

# [Introduction are essential to the infrastructure of every](https://assignbuster.com/introduction-are-essential-to-the-infrastructure-of-every/)

IntroductionThroughoutthe course of this essay I will be discussing Enterprise Resource (ERP)systems, their benefits and how these benefits materialise, as well as whetheror not I believe all businesses would benefit from having an EnterpriseResource Planning system implemented.

I will also touch on Information Systems. AnInformation System (IS) is a computer system or set of components that are ableto collect, create, store, process and distribute information. Informationsystems typically include hardware, software, system users, as well as the dataitself.

They are essential to the infrastructure of every organisation to theextent that many organisations have become totally dependent on theirinformation systems, if the information system stops working then theorganisation is forced to stop working too. Enterprise resource planningsystems are a type of information system. They are a third-party applicationsoftware which provides an organisation with system integration across a widerange of standard business processes (WHITELEY, D. 2013). Enterprise resourceplanning systems are used by an organisation in order to manage its day to daybusiness activities (Oracle. com. 2017). Howdoes an Enterprise Resource Planning System work? An Enterprise resourceplanning system works by tying together a number of different businessprocesses within an organisation.

They are designed to collect data frommultiple sources within an organisation and compile it into a centraliseddatabase. They use a standardised business processes design in order tointegrate and streamline the business processes (WANG and GREASLEY. n. d.). Beforeenterprise resource planning systems, individual departments would have had tobuy and maintain their own software systems due to the fact that theorganisations did not have a centralised database and so each department wasresponsible for its own data. In practice, this means that employees that workin different departments within the organisation can rely on information fromthe same database for their specific needs. They also offer some degree ofreporting automation, instead of forcing employees to maintain separatedatabases and spreadsheets that have to be manually merged to generate reports, with enterprise resource planning systems being able to pull data from just onesystem, it makes the creation of reports much easier for everybody that itconcerns within the organisation.

In today’s modern society Enterprise resourceplanning systems are critical for managing thousands of organisations of allsizes and all industries. “ ERP systems eliminate data duplication and providedata integrity with a single source of truth” (Oracle. com. 2017).  EnterpriseResource Planning System BenefitsEnterprise resource planningsystems also come with many benefits. Firstly, they are a modularsystem, with many modules available, this means that depending on the businessneeds it is possible to implement only a few modules or more if needed.

Thisalso means that modules can be added or removed, when the system is upgraded, if needed as the organisations needs change overtime. As an enterprise resourceplanning system builds on a single database system, it enables a centralisedstorage and back-up of enterprise data, this means that it gives theorganisation the ability to accurately define, effortlessly integrate andeffectively retrieve data for internal applications as well as externalcommunications. However, implementing an enterprise resource planning system ina decentralised organisation is difficult, due to the organisations dispersedprocesses and systems.  Also, due to theenterprise resource planning system providing a centralised database, it meansthat individual departments do not have to buy and maintain their own softwaresystems which enables an automatic and coherent work flow from one departmentor function to another. As well as this it allows for a unified and singlereporting system to analyse the business statistics in real time. Having andenterprise resource planning system also means that certain vendors can extendthem in order to be provided with business intelligence functionalities andallows advanced e-commerce integration. Enterprise resource planning systemvendors also often argue that enterprise resource planning includes bestpractice, as they research business processes and include the most up-to-dateand beneficial software. They were also a popular solution when dealing withthe millennium bug, a serious of computer bugs which were related to theformatting and storage of data, in order to update systems for the eurocurrency and for introducing e-commerce.

However, once the enterprise resourceplanning system is implemented, the organisation is then locked into the vendorfor any future changes and upgrades etc. that may need making. Whatsteps should be taken for a successful implementation of an Enterprise ResourcePlanning System? In order to ensure thesuccessful implementation of a new enterprise resource planning system, thereare a number of steps that should be carefully considered by the organisation. Firstly, an assessment of the organisation should be undertaken. During this, the organisations business needs should be identified, the key performanceindicators and the critical business processes should also be documented. Thiswill help the organisation to pinpoint the enterprise resource planning systemthat best suits their needs.  Secondly, the organisation should consider whether it would be beneficial for them tohire a team of specialists, although this is not essential, many organisationslack any internal experience and expertise of enterprise resource planningsystem implementation.

Therefore, the hiring or contracting of an experiencedprofessional will help to ensure that the implementation of the enterpriseresource planning system within the organisation is successful. Another step that should beconsidered is evaluating the system during the selection process, as the rightsystem depends on the type of industry, the organisations business needs, aswell as its system preferences. During this, the organisation should evaluatewhether they would be best suited to an onsite enterprise resource planningsystem or whether it would be more beneficial for them to have a cloudcomputing enterprise resource planning system, this would be less costly thanimplementing an onsite system, as rather than purchasing the system outright, cloud-based systems are paid for through a subscription model, which oftenincludes not only the enterprise resource planning software but also the coststo cover hosting and supporting too (UTZIG, C. ET AL. 2013). I believe thatcloud-based systems will become a more popular choice amongst manyorganisations in the future, as the maintenance of hardware, software and ITinfrastructure is no longer considered a core part of an organisations keybusiness processes and freeing up IT resources allows staff to play a morestrategic role in helping the organisation become more competitive (SHEIN, E. 2017).

The evaluation of the enterprise resource planning system prior to itsimplementation is critical and if it is not carried out properly or thoroughlyenough then the enterprise resource planning system may fail. The organisation must alsoprepare for a big change when planning the implementation of their enterpriseresource planning system as they are not only about changing the technologywithin the organisation but it is also about changing the culture. In order todo this the organisation must be completely transparent with its employees fromthe beginning and get them involved with the changes that are being made withinthe organisation where possible. The preparation of data should also beconsidered by the organisation as not all data on the current system will beable to be converted into a format that is compatible with the new system. Once the above steps have beenconsidered and possibly completed its time to start the implementation of thenew enterprise resource planning system.

After the implementation of the systemis complete, the next step that needs to be undertaken is the testing of theenterprise resource planning system. The testing is done to ensure that thesystem works without errors and does what the organisation requires of iteffectively and efficiently. If it is not running smoothly during the testingphase, this gives the organisation time to iron out any errors that may haveoccurred before the system goes live, in order to try and eliminate anydisruption to the organisation once the system is live.

Another step that needsto undertaken before the system goes live is training the organisationsemployees on how to use the new system. The organisation may choose tooutsource this training to a company that offers onsite training or they maychoose to carry out this training in house. After the implementation andtesting of the system and the training has been completed, it is time for thesystem to go live (YASIR KHAN, A. 2015). EnterpriseResource Planning System ComplementaritiesTypically, in order to supporta successful Enterprise Resource Planning system, it is advised that othercommunications and systems should be eliminated.

Enterprise Resource Planningsystems are supports for planned and routine management, this leads to the viewthat Enterprise Resource Planning systems are not compatible with lessstructured and spontaneous based systems (WANG and GREASLEY, n. d). However, McAfee (2008) introduced Enterprise 2. 0 as a way to introduce the socialinteractions within organisations.

McAfee (2009) pitched Enterprise 2. 0 as theaim to build “ internet based software platforms” (WANG and GREASLEY, n. d) inorder to facilitate less structured, more spontaneous knowledge-based workswithin the organisation. Technically, Enterprise 2.

0 was developed from web 2. 0in order to enhance communication. Beyond the technology Enterprise 2. 0benefits organisations by establishing a network orientated structure and acollaborative, trustful and transparent culture (WANG and GREASLEY.

n. d). Thecombination of an Enterprise Resource Planning system and Enterprise 2. 0enables a high level of collaboration within the organisation. EnterpriseResource Planning systems improve the collaborative activities betweendepartments. The key tenants and customer information sharing is limitedbetween the groups. However, the organisation is horizontally linked by theintegrated Enterprise Resource Planning system and Enterprise 2. 0 (WANG andGREASLEY.

n. d). As discussed above Enterprise Resource Planning systems arethought to be more successful when implemented into isolation and in myopinion, this is how organisations should implement their chosen EnterpriseResource Planning systems, in order to help to ensure a safer and moresuccessful implementation.

However, some software can be adapted, for exampleMcAfee (2008), in order to support and work alongside the Enterprise ResourcePlanning systems and if an organisation wanted to integrate its new EnterpriseResource Planning system with another piece of software, it should not causeany harm to their Enterprise Resource Planning system as long as the softwarehas been adapted accordingly. Doall businesses need an Enterprise Resource Planning system? Although in today’s worldEnterprise Resource Planning systems are designed for all organisations of allsizes and all industries, I do not believe that all organisations would benefitfrom having an Enterprise Resource Planning system implemented. For example, atypical Enterprise Resource Planning system implementation for a business canrange from anywhere between $10, 000 (£7399. 20) to 10+ million depending on thetype of organisation, its size and its location (HUTCHINSON, C. 2017). Implementing a cloud based Enterprise Resource Planning system, instead of anonsite system, can help to reduce these costs, however, the implementation canstill be very costly especially to organisations of a smaller scale.

Somesmaller businesses such as corner shops are often owned by families with themain shopkeeper having extra help from one or two of their family members butonly when they are needed. Their turnovers are often very small compared tolarger organisations and as they are not large scale, they are not made up ofmultiple departments and therefore they not have large volumes of data thatneed to be compiled into a central database. Rather they are likely to haveonly a few pieces of data e. g.

stock and orders, that the shopkeeper cancompile onto a single spreadsheet themselves if and when it is needed. However, I do think that smaller organisations who do have more than just a few membersof staff and does have different departments with a high turnover may benefitfrom the implementation of a basic Enterprise Resource Planning system. Also, smaller businesses that want to gain the benefits of a smaller scale, lowertheir costs as well as drive standardisation should consider looking intoimplementing a cloud based enterprise resource planning system as this may bemore beneficial for them. But I believe that medium and large-scaleorganisations are the most likely to gain the most benefits from theimplementation of an Enterprise Resource Planning system. Despite the initialcost on implementing the system, the centralised database making it easier forreports to be created and the fact that each department no longer has to buildand maintain their own systems, means the organisation will be able to see itssavings and the systems benefits not long after implementation, if theimplementation of the enterprise resource planning system was successful. ConclusionIn conclusion, an enterpriseresource planning system is a type of information system that providesorganisations with system integration across a wide range of the organisationsbusiness processes by collecting the organisations data from multiple sourcesand compiling it into a single centralised database.

And as the enterpriseresource planning system builds on a single centralised database system, itprovides a better company-wide visibility and therefore enables fastercollaboration across every department. In order for an organisation tosuccessfully implement an Enterprise Resource Planning system there are anumber of steps that should be carefully considered from choosing the rightEnterprise Resource Planning system for them, to hiring a team of specialiststo oversee the implementation and training of employees on how to use the newsystem. If these steps are not carefully considered before implementation thenthe Enterprise Resource Planning system implementation may be unsuccessful andcould cost the organisation a lot of money. Furthermore, the expense ofimplementing a new Enterprise Resource Planning system would not be beneficialto some organisations and could cause businesses of a smaller scale to go outof business as they would not see many, if any of the benefits that anEnterprise Resource Planning system is designed to give an organisation.

Especially if the business does not have multiple departments and thereforedoes not need data from multiple sources compiling into one single database. Ifthe business only has a small turnover, then the cost of implementing a newEnterprise Resource Planning system would more than likely put them out ofbusiness before any benefits could even start to be seen by the business owner. Furthermore, larger organisations looking to lower their costs and drivestandardisation within its different departments and functional units, shouldconsider the implementation of a cloud-based enterprise resource planningsystems. Enterprise resource planning systems in the cloud are the future andare set to become the more popular choice amongst organisations within the nextfew years. Even organisations that have valid reasons as to why they have notyet taken the plunge into the world of enterprise resource planning systems, should continue to monitor the developments of enterprise resource planning inthe cloud and should consider its benefits, e. g. low cost and no ITinfrastructure to maintain etc.

in their long-term plans (UTZIG, C. ET AL. 2013).