

[IDEAS 2 GO]

The Costly Fear of Change

Legacy systems can hemorrhage time and money — and no one is the wiser.

BY MARK FERTIG

A legacy system is a method — or technology or computer system, for example — that was once considered “new” and is now out of date. Often, the legacy system or method is still in use to accomplish important tasks, perhaps because it still functions and is “good enough” even though more effective alternatives are out there.

Legacy systems can cling to life because they typically play an important role in most companies. In many cases, these systems support the day-to-day business, so it’s often not practical to just turn them off. But the flip side is that it’s even less practical to hang on to them and miss out on opportunities to reduce costs, elevate productivity and generate profits.

Point-of-sale systems dramatically reduce customer transaction times, increase pricing accuracy and create better audit trails. Yet, today, many locations lack a POS system. They cling to their non-POS legacy system and continue to invest in it — and in some cases run dual systems!

Continuing to invest in a legacy system is quite common, and plenty of vendors have built businesses around providing solutions to lengthen the life of a system that’s rapidly becoming obsolete. Think about paper invoicing. There’s nothing wrong with that process but a convenience store should be investing in electronic invoicing, which typically reduces costs and increases productivity.

A FEAR OF CHANGE

Quite often, people take the path of least

resistance when making a decision about when to “upgrade” from a legacy system to a more effective alternative — they postpone or avoid it altogether. And it makes sense; it’s easier to work on other tasks that require less time and commitment.

The resistance that does exist typically stems from a fear of change. Replac-

ing legacy systems with more modern ones — a big change — always has some potential risk associated with it. Of course, that would be the case with *anything* that is new. But it’s this reluctance to change that often keeps legacy systems around well beyond their usefulness.

Replacing a system that’s working “good enough” has emotional risks as

Reluctance to Change	Alternative Reality
The current (legacy) system isn’t so broken that it causes huge problems.	Like an iceberg, the obvious costs above the surface of the water of the legacy system are usually a fraction of the costs hidden below.
The costs of the new system seem prohibitive.	These days it is fairly easy to determine the costs and cost savings (or ROI) from implementing a new method/system.
People are unable or unwilling to change. Change forces the development of new processes, which many people don’t want to do.	Most employees prefer comfort rather than change. That doesn’t make them bad. It’s merely a challenge to explain the reasons why a new system is being implemented.
Will the external support from a new vendor be reliable?	Checking references, having solid guarantees in place and choosing a vendor with a history of integrity can ensure success.

Perceived Risks	Alternative Reality
A failure of the upgraded system could have a negative effect on the business.	The negative effects and costs of a sputtering legacy system should be considered.
We might find out how bad the legacy system really was (in the last couple years) — and the negative effect it was having on the business. Would somebody be blamed?	A person at some point made a good decision to buy the system that, over time, became a legacy system. Somebody also decided to keep the system running instead of replacing it. However, every business has priorities, so no one should be blamed for keeping a system running.
New processes will have to be developed to support the new system.	Often, these new processes are much simpler than we think.
Unpredictable costs and consequences loom.	Working with an experienced provider means fewer unpredictable costs and surprises.

Why Replacement Efforts Don't Get Off the Ground

There isn't a champion or the champion has no authority to bring about change.

The benefits cannot be clearly stated.

It is viewed as a lower priority or doesn't support mission critical activities.

It is going to be a lot of work.

What To Do About It

Appoint a champion with authority.

Work on the ROI and benefits until a good list can be clearly communicated.

Organizations must prioritize. One way to move your project up the priority list is to clearly define the:

- True costs of the legacy system
- Cost reduction from a new system
- Risks and risk reduction of the legacy system
- Time savings

Some work will be required, but with the right partner, the work can move quickly.

well. But often, the emotional, perceived risk is almost always greater than the actual risk.

Eventually, we all come face-to-face with legacy systems, and we all know change can be difficult. Not doing anything has immediate appeal – especially when we are faced with a number of other challenges. But doing nothing jeopardizes the long-term success of any business if a good solution exists to replace the legacy system. **NACS**

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