

Introduction are
essential to the
infrastructure of every



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

I will also touch on Information Systems. An Information System (IS) is a computer system or set of components that are able to collect, create, store, process and distribute information. Information systems typically include hardware, software, system users, as well as the data itself.

They are essential to the infrastructure of every organisation to the extent that many organisations have become totally dependent on their information systems, if the information system stops working then the organisation is forced to stop working too. Enterprise resource planning systems are a type of information system. They are a third-party application software which provides an organisation with system integration across a wide range of standard business processes (WHITELEY, D. 2013). Enterprise resource planning systems are used by an organisation in order to manage its day to day business activities (Oracle. com. 2017). How does an Enterprise Resource Planning System work? An Enterprise resource planning system works by tying together a number of different business processes within an organisation.

They are designed to collect data from multiple sources within an organisation and compile it into a centralised database. They use a standardised business processes design in order to integrate and streamline the business processes (WANG and GREASLEY. n. d.). Before enterprise

resource planning systems, individual departments would have had to buy and maintain their own software systems due to the fact that the organisations did not have a centralised database and so each department was responsible for its own data. In practice, this means that employees that work in different departments within the organisation can rely on information from the same database for their specific needs. They also offer some degree of reporting automation, instead of forcing employees to maintain separate databases and spreadsheets that have to be manually merged to generate reports, with enterprise resource planning systems being able to pull data from just one system, it makes the creation of reports much easier for everybody that it concerns within the organisation.

In today's modern society Enterprise resource planning systems are critical for managing thousands of organisations of all sizes and all industries. " ERP systems eliminate data duplication and provide data integrity with a single source of truth" (Oracle. com. 2017). Enterprise Resource Planning System Benefits Enterprise resource planning systems also come with many benefits. Firstly, they are a modular system, with many modules available, this means that depending on the business needs it is possible to implement only a few modules or more if needed.

This also means that modules can be added or removed, when the system is upgraded, if needed as the organisations needs change over time. As an enterprise resource planning system builds on a single database system, it enables a centralised storage and back-up of enterprise data, this means that it gives the organisation the ability to accurately define, effortlessly integrate and effectively retrieve data for internal applications as well as

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external communications. However, implementing an enterprise resource planning system in a decentralised organisation is difficult, due to the organisations dispersed processes and systems. Also, due to the enterprise resource planning system providing a centralised database, it means that individual departments do not have to buy and maintain their own software systems which enables an automatic and coherent work flow from one department or function to another. As well as this it allows for a unified and single reporting system to analyse the business statistics in real time. Having an enterprise resource planning system also means that certain vendors can extend them in order to be provided with business intelligence functionalities and allows advanced e-commerce integration. Enterprise resource planning system vendors also often argue that enterprise resource planning includes best practice, as they research business processes and include the most up-to-date and beneficial software. They were also a popular solution when dealing with the millennium bug, a series of computer bugs which were related to the formatting and storage of data, in order to update systems for the euro currency and for introducing e-commerce.

However, once the enterprise resource planning system is implemented, the organisation is then locked into the vendor for any future changes and upgrades etc. that may need making. What steps should be taken for a successful implementation of an Enterprise Resource Planning System? In order to ensure the successful implementation of a new enterprise resource planning system, there are 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 performance indicators and the critical business processes should also be documented. This will help the organisation to pinpoint the enterprise resource planning system that best suits their needs. Secondly, the organisation should consider whether it would be beneficial for them to hire a team of specialists, although this is not essential, many organisations lack any internal experience and expertise of enterprise resource planning system implementation.

Therefore, the hiring or contracting of an experienced professional will help to ensure that the implementation of the enterprise resource planning system within the organisation is successful. Another step that should be considered is evaluating the system during the selection process, as the right system depends on the type of industry, the organisation's business needs, as well as its system preferences. During this, the organisation should evaluate whether they would be best suited to an onsite enterprise resource planning system or whether it would be more beneficial for them to have a cloud computing enterprise resource planning system, this would be less costly than implementing an onsite system, as rather than purchasing the system outright, cloud-based systems are paid for through a subscription model, which often includes not only the enterprise resource planning software but also the costs to cover hosting and supporting too (UTZIG, C. ET AL. 2013). I believe that cloud-based systems will become a more popular choice amongst many organisations in the future, as the maintenance of hardware, software and IT infrastructure is no longer considered a core part of an organisation's key business processes and freeing up IT resources allows staff

to play a more strategic role in helping the organisation become more competitive (SHEIN, E. 2017).

The evaluation of the enterprise resource planning system prior to its implementation is critical and if it is not carried out properly or thoroughly enough then the enterprise resource planning system may fail. The organisation must also prepare for a big change when planning the implementation of their enterprise resource planning system as they are not only about changing the technology within the organisation but it is also about changing the culture. In order to do this the organisation must be completely transparent with its employees from the beginning and get them involved with the changes that are being made within the organisation where possible. The preparation of data should also be considered by the organisation as not all data on the current system will be able to be converted into a format that is compatible with the new system. Once the above steps have been considered and possibly completed it's time to start the implementation of the new enterprise resource planning system.

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

Another step that needs to be undertaken before the system goes live is training the organisation's employees on how to use the new system. The organisation may choose to outsource this training to a company that offers on-site training or they may choose to carry out this training in-house. After the implementation and testing of the system and the training has been completed, it is time for the system to go live (YASIR KHAN, A. 2015). Enterprise Resource Planning System Complementarities Typically, in order to support a successful Enterprise Resource Planning system, it is advised that other communications and systems should be eliminated.

Enterprise Resource Planning systems are supports for planned and routine management, this leads to the view that Enterprise Resource Planning systems are not compatible with less structured and spontaneous based systems (WANG and GREASLEY, n. d). However, McAfee (2008) introduced Enterprise 2.0 as a way to introduce the social interactions within organisations.

McAfee (2009) pitched Enterprise 2.0 as the aim to build "internet based software platforms" (WANG and GREASLEY, n. d) in order to facilitate less structured, more spontaneous knowledge-based work within the organisation. Technically, Enterprise 2.

0 was developed from web 2.0 in order to enhance communication. Beyond the technology Enterprise 2.0 benefits organisations by establishing a network orientated structure and a collaborative, trustful and transparent culture (WANG and GREASLEY).

n. d). The combination of an Enterprise Resource Planning system and Enterprise 2.0 enables a high level of collaboration within the organisation. Enterprise Resource Planning systems improve the collaborative activities between departments. The key tenants and customer information sharing is limited between the groups. However, the organisation is horizontally linked by the integrated Enterprise Resource Planning system and Enterprise 2.0 (WANG and GREASLEY).

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

However, some software can be adapted, for example McAfee (2008), in order to support and work alongside the Enterprise Resource Planning systems and if an organisation wanted to integrate its new Enterprise Resource Planning system with another piece of software, it should not cause any harm to their Enterprise Resource Planning system as long as the software has been adapted accordingly. Do all businesses need an Enterprise Resource Planning system? Although in today's world Enterprise Resource Planning systems are designed for all organisations of all sizes and all industries, I do not believe that all organisations would benefit from having an Enterprise Resource Planning system implemented. For example, a typical Enterprise Resource Planning system implementation for a business can range from anywhere between \$10,000 (£7399.20) to 10+ million depending on the type of organisation, its size and its location (HUTCHINSON, <https://assignbuster.com/introduction-are-essential-to-the-infrastructure-of-every/>

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 <https://assignbuster.com/introduction-are-essential-to-the-infrastructure-of-every/>

able to see its savings and the systems benefits not long after implementation, if the implementation of the enterprise resource planning system was successful. Conclusion In conclusion, an enterprise resource planning system is a type of information system that provides organisations with system integration across a wide range of the organisations business processes by collecting the organisations data from multiple sources and compiling it into a single centralised database.

And as the enterprise resource planning system builds on a single centralised database system, it provides a better company-wide visibility and therefore enables faster collaboration across every department. In order for an organisation to successfully implement an Enterprise Resource Planning system there are a number of steps that should be carefully considered from choosing the right Enterprise Resource Planning system for them, to hiring a team of specialists to oversee the implementation and training of employees on how to use the new system. If these steps are not carefully considered before implementation then the Enterprise Resource Planning system implementation may be unsuccessful and could cost the organisation a lot of money. Furthermore, the expense of implementing a new Enterprise Resource Planning system would not be beneficial to some organisations and could cause businesses of a smaller scale to go out of business as they would not see many, if any of the benefits that an Enterprise Resource Planning system is designed to give an organisation.

Especially if the business does not have multiple departments and therefore does not need data from multiple sources compiling into one single database. If the business only has a small turnover, then the cost of <https://assignbuster.com/introduction-are-essential-to-the-infrastructure-of-every/>

implementing a new Enterprise Resource Planning system would more than likely put them out of business before any benefits could even start to be seen by the business owner. Furthermore, larger organisations looking to lower their costs and drive standardisation within its different departments and functional units, should consider the implementation of a cloud-based enterprise resource planning systems. Enterprise resource planning systems in the cloud are the future and are set to become the more popular choice amongst organisations within the next few years. Even organisations that have valid reasons as to why they have not yet taken the plunge into the world of enterprise resource planning systems, should continue to monitor the developments of enterprise resource planning in the cloud and should consider its benefits, e. g. low cost and no IT infrastructure to maintain etc. in their long-term plans (UTZIG, C. ET AL. 2013).