



Minor Change in Grading Policy

- Minor 1, Minor 2: 10% each
- Major: 20%
- Quizzes – 20%
- Student's Participation / Presentation - 15%
- Lab assignments and Term paper - 20%
- (Lab + Class) Attendance - 5%

Discuss the Assignment!

- Case studies by the students on ERP

Emerging Trends in ERP

- Cloud Based ERP
 - software vendor keeps and manages the software and user pays a subscription price for the software
 - vendors: SAP, Oracle, NetSuite, Plex Systems
 - users : Hilti (Industrial Machinery & Components)
- ERP processes via tablets and smartphones

Emerging Trends in ERP

ERP APP Store

OpenERP Server App



- get customer and sales data from mobile
- create sale orders, quotations directly from the mobile device

SAP Business One App



Apple itunes store

ERP Implementation Failure



HERSHEY'S

- largest chocolate manufacturer in North America
- headquarters are in Hershey, Pennsylvania
- founded by Milton S. Hershey in 1894 as the Hershey Chocolate Company, a subsidiary of his Lancaster Caramel Company
- products are sold in about sixty countries worldwide



wikipedia and google images

ERP Implementation



- in late 1996, management approved a project name *Enterprise21* aimed at modernizing the hardware and software used by the company
- selected SAP AG's R/3 ERP, Siebel CRM and Manugistics SCM and IBM's Global Service to integrate three systems
- overall project cost was USD10 million
- recommended implementation schedule was for 4 years; Hershey demanded for 2.5 years
- decided to go for Big Bang approach instead of phased approach

http://www.academia.edu/4630187/ERP_Implementation_Failure_Hershey_Foods_Corporation

Impact of ERP Failure -

- problems related to order fulfillment, processing and shipping start to arise; several consignments were shipped behind schedule, and even among those, several deliveries were incomplete
- old logistics system was phased out, making way for the new one, which could not function as required
- without any data about the products in its hands, Hershey was often forced to call up customers and enquire about the details of the quantity they received and ordered
- several of Hershey's distributors who had ordered the products could not supply them to the retailers in time, and hence lost their credibility in the market
- inventory piled up and by the end of September 2000, the inventories were 25% more than the inventories during the previous year
- accepting failure in implementing ERP in late 1999, its stock price plunged by 8% on a single day
- failure to implement ERP software on time costed the company US\$150million in sales
- profits for the third quarter of 1999 dropped by 19% and sales declined by 12%

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Reasons of failure:

- over squeezing of implementation schedule
- using big-bang approach instead of phased rollout
- sacrificed software testing to expedite the implementation
- lack of experience of management in implementing software solutions of this magnitude
- implemented ERP during the peak season, and did not have time to rectify the mistakes arising out of implementation issues
- opting 3 different softwares simultaneously

ERP Statistics - India

- ❑ more than 1,000 user organizations have adopted ERP in India and China combined
- ❑ next five years it is going to grow by 28%
- ❑ turning more towards SaaS based ERP
- ❑ ERP market in India is expected to touch USD 538 Million by 2017 from USD 178 million in 2013 growing at CAGR of 17 percent

http://articles.economicstimes.indiatimes.com/2013-08-05/news/41093656_1_india-and-china-research-firm-gartner-today-cent-cagr

Case Study: ERP

- <https://www.youtube.com/watch?v=v3ZAjEtPMZ8&list=PLmGjlBOYNT0rVBCkomZgdb0ROD0aB-z2->
- <https://www.youtube.com/watch?v=1GZHbUhiHtU> (Plex Systems - Phoenix Logistics Case Study)

Important Factors Associated with ERP failure

- Inexperienced consultants
- Budget overruns
 - underestimation by vendors
- Unreasonable timelines
 - small, targeted projects may be ready for use within three to six months, large multidimensional implementation usually takes several years
- Unrealistic expectations
 - ambition is often fuelled by salespeople from the integrator and the software vendor
- Simultaneous module rollout and bad go live timing

<http://files.eric.ed.gov/fulltext/ED536523.pdf>

Important Factors Associated with ERP failure

- Excessive software customization
 - too much customization can violate the integrity of the software
- Lack of senior management commitment and support
 - quickly intervene to resolve obstacles
- Poor project management and control
 - Project managers should be involved in every aspect of the ERP implementation and monitor project activity carefully
 - Project risks must be identified immediately, appropriate resources provided as needed, and personnel and other issues resolved as they arise
- Inadequate employee training
 - example: Lumber Liquidators (net income drop of 45 percent for the third quarter of 2010 relative to the previous year to reduced productivity)

<http://files.eric.ed.gov/fulltext/ED536523.pdf>

Quiz 5

- Write 2 reasons for ERPs explosive growth? (1 mark)
- Give any two disadvantages of ERP systems. (1 mark)
- Write 2 major challenges in implementing ERP? (2 marks)
- What is the role of management in the success of ERP implementation ? (3 marks)

Fill in the blanks: (.5 marks each)

- Wockhardt used ERP implementation strategy.
- is a cloud based ERP implementation type.
- Number 2 company in the world for providing ERP solutions is
- Module of ERP that deals with customer support is

True or false: (.5 marks each)

- Information is at the heart of any ERP system.
- ERP systems have a database for each of a company's functional areas.

Discussion

Enterprise Resource Planning Implementation in Indian SMEs: Issues and Challenges

(http://www.csi-sigegov.org/critical_pdf/27_242-248.pdf)

Issues and Challenges: Results from the Paper

- **Awareness:** low level of awareness amongst SMEs for ERP vendors, applications etc. Most of the time they do not even know what ERP systems are and what they can do. They consider ERP systems to be a magic wand, which will help solve all their business problems, be it in terms of quality, or process defects. ERP brings in a more disciplined execution of business process giving more transparency and visibility to the working of the organization.
- **Perception:** ERP is meant only for large firms mainly owing to the high costs of acquisition, implementation and maintenance as also the complexity. Some of the SMEs even feel they do not need ERP.
- **Earlier Implementations:** SMEs have heard of the much-publicized failures in ERP Critical Thinking in E-Governance 246 implementation, which have led firms to bankruptcy. Some SMEs who have implemented ERP earlier have failed. This has led SMEs to believe that ERP implementations are a waste of time and effort and can even lead to the demise of company.
- **Approach to implementation:** ERP vendors' advice SMEs to mould the business. But most SMEs have processes that they have evolved over time and hold very dear to their hearts. As a result, SMEs are having the entire ERP system customized to meet their requirements. This would increase the overall cost of implementation. A good approach would be to keep the customization to a minimum.
- **Cost:** SMEs have less of capital than their larger counterparts.
- **Change management:** One of the major reasons why ERP implementations nationwide have been known to fail is due to the implementation being considered as an automation project instead of one that involves change management. This results in the system being put in place but not being used effectively due to people not ready to accept the change. • **Limited resources:** Most SMEs do not have an in-house IT team. Due to this they have to rely on external agencies to help them and this adds to the implementation costs.