

Creating a More Integrated Defence Force

Canada's Department of National Defence



The Challenge

For today's modern defence force, technology is a critical enabler. From finance and HR to material management and procurement, the world's advanced defence organizations rely on robust and dynamic technology systems to reduce cost, increase effectiveness and enhance management information.

Canada's Department of Defence (DND) has always placed a strong focus on technology utilization. But while DND had aligned their financial and material management requirements under a single vendor – SAP – in the mid-1990's, by the turn of the century, the organization was running two very different versions of the software, one for material management and the other for finance.

As a result, the force was increasingly facing a number of complex challenges: maintenance costs for the IT environment were rising, management information was not

aligned, the ongoing synchronization and integration of the common information, and the administrative burden of managing multiple installations of the systems was starting to take its toll.

In response, DND's leadership made the decision to integrate their two SAP environments into a single instance that would create a more effective, responsive and valuable IT infrastructure to drive the force into the future. However, one significant challenge remained: due to budgetary cycles, the force had only 18 months to complete the massive and complex project.

The Approach

In order to capture and leverage the best practices in systems integration from around the world, DND partnered with three external service providers: IBM would manage the materials management component and lead the project management office, KPMG would take responsibility for the integration of financial systems and SAP would provide deep experience

in managing their software platforms. Together, this dynamic partnership would work with the leadership at DND to ensure the project was delivered on time, on budget and to expectation.

Following a rigorous blueprinting exercise in which DND and their partners reviewed various potential options for achieving their objectives, the project team decided that the best plan of action was to integrate the existing finance functions into the larger, more robust and recently updated version of SAP currently utilized by the materials management division (known as the Material Acquisition and Support Information System, or MASIS).

To achieve this, the partners developed and executed a coordinated approach in which IBM deployed upgrades to the MASIS in order to provide appropriate functionality to meet the stringent requirements of the finance function. For their part, KPMG worked closely with the finance function to identify, map and transition the department's

mission-critical processes onto the new system while enabling the department to continue day-to-day operations.

To ensure that the new platform was effective, efficient and reliable, the team from KPMG worked closely with DND's finance leaders and the vendor partnership to provide meticulous quality assurance and systems testing on each component of the new IT environment. At the same time, the team executed a range of change management strategies – including some of the education and training activities – to enhance DND's capabilities, skills and comfort with the new system.

With an eye on the future, the DND partnership also set about creating a formal 'Center of Excellence' that would work across all functions

“From the very start, we knew that the consolidation of the two well established and entrenched SAP environments at the Department of National Defence would be challenging. Having successfully consolidated the environment and integrated the functionality, we can now continue to build on the SAP platform and provide broader functionality across the entire department.”

Michelle Tilley
Director General
Enterprise Application Services
Department of National Defence

within the organization to share best practices, make key decisions to create alignment on future upgrades, and provide expertise to users across the organization.

The Results

Right on schedule, the project team launched the new Defence Resource Management Information System (DRMIS) that brought together the finance and materials management functions under a single version of SAP, thereby providing DND end-users and senior management with a reliable, fully integrated and cutting-edge information management support system.

All financial systems and processes were successfully tested for stability, reliability and interoperability within the new DRMIS platform, while more than 6,500 finance end-users were trained on the new system in both Canada and in Canadian Forces deployments around the world.

The amalgamated system also provided DND with a software platform that could easily be expanded in the future to both accommodate new business areas and replace other legacy systems running throughout the organization.

Lessons Learned

As one of the first defence forces in the world to conduct a successful harmonization of business processes, the project established DND as an industry leader and innovator, and provided a number of key lessons for other defence organizations such as:

- **Collaborate with partners:** DND ensured that they had not only engaged the right partners to provide deep functional experience, but that the individual vendors were able to work effectively and collaboratively to ensure the success of the project. So while some IT companies may be capable of integrating multiple systems, DND recognized the unique

“The benefits of a fully integrated SAP environment are huge in terms of time savings, sustained cost efficiencies and the availability of accurate, real time information to the right people at any time across the organization.”

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needs of the finance department and ensured that they had partnered with a firm that could provide valuable insight into both the technology and the finance aspects of the project.

- **Develop a Center of Excellence:** When integrating the underlying IT platforms of two separate functions, DND found that there were a number of challenges that required both an independent and experienced perspective to ensure that the best decisions were being made for the long-term success of the organization. What is more, by developing a Centre of Excellence, DND has been able to pool their experience and best practices to drive greater efficiency across the new system.
- **Develop robust checks and balances:** In developing a new finance platform, DND needed to ensure that the proper checks and balances had been embedded to not only align to the needs of the finance department, but also to meet the rigorous standards set by the central government. This required significant planning and foresight to ensure that these controls were built into the system throughout the project life-cycle.

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