accordingly, PAHO has met these change management challenges by following a structured and explicit digital era governance approach to its ERP change management efforts.⁴

HOW CHANGE WAS MANAGED AT PAHO

PAHO’s cloud-based, configurable-but-not-customizable ERP implementation represented an abrupt move from a legacy world of specified functionality to limited PMIS business processes and configurations, with a broader user base of all staff. The initial implementation project required a transformation of PAHO’s business processes. However, the cloud-based system made it **impractical for PAHO to perform a classic “as-is to-be” analysis** on which to base change management interventions. To achieve the objectives of the implementation, PAHO had to bring about **change in user behaviour**. A shift in staff mind-set was required to create the conditions for successful digital era change management.

Overall, PAHO’s successful ERP implementation was due to PAHO top executives’ management and ownership of a fundamental insight into cloud-based ERP adoption: that organizational behaviour change enabled by PMIS could be a catalyst for the modernization of work practices at PAHO. **PAHO adopted a four-point change management plan to explain:**

1. Why the change was needed,
2. The implications for programmatic activities,
3. The available tools to support continuous change, and
4. The effects on accountability, responsibilities, and PMIS governance.

Further, a ring-fenced budgetary line item ensured

adequate funding for provisions for change management and training in the PMIS implementation budget. A dedicated, cross organizational change management team working directly for the PMIS executive sponsor applied change management approaches across the organization in support of the initial ERP implementation and subsequent training, staff engagement and continuous digital era change management. As a **first step** for managing change, **PAHO top executives sought to explain to staff why changed behaviour and work practices were important for PAHO’s successful implementation of a new ERP system and the organization’s strategic development**. The PAHO Director and Executive Managers became vocal PMIS sponsors and made multiple briefings, presentations, and short “elevator speech” videos to their respective constituents, and circulated documents detailing PMIS challenges and opportunities.

Efforts to build acceptance of the system were challenged by the cloud-based nature of PMIS, which incorporates best business practices from a wide variety of organizations. PAHO found that the type of user engagement in the set-up of a cloud-based system was fundamentally different to what might be expected in a more traditional ERP implementation, where early engagement often focuses on how to tailor the system.

⁴“Mandate for PMIS-related Organizational Change,” page 5, PAHO, November 2015 (A Strategic Initiatives and Innovation Document).

Functional managers and end-users involved in the ERP set-up could not necessarily expect an opportunity to influence the design of the software. Indeed, a cloud-based ERP makes such a process somewhat redundant. The implications for change management are that **effort must be spent engaging users in a clear dialogue on the objectives of the system implementation, what it will mean for the users as an on- going process, and how organizational processes and practices will need to be adapted continuously to the software facilities available.**

Direct communication from and with PMIS sponsors therefore was valued throughout the change process, and continues to be essential to PAHO's updated digital era governance approach to managing PMIS after its initial implementation. PAHO **conducted dozens of events ranging from a handful to several hundred people to ensure that all personnel were engaged, involved, and informed** about PMIS. Each member of the senior management team expressed their support for PMIS in a video that was translated in four languages and distributed throughout PAHO for the first phase of the implementation in 2015.

The following year, when PMIS' effect on individual PAHO staff became clearer, the change management team organised an all-PAHO conference where senior management made a series of presentations on a written booklet, the "Mandate for PMIS-related Organizational Change." This **eight-page brochure underscored the reasons why PAHO was proceeding with PMIS**, and used detailed evidence collected by the change management team from multiple system set-up sessions to show what the "out of the box" PMIS processes would mean for staff in terms of new ways of working, new responsibilities,

more transparent processes or, conversely, more complex processes.

Elaborating the PMIS mandate required each member of the PAHO senior management team to be in full agreement about PMIS goals and approaches. The mandate document was **delivered to every individual in their own language with an attached message from the PAHO Director.** The senior management team then conducted briefings for their respective constituencies tailored to their functions in the organization, using key points from the mandate. Everyone could clearly see that the entire Executive Team supported the mandate.



To develop a shared culture around PMIS adoption, PAHO's executive sponsors reinforced personnel's understanding of the rationale for changes in PAHO's work processes, language, and operational roles. Like many UN entities, PAHO has a long history of unique business practices that often rely on distinct terminology that has become part of "how things are done here." However, instead of designing new processes that incorporated PAHO's existing terminology, the organization now had to adopt often unfamiliar terminology to describe often new ways of working. **PAHO had to learn new terminology that did not always have a clear relationship with current terms**, which initially created confusion and anxiety.

To address this anxiety **PAHO made a significant investment in training subject matter experts** to ensure that they understood the cloud-based solution and how it differed from current practice, and could help their colleagues do the same. These **"business process experts" (BPEs) became authoritative translators of old to new terms**. BPEs also helped develop enhancements, and manage and communicate changes about processes, a role they continue to play in PAHO's digital era governance process for PMIS.

In its second step to managing change, PAHO addressed the challenge of achieving buy-in from its health-technical staff to the adoption of PMIS as a management information system that all staff would touch and use in implementing PAHO's program and budget. Since a successful ERP implementation would in the long term be judged not only by **efficiencies** in administration, but also by programmatic **effectiveness** in improved impact and quality of PAHO's development of public health norms, response to disasters, programming and procurement of vaccinations, and support for country-level counterparts, PAHO's results-

based management framework and planning was reflected in the configuration of PMIS. However, technical staff questioned, particularly, **whether the end ERP solution would honour PAHO's unique environment, mission, and business policies**. To some extent such doubts were fuelled by the organization's history of custom-developed legacy systems, with delivered products sometimes not living up to expectations. For this reason, given PMIS reliance on standard applications, there was initial concern among PAHO staff that they would be disappointed; from a change management buy-in perspective, there was concern that they had to contend with whatever ERP system PAHO implemented.

To address some of these anxieties, **PAHO initially undertook an incremental approach to PMIS implementation**. With Workday, PAHO had chosen a cloud-based solution with a mature human resources module and an at-the-time developing finance and procurement module. Knowing that the human resources module had more functionality, PAHO chose to implement that module first. This meant that everyone learned the more established human resources module user interface early, before tackling the more difficult finance and procurement modules.

Secondly, to increase user buy-in, emphasis was placed on engaging staff in team exercises and communication about the major benefits that UN organizations like PAHO can gain from driving through essential reengineering or streamlining of processes so that they align with best practices. But more importantly, in the case of PMIS, PAHO staff quickly understood the analogy to smartphones: the way updates are also common in keeping more widely used technologies up to date: **PMIS is and continues to be a very effective driver of behaviour change because the current version of the system is definitely**

going to be improving over time. Either via PAHO's in-house streamlining of business processes or through the system staying current via software enhancements, becoming more powerful via the integrated additions of modern features like big data tools, and even easier to use as snappy interface features become standard.

As a third step, the introduction of more standardized systems offer an opportunity to encourage enhanced understanding of the strengths and weaknesses of existing policies and procedures. This was coupled with the creation of vital support documentation. Further, cloud-based ERP systems drive a large part of their efficiency claims through a **“do it yourself” approach to who performs the actual transactions in the ERP system.** Therefore, change management focused on improving the available tools to support continuous change by reviewing and building new mechanisms for compliance with policies and procedures, and implementing them alongside training for the new way of doing things directly in the new ERP system.

Specifically, **policies and procedures were updated** so that all staff had the authority and information to manage their own data in PMIS, ultimately to provide enhanced visibility to managers of the status of their programs. When PAHO staff saw early enhancements being made to the Human Resources module soon after go-live in 2015, they began to believe that these were a real and practical answer to changing business needs. **Managers grasped the improved data analysis and decision-making that the new processes could provide.** As they became vocal proponents they won others over, and made recommendations for system enhancements that would build on the new approach. Managers helped encourage staff to embrace the cloud-based ERP principle of “whoever is closest to the information, manages

this information,” this being key to achieving efficiency driving behavioural change.

Further, as part of the third step in its approach to change management, PAHO identified tools to support mandated behaviour change. PAHO recognised that communication and education about PMIS needed to respond to differing learning styles and informational needs, and that those messages had to be reinforced and repeated. As early as possible **PAHO began training and empowering change agents within every department and country office.** As the PMIS project progressed, change agents were continually informed about system functionality, implementation plans, and identified challenges. **Change agents ultimately became the first-level support network for unit-level staff both before and after PMIS go-live.** While not every change agent embraced the role, those that did formed a strong cadre of catalysts for change within their spheres of influence. Change agents were honoured and empowered by participating in activities, receiving materials prior to the general population and recognition of their efforts by the senior management team.

However, many people within PAHO equated “training” with “instructor-led classroom training.” Given the scale and the scope of the training required, PAHO did not have the capacity to deliver instructor-led classroom training to each person. The PMIS change management team therefore recognized the importance of helping people understand that **training would be delivered in a new way,** with an emphasis on staff assuming responsibility for their own learning through a variety of methods.

Central to these efforts, PAHO developed and implemented a **multi-step end-user training programme around the PMIS Passport,** a physical document designed to communicate PMIS learning goals and approaches, and

produced for each staff member to use and keep. The multi-colour PMIS Passport was the size and shape of a typical passport; it provided staff definitions of key terms and lists of training courses, and included **places for stamps when training activities were completed**. The Passport also offered team exercises to clarify and encourage intra-staff dialogue about the expected impact of PMIS on day-to-day work and the overall mission of the organization. Following the change agent philosophy outlined above, change agents received their passports first and were trained on how to deliver this information to their assigned constituencies. This tangible tool helped underscore the new approach to PMIS training and the multi-step training programme helped underscore the need for staff to continuously access learning materials for the new ERP system.

PAHO's effort to review policies and procedure as part of PMIS led to the development of a **catalogue of standard operating procedures (SOPs), hands-on Job Aids, and electronic forms. These new tools were taken to heart by PAHO staff who labelled them the "PAHomid" or PAHO Policy pyramid that**



given the complexity of PAHO's work came to more than 500 documents in total. The PAHomid documents functioned as a common basis for training, knowledge transfer, and, critically, PMIS process streamlining after go-live. However, as PMIS training progressed, it became apparent to the change team that many staff members did not understand the distinction between policy and procedures.

Potentially this was a major impediment to implementation because staff were sometimes interpreting procedural changes required by PMIS as violating PAHO's policies, and were therefore highly reluctant to accept them. Recognizing the risk, **PAHO launched an effort to educate everyone on the differences among policies, processes, and procedures**, and helped identify where confusion existed. For example, in some cases, policies had not been clearly documented, so that procedures had eventually been construed as policy.

This process highlighted to PAHO the importance of properly and clearly distinguishing between policy and procedure, and what was required to change them. Further, PAHO recognised that accommodating the best-practice driven processes embedded in a **cloud-based approach would require some policy changes, and that an effective way of managing this dimension of change was essential.** PAHO's policy revision process was updated accordingly for Business Process Experts (BPE's) to be able to elaborate and suggest procedural streamlining initiatives via the digital era governance process set up for PMIS. While the approval process for policy changes remained the same, standard operating procedure proposals from BPEs could be reviewed by a newly established PMIS Advisory Committee, an accessory arm of PAHO's Executive Team, to promptly revise procedures for production in PMIS as needed.

As the fourth and **final step in PAHO's approach to behaviour change, the Director of Administration**

was responsible for clarifying PMIS' implications for accountability for managers and staff members. In the digital era, the person closest to the information required for a task must action that task and not a priori delegate responsibility to others. Yet within PAHO, many **managers were concerned that data entry would become an overwhelming burden** to them. And many administrative workers were concerned that their data entry tasks – and therefore job workload and PAHO's need for them as workers – would also change.

Although PMIS does allow for delegation of tasks, i.e. managers can delegate data entry to workers more familiar with this type of work, managers can no longer make managerial decisions without consulting the budget, programmatic, and impact data within PMIS; managers can rely on PMIS data only if they can assure themselves of the data's accuracy, which the manager must affirm. **Managers must assume data entry tasks to manage effectively. Administrative personnel must become less preoccupied with process or systems-data management and able to assist**

on programmatic implementation-related tasks. To sustain change, **PAHO has developed improved information technology and management information governance to manage the challenges and opportunities of frequent, automatic ERP software upgrades.** Governance requiring the synthesis and implementation by PAHO's information technology (IT) department of core business management issues that had not before been considered part of the IT remit. The pre-ERP implementation remit of managing the management information legacy systems became redundant or changed significantly as the cloud-based ERP provider does that "in the cloud." Overall, PAHO quickly discovered that it had to increase both financial and human resource investment in its PMIS governance processes, the IT department, and training and change management teams to sustain, maintain and derive streamlining benefits from PMIS. Such developments became part of the permanent shift in organizational behaviour stimulated by the introduction of cloud-based ERP.

WHAT CAN BE LEARNED FROM THIS CASE?

PAHO implemented an ERP solution on time and on budget, and the choice of a cloud-based solution is perceived by its management to be a critical factor in PAHO's success. However, **while the preferred solution has met PAHO's needs, it has also posed new and, sometimes, unexpected change management challenges.** To meet these challenges, PAHO implemented PMIS by moving stepwise through its four-part approach to change management, leading to a digital era governance change management model that supports behavioural change as a core for efficient and effective management of a cloud-based ERP system.

PAHO's ERP change management process began with its senior management team announcing a change readiness-based mandate for change. **Leadership from PAHO's Director and Executive Management team demonstrated to the organization's staff that behavioural change was inevitable, required, and necessary for PAHO to be successful with a cloud-based ERP system.** PAHO had chosen to adopt PMIS as its managing and information system, so the organization's staff needed to adapt to the exigencies of a cloud-based ERP system. It was made clear that choosing to stay with the status quo – for work processes, for behaviour, for responsibilities, or for organizational culture – was not an option, and digital era change management was put in place to help deliver the desired change.

The focus of this type of digital era change management is recognizing the continuous nature of change and the likely inevitability of behaviour change with respect to the organization's work practices. **What is new to change management in the digital era is that, for behaviour to**

positively change, it is necessary to shift people's perspectives and mind-sets. When different behaviours are enforced but the mind-set remains unchanged, these new behaviours may not be consistently applied and the temptation for auxiliary systems outside of the main ERP solution can quickly build.

To illustrate, bringing about behaviour change was further complicated by one of the challenges associated with a cloud-based solution. Namely the difficulty of explaining – in terms that were understandable to PAHO staff – how the system would work. Staff could see demonstrations of sample processes, but demonstrations did not always make sense as the terminology was foreign and the processes were different. Staff members were going from the certainty of how they did things today, to the uncertainty of how things might be done in the future.

Full answers to “How will PMIS work?” could not be provided until personnel were trained. However, during the many months prior to training, the PMIS team focused on answering the questions that could be answered, providing information on how the project was proceeding, and continually explaining the configure-versus-customise philosophy. These activities focused on building trust through transparency and giving staff access to those with the most insight. **Essential to the success was honouring staff's concerns, hearing their questions, and taking them seriously.** While not everyone got the answers that they sought, they did participate in on-going dialogue. Staff stayed involved rather than disconnected.

PAHO next needed to explain how ERP-related changes would affect PAHO's core,

programmatic work. Given the deployment of effective change management processes, the reliance on standardized systems highlighted the opportunity that **“SaaS” cloud-based systems offer UN organizations like PAHO great opportunity for driving through essential reengineering or streamlining of processes** so that they align with best practices.

While this opportunity did previously exist, in the past there had sometimes been a tendency of staff resisting this approach. The argument centred around the “uniqueness” of UN policies and procedures that would make the customisation of systems imperative. There is little evidence that the UN is so unique that these benefits cannot be realized, even if implementation of “out-of-the-box” offerings may not be viable in all circumstances. Rather, **the introduction of more standardized systems should be viewed as an opportunity to encourage enhanced understanding of the strengths and weaknesses of existing policies and procedures**, and to create vital support documentation necessary for their proper application. Having done so, organizations can seek to optimize their methods, most likely by focusing on those elements (the procedures) that are readily adaptable.

For PAHO, **the inability to customise the cloud-based PMIS system had the unanticipated benefit of forcing a clean-up of the enabling policy and procedures environment**, resulting

in the establishment of sensible policies that support actual work processes and are clearly linked to (new) implementing Standard Operating Procedures (SOPs). These new policies and SOPs brought PAHO gains in efficiency and effectiveness through a renovation of working practices throughout the organization, thereby reinforcing the transformative impact of the ERP implementation – even for SOPs that are not directly or only partially supported by PMIS.

Finally, PAHO had to clarify PMIS’ effect on responsibilities of staff, and especially of managers. The ERP implementation **fundamentally changed who had to do what**. Managers and staff must assume responsibility for inputting known data to the ERP system and managing their programmes based on information synthesized by the ERP solution. Administrators must provide training, tools, and other support to facilitate staff’s use of new ERP-designated business processes.

Through the change initiative, PAHO was surprised to realize that, in the digital era, cultural change could be and often is driven by the IT Department, that staff engagement and change management would be new corporate functions here to stay, and that the governance processes would need to be stringently applied. PAHO responded to this learning **and continues to invest in digital era governance to ensure that it derives the full benefits of a successful ERP implementation**.



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