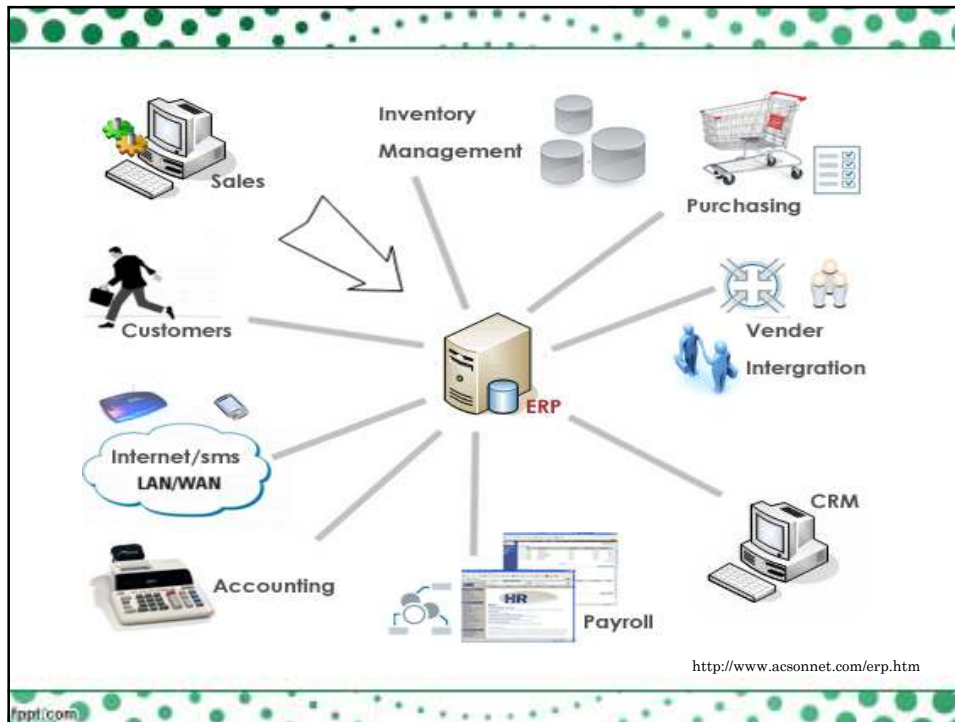




## Enterprise Resource Planning

- enterprisewide information system designed to coordinate all the resources, information, and activities needed to complete business processes such as order fulfillment or billing
- supports most of the business system that maintains in a single database the data needed for a variety of business functions such as Manufacturing, Supply Chain Management (SCM), Financials, Projects, Human Resources and Customer Relationship Management
- based on a common database which allows each department to share, store and retrieve information

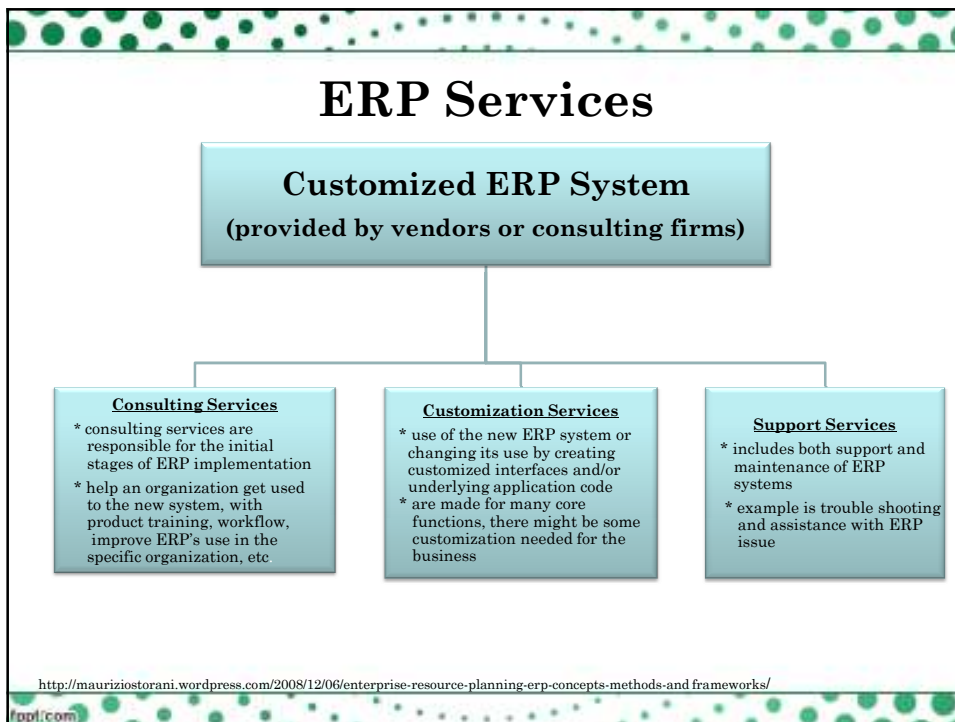
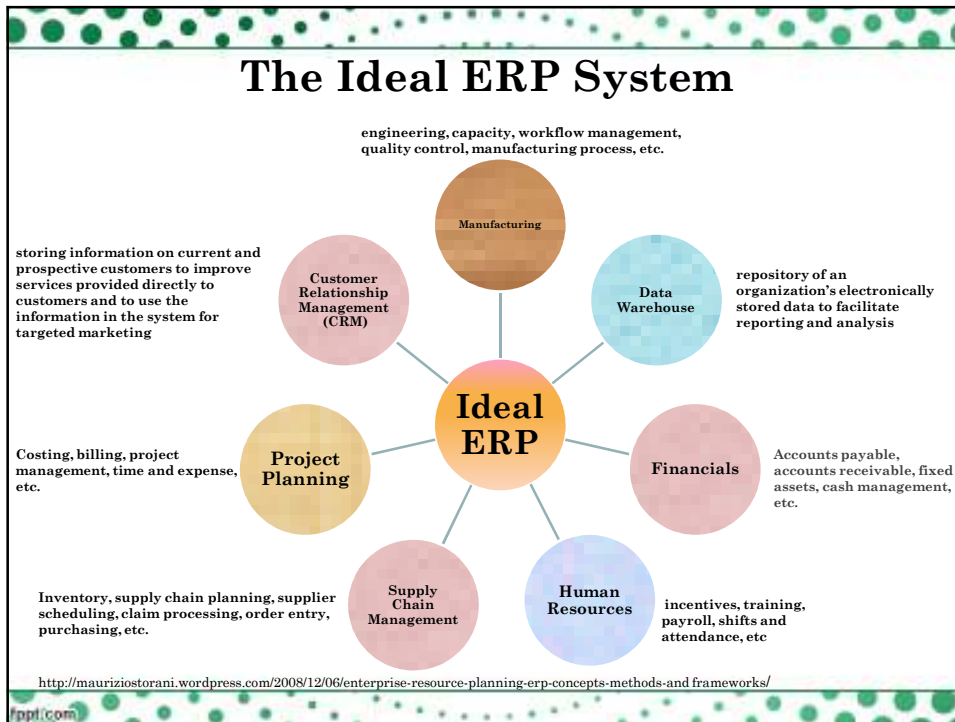
<http://maurizistorani.wordpress.com/2008/12/06/enterprise-resource-planning-erp-concepts-methods-and-frameworks/>



## Enterprise Resource Planning

- are used in almost any type of organization – large or small
- a software system to be considered ERP, it must provide an organization with functionality for two or more systems
- some ERP packages exist that only cover two functions for an organization (QuickBooks: Payroll & Accounting)
- most ERP systems cover several functions

<http://maurizistorani.wordpress.com/2008/12/06/enterprise-resource-planning-erp-concepts-methods-and-frameworks/>



## Implementation Types of ERP

### The Big Bang

- most difficult and ambitious approach
- company stops all their legacy systems at once and installs a single ERP system across the enterprise
- requires everyone to accept and start using a new software system at the same time

### Parallel adoption

- includes running both the current and new ERP system at the same time
- users learn the new system while performing regular work on the old system
- after requirements for the new system are met, then the legacy system is stopped from being used

### Phased rollout

- changeover occurs in phases over an extended period of time
- company moves off the legacy system and onto the new ERP system in a series of predetermined steps

### Franchising strategy

- each unit implements its own "instance" of ERP and common processes, such as financial book keeping, and link across the enterprise
- companies not sharing many common processes across business units prefer to take this approach
- most common way of implementing ERP

### Slam dunk

- generally used by small companies that expects to grow into ERP
- focus is on just a few key processes, such as those contained in an ERP system's financial module
- goal here is to get ERP up and running quickly

### Software-as-a-Service (SaaS)

- offers a company a faster implementation timeline (No software to install on firm's servers) and an expensive up-front cost
- critical data is hosted on a third party's server

<http://erp-systems.wikispaces.com/ERP+Implementation>

fppi.com

## Advantages of ERP – Inside Business

- ❖ Integration of a single source of data
- ❖ Common data definition
- ❖ A real-time system
- ❖ Increased productivity
- ❖ Reduced operating costs
- ❖ Improved internal communication
- ❖ Foundation for future improvement

[http://www.csus.edu/indiv/w/wange/mgmt186/docs/notes/Enterprise%20Resource%20Planning%20\(ERP\)%20Systems.ppt](http://www.csus.edu/indiv/w/wange/mgmt186/docs/notes/Enterprise%20Resource%20Planning%20(ERP)%20Systems.ppt)

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## Advantages of ERP - External

- ❖ Improved customer service and order fulfillment
- ❖ Improved communication with suppliers and customers
- ❖ Enhanced competitive position
- ❖ Increased sales and profits

[http://www.csus.edu/indiv/w/wango/mgmt186/docs/notes/Enterprise%20Resource%20Planning%20\(ERP\)%20Systems.ppt](http://www.csus.edu/indiv/w/wango/mgmt186/docs/notes/Enterprise%20Resource%20Planning%20(ERP)%20Systems.ppt)

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## Case Study: SAP implementation at Wockhardt Ltd

- Industry : Life Sciences                      Services: Healthcare - Pharmaceutical
- Products/Hospitals/Services                Employees : 9,000
- is a global pharmaceutical and biotechnology company based in India; manufactures and markets formulations, biopharmaceuticals, nutrition products, vaccines and active pharmaceutical ingredients (APIs)
- has manufacturing plants in India, United States of America, UK, Ireland, and France

### Need for SAP

- unable to draw a future roadmap and upgrade its technology
- consolidation of data across locations was difficult
- duplication of work and reconciliation would happen at every stage
- lack of a structured information system led to delayed decision making,-> having a negative impact on the business
- looked for integration across all business functions, faster information availability, and better control of operations

<http://pharma.financialexpress.com/20100630/pharmatechnologyreview06.shtml> - 16-30 June 2010

fppi.com

## Case Study: SAP implementation at Wockhardt Ltd

### Implementation

- IBM India was chosen as the implementation partner and SAP ERP as technology
- solution was implemented at the company's sites in India, United States of America, United Kingdom, Ireland and Switzerland

### The modules implemented include:

- ❖ Materials Management (MM)
- ❖ Quality Management (QM)
- ❖ Sales & Distribution (SD)
- ❖ Human Resources (HR)
- ❖ Product Life Cycle Management (PLM)
- ❖ Production Planning (PP)
- ❖ Plant Maintenance (PM)
- ❖ Customer Service (CS)
- ❖ Financials & Controlling (FICO)

- Time-frame : 8 months
- Highly successful implementation with a big bang approach in India
- Subsequent rollouts to subsidiaries in Europe & US by the Wockhardt In-house team

<http://pharma.financialexpress.com/20100630/pharmatechnologyreview06.shtml> - 16-30 June 2010

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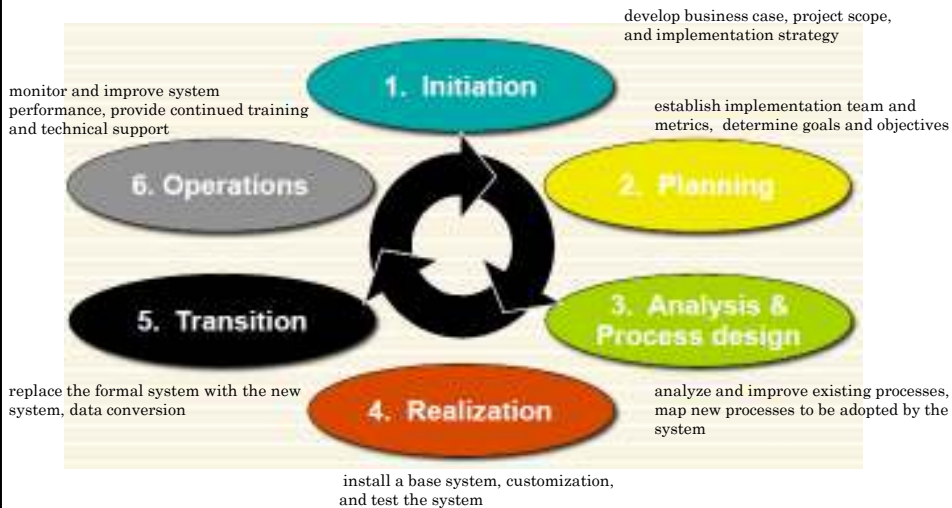
## Case Study: SAP implementation at Wockhardt Ltd

### Result

- Better LIFR (Line Item Fill Rate)
- Reduced Receivable days: reduced from **120- 150 days to less than 100 days**
- Reduced Credit Returns
  - ❖ centralized view enables the company to take care of products which are near expiry dates leading to a reduction in the number of goods which were being returned
- Better Purchasing Rates
  - ❖ purchasing activities at each plant would not be done in coordination with other plants now can transfer excess material from one plant to another
  - ❖ EDI (Electronic Data Interchange), BlackBerry with SAP software: customer orders and invoices can be integrated -> company can negotiate with vendors and took advantage of making bulk purchases

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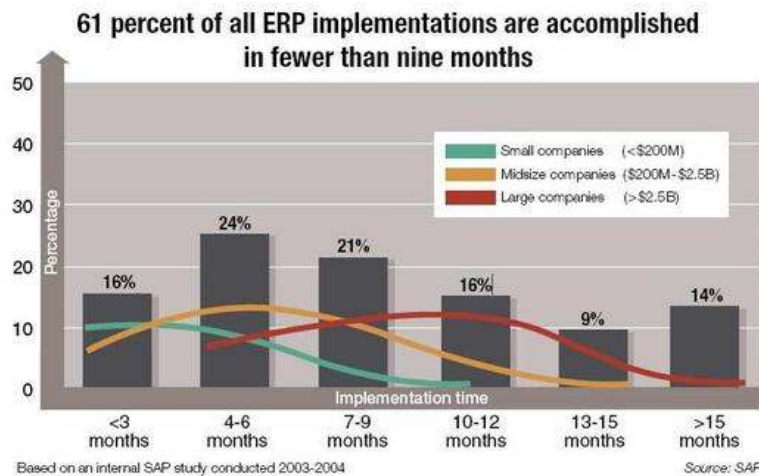
## Major Phases of ERP Implementation



<http://www3.cis.gsu.edu/dtruex/courses/cis8670/lectures-pdf/3-erp-lifecycleconcepts-rev2.pdf>

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## Timeframe of ERP implementation



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## Major Challenges to ERP Implementation

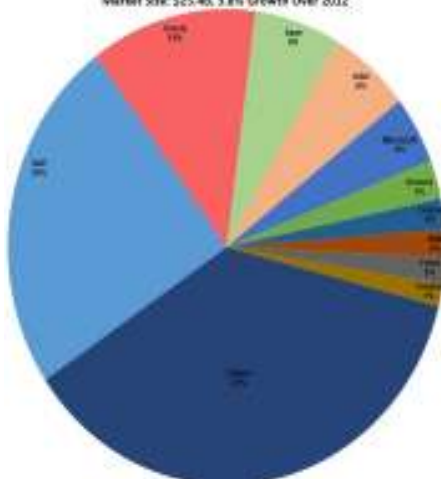
- ❖ limitations of ERP technical capabilities and flexibility of software system upgrades
- ❖ inconsistency with existing business processes
- ❖ high costs - implementation (hardware, software, training, consulting) and maintenance
- ❖ impact on organizational structure (front office vs. back office, product lines, etc.) -> changes in employee responsibilities
- ❖ implementation timelines, strategy and execution
- ❖ education and training
- ❖ **Resistance to change**

[http://www.csus.edu/indiv/w/wangc/mgmt186/docs/notes/Enterprise%20Resource%20Planning%20\(ERP\)%20Systems.ppt](http://www.csus.edu/indiv/w/wangc/mgmt186/docs/notes/Enterprise%20Resource%20Planning%20(ERP)%20Systems.ppt)

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## ERP Market Share

Worldwide ERP Software Market Share, 2013  
Market Size: \$25.4B, 3.8% Growth Over 2012



- ❖ Gartner reports that Workday, Workforce Software, Cornerstone OnDemand and NetSuite are the five fastest-growing vendors worldwide from 2012 to 2013

<http://www.forbes.com/sites/louiscolombus/2014/05/12/gartners-erp-market-share-update-shows-the-future-of-cloud-erp-is-now/>

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