

# Benefits and drawbacks sap in an enterprise



## Introduction

As world economy is increasing step by step, a lot of enterprises are looking for a system to help enterprise integrate resource, enhance efficiency of operation of enterprise and reduce cost. Although there are some relative systems in the market, Enterprise resource planning system(ERP) as one of the most popular system has been used in most enterprises. In addition, there is a report come from Klaus etc. in 2000, it showed that ERP could effectively integrate enterprise resource and improve competition of enterprise. It aims to analyses enterprise information in each department and present some rational recommendations to management (Klaus H. etc., 2000). Meanwhile, it is known to all that ERP is a kind of software of management. There are many different software belong to ERP in the market, such as SAP, Oracle and so on. Therefore, in this report, combining SWOT method, one of business strategies, and SAP to analyses this case study. At the same time, a significance of SAP will be proved in an enterprise.

## **Definition of ERP and SAP**

### **Background of Siemens Power Corporation**

Siemens Power Corporation is a globally operating manufacturer of both fossil fuel and nuclear power generation systems. It mainly provides both Boiling Water Reactors (BWR) and Pressurized Water Reactors (PWR) and related services. In the market, it had many customers at the beginning. However, after few years, some customers hope manufacturer can offer safer and cheaper energy sources. Meanwhile, in the same market, some

competitors sized market. It caused that Siemens Power Corporation lost advantages in the competition and reduce some customers.

## **Using SWOT to analyse Siemens Power Corporation**

A SOWT analysis is adopted to estimate the Strengths, Weakness, Opportunities and Threats involved in a project (Hay & Castilla, unknown). It can be separated into internal factors (strengths and weaknesses) and external factors (opportunities and threats). Thus, in this report, SWOT will be adopted to evaluate problems in order to carry out relative measures to solve them.

### Internal factors

#### Strengths:

Siemens can offer fossil fuel to each country in the whole world.

Siemens has enough financeto support enterprise operation.

Siemens has great reputation in the world.

At the beginning of operating enterprise, Siemens had a number of customers.

#### Weakness:

Inside of enterprise, because of AMAPS system did not fulfill the requirement of business modules. It still had many overhaul of legacy system.

Management had to drop it. In the other word, Siemens implements old system, such as AMAPS system and PERMAC system. It did not have a formal and efficiency system. Otherwise, during operating old system, most of data collection had been done by telephone.

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External factors

Opportunities:

During US started to close many fossil fuel manufactures, Siemens can be saved. It means Siemens' products are safe and approbated. It can occupy more market share.

Threats:

Although Siemens can offer both Boiling Water Reactors (BWR) and Pressurized Water Reactors (PWR), its competitors trend to more specialize in one type reactors of them. Under this case, competitors probably shrink market share step by step with Siemens.

Following a clear SWOT analyses, it obviously displayed that it is necessary to bring in a new enterprise resource planning system to help Siemens improve their competition in order to expand its advantages of competition in the market.

### **Advantages and disadvantages of implementing SAP**

In the ERP market, there are many vendors can be selected, special SAP and Oracle. They are all famous ERP systems. However, after Siemens management compared SAP with Oracle or another ERP system, management believed that SAP could provide the best " client/server" architecture. At the same time, SAP also reduced interface problems.

## **SAP has high integration of business module**

Despite SAP owned business modules over eighty and was saw a little complex, SAP is most smart and comprehensive integrated modules of business configuration. In the case study, it still mentioned that SAP software modules are designed according to “ best business/industry”. SAP could be configured easily than before so that SAP could reflect whole enterprise structure more detail, even reflect precise pricing discount. There was a report from Hejazi etc. in 2003. They also point out that SAP could more effectively integrate various resources during they pay more attention on working SAP (Hejazi etc., 2003). In addition, in 2002, Mandal and Gunasekaran all argued that the organization of SAP owned whole view of the process. This structure could help enterprise effectively manage enterprise-wide project. Therefore, it is confirmed that SAP could help enterprise improve efficiency of integrating resource.

## **SAP can reduce maintain cost**

For an enterprise, cost is a big issue. Most enterprises try to look for a method to decrease cost in order to gain higher profit. Thus, in a condition of ensuring qualified product, enterprise brings in a new system which it can reduce cost can greatly enhance competition. SAP as a kind of software for demanding, it promised that SAP system can decrease cost by all kinds of effective methods, such as reengineered business processes, maintain cost and so on. This viewpoint also is proved by Gattiker and Goodhue in 2000. In their report, they clearly believed that ERP system could cut down maintaining cost. At the same time, ERP also could enhance ability to deploy new functionally (Gattiker F. & Goodhue L., 2000). There is a conclusion in

the paragraph, SAP could decreased enterprise maintain cost so that it can become a part of helping enterprise improve competition.

### Drawback

It is hard to configured SAP

It is known to all that SAP is one of the most popular software in the world. To implement SAP in enterprise, enterprise could gain huge benefits from SAP application software. However, it still cannot avoid some disadvantage in SAP system. One of the hardest drawbacks is how to set configuration during implementing SAP. SAP only accepted own interface. It means that enterprise have to change old business interface into new “ SAP-way” interface in order to operate SAP system. in the case study, it can be seen that even if enterprise have some professional recommendations from consultant, it is still hard to configure the SAP. An article from Gattiker and Goodhue in 2000, they also presented that it is difficult to configure SAP. Once SAP configuration unreasonable, to run SAP easily lost accuracy of tracking data. Therefore, it is clear to recognize that SAP weakness is configuration.

### Recommendations for configuring SAP

To implement SAP on relational database such as Informix, Oracle, SAP database. Because few current SAP systems create own database base on Oracle.

Enterprise can seek a professional consultant or experienced staff to configure SAP. the reason is that they can give some recommendations to

deal with problem during configuring SAP.

At the beginning of configuring SAP, all business modules are defined by software as soon as possible. In this case, it is useful to reduce some mistake such as matching the name of variety of business modules.

## **Conclusion**

In a conclusion, SAP as a kind of ERP system, when an enterprise implements SAP, they will suffer from some uncertain troubles such as hard to configure system. However, some problem will be solved by relevant solutions. At the same time, it definitely gets a conclusion that SAP has more benefits than disadvantages. Otherwise, in the report, it also presented that enterprise bring in SAP system can help management fully use variety of resources. Through rationally integrate resource and cost reduction to help enterprise enhance competition in the market.

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European Journal of Operational Research. 146,(2)274-2