

# Compiere and open source erp essay sample



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In today's business world, all the companies are looking for new software to do business. They want new software to help them save money and at the same time, work more efficient than before. During the 1990's, Gartner Group employed the first definition of ERP. The ERP system growing rapidly during the year 1990 to 2000 since the countries all around the world are working closer and closer and the global business environment changed a lot. Companies start to notice that they are dealing with a whole new world and they need some really powerful tools to help them finished tasks.

Therefore, ERP system itself also changed a lot and starts getting better and better. Then we have open source ERP. I think open source ERP changed the ERP market even though there are lots of people think open source ERP is an dead end. During my research and the presentation of the classmates, I find out that open source is a really important breakthrough for the whole IT industry. I will explain my reason in detail later in my paper.

There are some major open source ERP brands on the market like, compiere, OpenERP, ERP5 etc. These are also really popular vendor in the market.

What is ERP system? As we all know, ERP is stand for enterprise resource planning. According to APICS, the definition of ERP is Framework for organizing, defining, and standardizing the business processes necessary to effectively plan and control an organization so the organization can use its internal knowledge to seek external advantage. As the ERP system growing rapidly, there are several companies start to give free software and those companies think we should share our knowledge. Compiere is one of the leading vendors that start introducing their open source ERP back in late 1990's. I think this transformation of ERP system has a positive effluence on

the market since there are lot more small and medium companies on the market who can not afford millions of dollar a year for just using ERP software. The benefit of the million dollars ERP system will always be ignored when a small of medium size company starting paying license fee. So nowadays, more and more companies start looking for low cost even free software to lower their expenses and maximize their profit.

Open source ERP software become the first choice for those companies because they are free and the money they paid for using database is really low. Another important fact is that they can have a second development because they have the source code for this particular product. In a paper release by Smile (a leading open source ERP system contributor in France), there are several advantage of ERP system: -Flexibility: With Open Source ERPs, it is the source code itself which is made available for free and thus open for interfacing and integration with other systems. Moreover, customizing and integrating of the Open Source ERP with existing systems can become an easier task for the company to do it internally or to find external experts due to the availability of resource s and documentation for free on the internet. Moreover, proprietary ERP vendors have the tendency to implement less number of standards, as this can prove costly to them. Therefore, they usually use their own protocols which are not valid outside the limits of the vendor itself. This results in what is called vendor lock-in.

- Quality: Valyi (2008) argues that Open Source ERPs are distinguished by a superior quality on the technical level. This superior quality can be the result of the commitment of Open Source ERP vendors to technical challenges. - Ability of adaptation to the business environment: for proprietary ERP

vendors, it is up to client to adapt its business processes to the ERP system in question, justifying this by the fact that they have implemented a better knowledge in the domain and that they have implemented the best practices in the ir products. Open Source ERP system offer the possibility to the client to adapt the system to its environment and business practices.

- No hidden costs: many proprietary ERP vendors attract clients by proposing packages at acceptable prices but which soon turn out to be limited, namely by the number of users. Once an organization adopts a proprietary ERP package, it can find itself locked in a costly battle to scale up the system if the need arises to increase the number of the ERP users.

- Possibility of specific developments: proprietary ERP vendors try to keep control over the ensemble of functional modules that a client's organization may need. If a client wishes to carry out specific developments on the system, it is difficult to guarantee what those developments will be compatible with the system.

- Vendor's independence: by adopting an Open Source ERP, the client is not at the mercy of the vendor. The support of the product is provided by the "Community" and the client is in a powerful position to exert a proactive pressure over the vendor.

- Freedom for upgrade: an organization that chose to adopt an Open Source ERP can choose to upgrade it whenever they want. They can choose to do the upgrade themselves or at the best price by sending several requests for proposal to several competing third parties and choosing the best offer at the end.

Now I will use Compiere as an example to illustrate some of these advantages in detail. -Flexibility: as an open source ERP, Compiere has two versions of their products. One of them is called community edition. Customer can download it from their website and run the software using JAVA development software like Eclipse. This edition is distributed under the term of General Public License-which include not being able to restrict the use, copying, modification or redistribution of that software. Another edition is called enterprise edition, which is for companies that cannot agree with GPL since they may not want people outside the company knows how they run business. This option for customer give them more flexibility than regular ERP software and every company can choose the one they want according to their own situation -Quality: Compiere is being recognized as one of the most adaptable and affordable ERP solution. Since there are thousands of user are using community edition, they agree to open their own code and it is online on their source forum. This means that there are millions of companies are working on “ developing” the software for Compiere. Every company is trying to make the software better since they are using it to maximize their own profit so the quality will be insured by the costumers themselves.

- Ability of adaptation to the business environment: From financial reporting to purchase cycle to point-of-sale, Compiere provide complete function for industries like distribution, retailing, manufacturing, publishing, health care & pharmaceutical and government & charity. The regular ERP system is designed so complex that they have every function you need to work on every industry. This makes the software itself really complex and hard to implement because not all the employees are good at computers and some

of them even prefer doing business using paper! This is also a major disadvantage of regular ERP system. Almost all the companies using regular ERP software having a hard time to promote the new software and the satisfaction rate are really low. This is not the result we want to see after spending millions of dollars and hundreds of hours on the new ERP implementation project. I think it is the time we start looking at open source ERP. For example, Compiere allows you to create your own chart of account and you can create your own table to fill in customer information. I was happened to work with SAP by design last year and that is really cool software with lots of functions.

However, the process for adding a new customer is so complex that it took me twenty minutes the first time I add a new customer. They have a really good user interface but I just feel confused when I fill out those blanks. At that time I am start to notice that open source will be a good solution in the future since every company handle business in different ways and people handle business issues in different ways too, we can not ask everyone on the market has the same way to do business. It is really a good idea that we can let the customer customize their own progress and do it for free. -Cost: For Compiere, there are several fees that customer can look at: licenses cost for enterprise edition, service cost, and database cost. When it comes to licenses cost, all modules or features of community edition are under a GPL as I mentioned earlier, however enterprise edition is under another license which customer has to pay in order to use that edition. Service cost is called a Compiere subscription on their website.

The subscription provide services like technical support, training and professional services. Customers also need to pay a small amount of money to purchase the license of a database in order for the software to start running. -Support Availability: There are several support options for customer to consider. The first one is community resources. This one is contributed by integrators, developers and end-user customers. There are plenty of resources like SourceForge forums, issue tracking and community wiki. Both forums and community wiki are free for all users and issue tracking need to be a subscriber. The second one is support request. Any customer with a Compiere support subscription has access to trained personnel for resolving Support requests. The last but not least is fee-based support request. This one offers larger range of services and some of the services are included in the subscription. Customers can also download service packs with subscription. Service packs are periodically released and help fix bugs on top of new released. -Stability and Maturity: This can be reflected by the software's market reputation and position.

The market position for open source ERP can be simply measured by the download times of their software. Compiere is one of the most widely used ERP and CRM software with 1.4 million of downloads. They also has a lot of successful stories online from different industries that are talking about how Compiere working perfectly for their companies. -Customization: Compiere's is able to customize user interface, report and extensions. User can change the log in language, transaction date and printer; the menu bar in customizable; we can also change the terminology. Customization is also change on different levels: system and implementation wide, window, client,

organization and specific user. More specific level overwrites the setting of more general level. For example, when we create a product or a customer, we can move or delete every field on the worksheet. This is a more specific change that it will influence all product or customer layouts for this particular product or customer. We can also assign values to a new table by using SQL. Compiere provide helpful tips on their website or you can request a support by contacting the company.

Compiere is being criticized by not being totally open since they are still using Oracle database, which means the software itself is still somehow depends on Oracle. Compiere is working on an independent database which their client will be able to use in the future and make the software a total open source ERP system.

After all the advantages for open source ERP systems, is open source the future of ERP? I think the answer should be positive. Even though there are several problems that open source companies need to pay attention to. First of all, they need to make money too. How are they going to compete with other huge ERP vendor like Oracle and SAP? During my research I noticed that ERP system is not bought, it is sold. Both oracle and SAP spend billions of dollars on advertising and marketing. They are trying to sell that software to the companies; they are using the classic push strategy. They are pushing their products to the market. However, I think open source ERP are using the pull strategy. Everyone want to save money and all the companies are finding a way to lower their cost. They can achieve that by switching to open source ERP. However, we can not ignore the power of marketing and advertising. There is a reason why TV stations like commercial. The open

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source ERP vendors need to find a way to survive under today's business world

Secondly, it is really hard for some small to medium size companies to have a large group of IT staffs to focus on continue develop on the software. Most of the companies choose open source ERP because they prefer a lower cost system. Later they find out it is still really expensive for them when they are trying to develop some new functions because nobody and do that or there are really not enough people to finish the tasks. Then they need to find more staff and it will increase their salary expenses. Some companies does not even know how to start and where to start. They just stuck on the pre-load functions and have really tiny modifications. This is really a problem that we can not really solve and may be our IT genius will invent some super easy computer language or artificial intellectual is at a really high level and computer can help us finish the tasks. However, computer can never replace a human. They are only a tool that will help us finish tasks. I believe that open source is the future of not only ERP but IT industry. We need to give time to let our technology help us achieve our goal and the process may be a little painful. The third one is the limitation on the system itself.

Open source ERP systems are always pointed on small to medium sized company which means their business process will not be extremely complex. This means most of those companies will not have a large data storage request and the systems itself is not designed to handle a large volume of data. This limitation restricts the customer base of open source ERP. The concept of open source ERP is relative young compare to traditional ERP so we need to admit that the system itself still has a really long way to go. I

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think the ultimate goal for those developers and contributors is to make open source ERP the first choice for every company and replace traditional ERP system. However, they still need to work hard to improve their system and optimize the function for open source ERP systems.

Last but not least, I think open source ERP developers, contributors and vendors are really need to spread their knowledge about open source ERP and help companies has a basic idea about how to continue develop their own ERP systems on top of the source code. The vendors should give some useful advice to each customer on how they should start build their own process. The open source ERP vendors need to focus a little bit more on evaluate clients business process and provide useful information to help specific users maximize the use of the software. Open source ERP is supposed to make the business easier, not more complex. The developers can help by not only open their source code, but provide enough services to help client learn how to implement this fairly new idea in ERP industry to their own business processes.

Open Source ERPs seem to have a stable rate of growth and acceptance thanks to those who are contributed their life and knowledge into open source area. The open source ERP system are coming to a stable stages that they have a much better functionality than before which is able to compete with some of those major ERP system in a near future. The open source strategy provides an incredible flexibility and cost efficiency for small or medium size companies. This strategy is going to influence a lot of people within the companies who use open source ERP system. Therefore, it will change the business environment.

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As a conclusion, chosen open source ERP systems have more benefit than cost. They are almost perfect fit for small or medium size companies. However, I think choose open source ERP systems is not good for large corporations. The software itself is not powerful enough to handle really complex business process and most open source ERP vendors are not able to target large corporations. The open source ERP system are also lack of the ability to handle international accounting properly which is a major downside for open source ERP since a lot of large corporations are global corporations in today's business world. They really need a powerful software that can handle multi-continental standard and work with them with no hurdle.

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