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SELECTION OF AN ERP SYSTEM

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IMPORTANT FACTORS TO CONSIDER IN ITS SELECTION

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DEFINITION OF ERP?

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“Enterprise Resource Planning (ERP) systems are computer-based technologies that integrate data across an organisation and impose standardised procedures on the data’s input, use and dissemination. Because of this capacity for integration and standardisation, ERP systems are supposed to transform the nature, structure and management of work (thereby delivering significant cost savings and increased profits) regardless of organisational context”

Davenport T. 1998 ‘Putting the Enterprise into the Enterprise System (Harvard Business Review);

Buckhout S. 1999 ‘Making ERP succeed – Turning Fear into Promise (Technology);

Laughlin S. 1999 ‘An ERP Gameplan (Journal of Business Strategy);

Trunick P. 1999 ‘ERP: Promise or Pipedream (Transport and Distribution).

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“An enterprise resource planning (ERP) system is a configurable software package that manages and integrates business processes across organizational functions and locations. Unlike traditional software implementations, an ERP package encapsulates reusable best business practices. Implementing an integrated ERP system requires the organization to undergo organization-wide reengineering and change.”

Holsapple CW, Wang Y, Wu J. 2005 'Empirically testing User Characteristics and Fitness Factors in Enterprise Resource Planning Success (International Journal of Human-Computer Interaction)

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WHY AN ERP SYSTEM?

- **The new trend or ‘buzz word’**
- **Too many different systems – complex to maintain**
- **Current systems not adequate**
- **Business is growing and needs restructure**

FACTORS TO CONSIDER IN SELECTION OF THE ERP SYSTEM

1. The organisation's functional requirements

FACTORS TO CONSIDER IN SELECTION OF THE ERP SYSTEM.....continued

1. Packaged software vs. developed software debate

*...remember that an in-house developed
software system is not an ERP system!*

FACTORS TO CONSIDER IN SELECTION OF THE ERP SYSTEM.....continued

1. Identification of packages that can fit the needs of the organisation

FACTORS TO CONSIDER IN SELECTION OF THE ERP SYSTEM.....continued

1. Assessment of fit between needs and attributes of the ERP package

7 IMPORTANT ERP PACKAGE ATTRIBUTES TO CONSIDER:

1. Functionality
2. Reliability/ stability
3. Cost
4. Ease of use

7 IMPORTANT ERP PACKAGE ATTRIBUTES TO CONSIDER...continued

1. Ease of customisation
2. Ease of implementation
3. Vendor reputation
 - History – customer references
 - Available resources
 - ERP product knowledge, industry knowledge
business knowledge

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FACTORS TO CONSIDER IN SELECTION OF THE ERP SYSTEM.....continued

1. The organisation's readiness for
ERP implementation

IMPORTANT READINESS FACTORS

1. Structured ERP implementation strategy

- Alignment of internal strategy with ERP vendor 's implementation strategy

2. Internal Project Planning

- Committed project co-ordinators
- Team dynamics
- Communication lines

3. Business Process Engineering and Re-engineering

IMPORTANT READINESS FACTORS.....continued

1. Change Management Plan

- Personnel skills requirements analysis
- skills development
- Organisational structure evaluation and optimisation

IMPORTANT FACTORS FOR ERP SELECTION

1. Functional Requirements
2. Packaged vs. Developed solution
3. Identification of packages (ERP systems) that could fit with functional requirements
4. Assessment of fit with functional requirements. 7 criteria to consider:
 1. Functionality
 2. Reliability/stability
 3. Cost
 4. Ease of use
 5. Ease of customisation
 6. Ease of implementation



Questions/Comments?

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