

Tutorial 2 Enterprise Systems

Objectives:

- Identify the basic activities and business objectives common to all transaction processing systems
 - Describe the transaction processing systems associated with the order processing, purchasing, and accounting business functions
 - Identify the basic functions performed and the benefits derived from the implementation of an enterprise resource planning system, customer resource management, and product lifecycle management system
 - Identify the challenges that multinational corporations face in planning, building, and operating their enterprise systems
-

1. What is an enterprise system? Identify and briefly discuss the goals of different types of enterprise systems.
2. Identify and briefly discuss five challenges to the successful implementation of an enterprise system. Provide several tips to overcome these challenges.
3. Assume that you are the owner of a small bicycle sales and repair shop serving hundreds of customers in your area. Identify the kinds of customer information you would like your firm's CRM to capture. How might this information be used to provide better service or increase revenue? Identify where or how you might capture this data?
4. Case Study: From Stand-Alone to Integrated Applications

YIOULA Group is the largest glass manufacturer in the Balkan, producing over 625,000 glass containers annually as well as over 30,000 tons of tableware. Starting in the 1990s in Greece, the company expanded by acquiring other glassmaking forms in Romania, Bulgaria and Ukraine. The company has 7 factories in 4 countries, about 2,100 employees, and net annual sales of about €180 million (about AUD\$280 million).

As a result of its growth through acquisition, YIOULA Group found itself with a confusing variety of information systems. The group was unable to compare production costs for the same item across factories, could not improve efficiencies by coordinating purchasing and financial management across its plants, and was not positioned for continued growth or expansion into new market areas. Clearly, its legacy stand-alone applications needed to be replaced.

YIOULA Group CIO Zacharias Maridakis had previous experience using integrated enterprise software when he worked at Mobil Oil's Greek subsidiary, Mobil Oil Hellas S.A., in the 1990s. Therefore he was well acquainted with the advantages of the software. Under his direction, YIOULA Group investigated various software packages. They selected JD Edwards EnterpriseOne, named for a company that had become part of Oracle Corporation in 2005. Part of the reason for this choice was that most other ERP packages, including the SAP software with which Maridakis had worked at Mobil, are designed

primarily for much larger organisations. EnterpriseOne was always intended to medium-sized firms.

Because YIOULA Group had little experience with EnterpriseOne, it enlisted the help of Oracle partner Softecon to help configure the software to the company's needs, meet the legal requirements of each region in which it operates, and manage implementation in each area. Support for the Greek language (as well as English and 18 others) is a standard JD Edwards EnterpriseOne capability available from Oracle; Softecon added the other languages that YIOULA Group needed to the user interface. YIOULA Group also added a specialised cost comparison module from Softecon to the basic EnterpriseOne package. This module helps the group choose the lowest cost facility to manufacture a product.

The conversion to a single enterprise package gave YIOULA Group the expected benefits. Times from order to invoice, delivery time, and cash collection have all been accelerated. Financial data is now available two weeks after the end of a period versus one month previously. A consolidated view of inventory across all plants has enabled the group to manage inventory more efficiently and comprehensively and to use just-in-time purchasing methods.

Perhaps even more importantly, YIOULA Group is now positioned to grow. As Maridakis puts it, "Oracle's JD Edwards EnterpriseOne is a key enabler of our strategy to enhance market leadership in the Balkans, grow our business in the Ukraine, and continue to improve productivity, efficiency, and profitability as we expand into new markets."

Discussion Questions

1. What problems had the YIOULA Group's stand-alone legacy software created for the company?
2. What are the advantages of ERP systems over stand-alone software packages?
3. What immediate and long-term needs did EnterpriseOne fill for the YIOULA Group?
4. The YIOULA Group adopted a general ERP system that was not industry specific. What are the advantages and disadvantages of general ERP systems and industry specific systems?