

# Why did sinosteel pursue the development of an erp system essay



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As mentioned at the beginning of the video, Sinosteel is a very important company, currently holding 86 subsidiaries under its administration, among which 23 are abroad. Sinosteel grew through the acquisition of these subsidiaries and is likely to keep this pace within the years to come. Before the implementation of Oracle in 2005, Sinosteel had to face some issues directly related to this large amount of daughter companies and the size of the company itself. We can outline two main issues Sinosteel had to take care of:

- The lack of standardization: Even after becoming a subsidiary of Sinosteel, the companies used to keep their former management processes, managerial regulations, coding, human resources management systems, etc. This obviously resulted in a quite difficult global management of the enterprise since having a clear overview of the company was uneasy, if not impossible.
- The decentralized information: The information within the different Sinosteel's subsidiaries used to be kept in the said subsidiary and not to be shared with the other ones. This proved to be very risky. For instance, when customer information was decentralized and controlled by sales in each subsidiary, delinquent customer could owe money to one subsidiary only to invoice and be paid by another.

Thus, before the implementation of the Oracle Enterprise Resource Planning, the way Sinosteel used to manage its corporate information was risky and could lead to unfortunate or even dangerous misunderstandings. For these reasons, Sinosteel chose to pursue the development of an ERP system. The

objective was to reach management efficiency in all core business functions through information sharing. These improvements were mainly perceptible in the customer relationship management, the supply chain management and the human resources management, although ORACLE also provided Sinosteel with improvements in the fields of finance, project management, and so on.

- As mentioned above, decentralized customer information led to critical troubles. According to the interviewed IT manager: “ through CRM we can now prevent this kind of things from happening again. We now share all customers’ information”. But such an improvement does not only allow the company to avoid delinquent attitude from customers. It also enables Sinosteel and its subsidiaries to provide a better customer experience. Indeed, by sharing the information between the different daughter companies, each one of them is, at any moment, able to adopt the best behavior with a particular customer.

- A company such as Sinosteel has a huge field of competencies and deals with a large amount of customers. Indeed, as mentioned on the company’s website, “[Sinosteel] is a large multi-national enterprise with clear-defined core businesses that integrate resources development, trade & logistics, engineering project and science & technology, equipment manufacturing and specialized service, providing comprehensive auxiliary service for steel industry, especially steel mills”. Thus, an efficient supply chain management is crucial. Thanks to the Oracle ERP, the information relative to this can freely flow internally.

- Eventually, the HRM also benefited from the ERP. Indeed, the company adopted global HRM policies and standards so that the employees' financial and personal information are efficiently connected. Thanks to the ERP, Sinosteel was able to establish a centralized and unified platform which covers the whole enterprise and improves information consolidation and collaboration within the enterprise. Sinosteel was obviously strengthened by the implementation of this ERP and is likely to be helped by it when it comes to its pursuit of business efficiency and sustainable development.