

Tutorial 9

ERP Implementation Issues - Risk Management

Objectives:

- Discuss reasons for IT project failure
- Describe a risk management approach
- Discuss risk assessment and risk response

Discussion Questions:

These discussion questions will be useful for your Assignment 2 and should be discussed together with your assignment group members.

1. Each team select one case from either of the following articles and do a bit more research on the case:
 - **16 famous ERP disasters, dustups and disappointments**
<https://www.cio.com/article/278677/enterprise-resource-planning-10-famous-erp-disasters-dustups-and-disappointments.html>
 - **Top 10 biggest ERP software failures of 2011**
https://www.pcworld.com/article/246647/10_biggest_erp_software_failures_of_2011.html
 - i. Discuss the reasons for the ERP failure. Compare these with some of the project risks mentioned in Lecture 9. Are there any similarities or common trend that you can identify?
 - ii. What lessons can you draw from the case and if you have a chance to manage the project, what would you do differently?
2. Like the “canary in the coal mine” (Lecture 9), it is important to recognize the value of early warning signs. Read this blog to learn some of the common warning signs of ERP implementation risk.
 - i. Discuss amongst your group and draw up a list of action points that you will follow through if you are embarking on an ERP endeavour.
 - ii. Discuss the process you will adopt to manage risks.
3. What would be your risk response in the following case:

ABC Solutions are assessing a new contract to provide ERP integration services for a prestigious company. They would be rewarded handsomely if the project goes well. However, for every day that they are overdue from the Go-live date or for any systems fallout due to integration issues, ABC will face a fine of sufficient magnitude to cause the company severe financial hardship. The directors assessed the gross risk as high impact and due to the complexity of the system, there is a high probability of not meeting the deadline or an error occurring with the

integration. The client is unwilling to reduce the penalty or to change the criteria and ABC's internal controls are already at a high level. What action should ABC take?

Case Study:

1. Being a systems analyst, you are required to carry out both cost-benefit calculations and risk analysis as part of the proposal for a new ERP system.

Required:

- a) Describe one method for demonstrating the costs and benefits of such a system over a period of time.
 - b) Explain the specific problems associated with the measurement of information systems cost and benefits.
 - c) Explain the factors you would take into account when undertaking a risk analysis of the costs and benefits of a proposed computer project.
2. Within your assignment group, refer to your Assignment 2 case and identify at least 5 risks for the ERP Project. Use the risk register template given in Week 9 (or the resource folder). Check with your tutors if you're not sure of the various elements in the template. (This will give you a head start on your assignment).
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