



HC1041: Information Technology for Business

Lecture 4

Title: Business Functions



Topics covered...

This lecture is divided into the following structure:

- Effectiveness and Efficiency of Information Systems
- Information systems in different business functions
 - Accounting Information Systems
 - Financial Information Systems
 - Engineering Information Systems
 - Supply Chain Management Information Systems



Topics covered (cont.)

- Material Requirements Planning and Purchasing
- Manufacturing Resource Planning and Shipping
- Customer Relationship Management Systems (CRM)
- Human Resource Management Information Systems
- Supply Chain Management Information Systems
- Enterprise Resource Planning





- Information technology makes work more effective, more efficient, or both
- **Effectiveness:** the degree to which a goal is achieved
- **Efficiency:** the relationship between resources expended and benefits gained in achieving a goal
 - Efficiency = Benefit / Costs
 - One system is more efficient if its operating costs are lower for the same or better quality product

1. **Information technology makes work more effective, more efficient, or both:** Information technology, such as software applications or hardware systems, can enhance work processes by improving their effectiveness, efficiency, or both. This means it can help achieve goals more accurately or with less resource expenditure.
2. **Effectiveness:** the degree to which a goal is achieved: Effectiveness in the context of information technology refers to the extent to which a specific objective or goal is successfully accomplished. For example, a government department in Australia uses a new online tax filing system (IT) that significantly reduces errors in tax calculations, making it more effective in ensuring accurate tax assessments.
3. **Efficiency:** the relationship between resources expended and benefits gained in achieving a goal - Efficiency = Benefit / Costs: Efficiency, when it comes to information technology, relates to how well resources (time, money, labor) are utilized in achieving a goal. For instance, an Australian e-commerce company uses an automated inventory management system (IT) to reduce labor costs and storage expenses, resulting in higher efficiency as it minimizes costs while maintaining product availability.

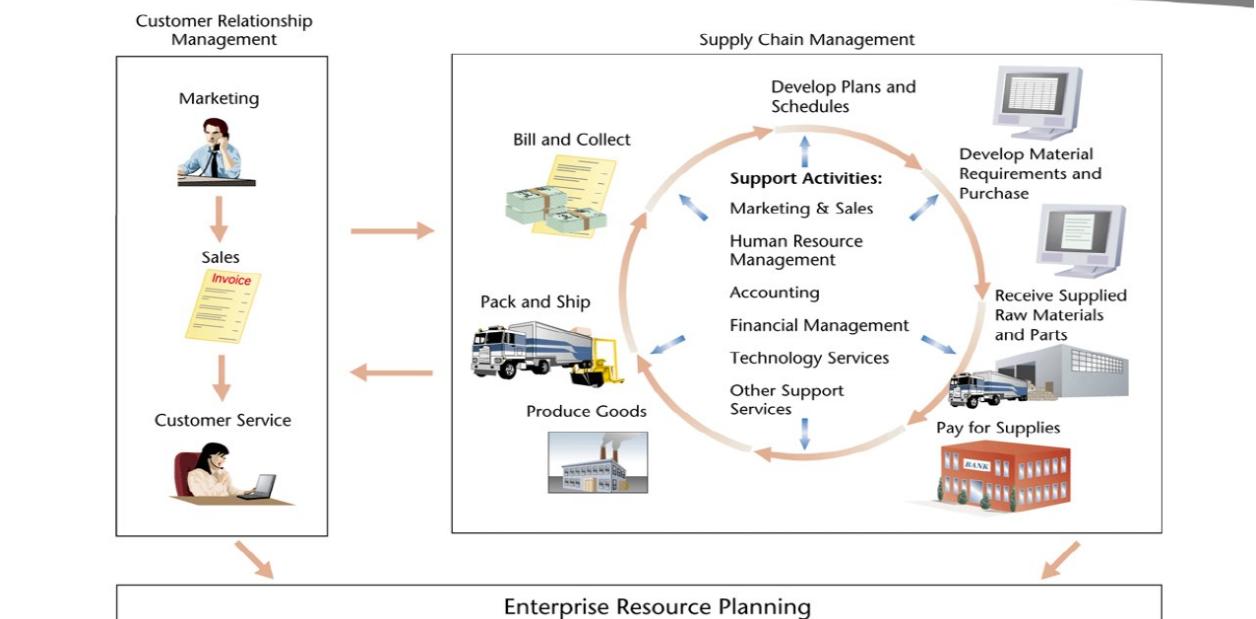
- **Productivity:** efficiency of human resources
 - Productivity improves when fewer workers are required to achieve the same goal
 - Productivity tools: software applications that improve productivity
 - ISs contribute to both effectiveness and efficiency of businesses
1. **Productivity: efficiency of human resources - Productivity improves when fewer workers are required to achieve the same goal:** Productivity in Australia can be seen in the context of agriculture, where advanced machinery and automation reduce the need for manual labor, allowing farmers to cultivate larger areas with fewer workers, thus improving the efficiency of human resources.
 2. **Productivity tools: software applications that improve productivity:** In Australian businesses, software applications like project management tools and data analysis software can enhance productivity by streamlining tasks and reducing manual effort, as seen when a construction company in Australia uses project management software to schedule tasks, allocate resources, and monitor progress, resulting in improved project completion times and resource utilization.
 3. **ISs contribute to both effectiveness and efficiency of businesses:** Information Systems (ISs) in Australia can contribute to business effectiveness by helping them achieve their strategic goals, such as a retail chain using an IS to analyze customer data and tailor marketing campaigns, thus improving customer engagement and sales effectiveness. Additionally, ISs can enhance efficiency, as a logistics company in Australia uses a tracking and routing system to optimize delivery routes, reducing fuel consumption and delivery times, ultimately improving operational efficiency.

- **Customer relationship management (CRM)** system helps serve customers better and faster
 - Service continues after delivery of goods as customer service and more marketing
 - Often combined with supply chain management (SCM) systems to create an enterprise resource planning (ERP) system

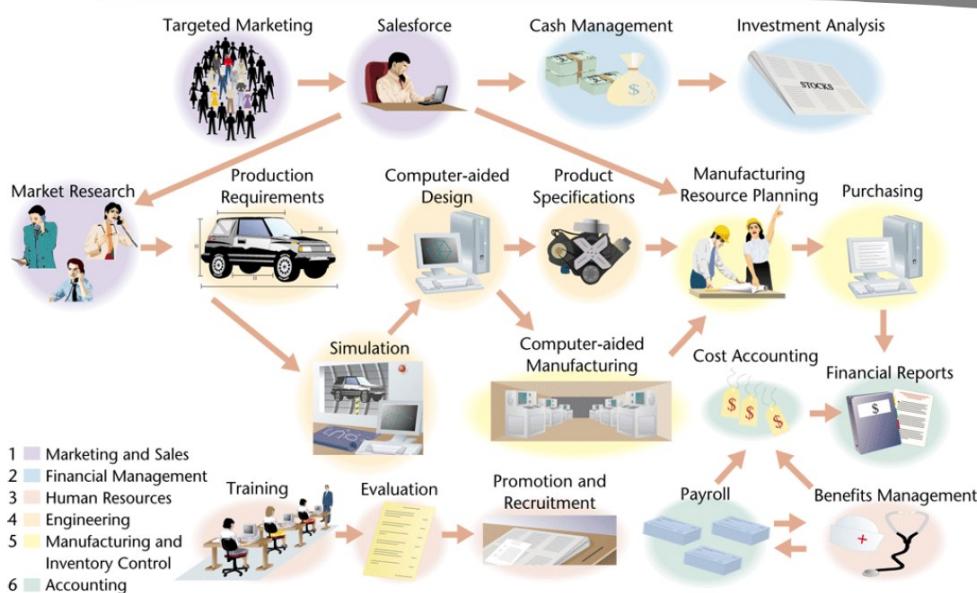
1. A Customer Relationship Management (CRM) system, such as the one used by an Australian online retailer, allows for enhanced customer service and faster response times by centralizing customer information, enabling personalized interactions and continued support even after the product is delivered, including post-sales customer service and targeted marketing campaigns.
2. In some Australian manufacturing companies, CRM systems are often integrated with Supply Chain Management (SCM) systems to create a holistic Enterprise Resource Planning (ERP) system, which optimizes production processes, inventory management, and order fulfillment while ensuring seamless communication with customers and suppliers, resulting in improved operational efficiency and customer satisfaction.



Business activities consist of CRM, and SCM

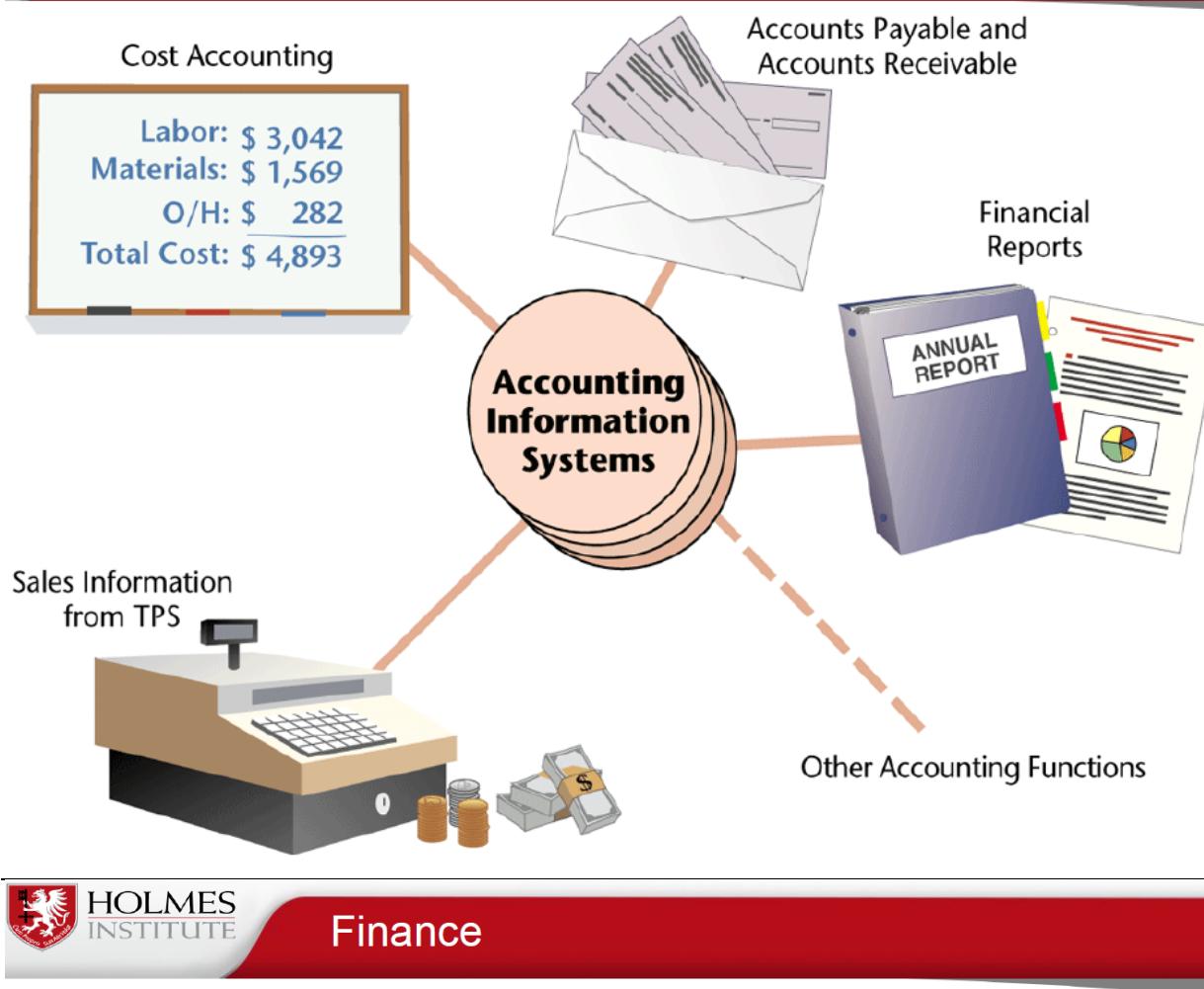


Information systems in different business functions



- Accounting's purpose is to track every financial transaction
 - Accounting systems are required by law and for proper management
 - Needed to ensure company is making a profit
 - Accounts payable and accounts receivable track who owes who what
 - General ledger is used to produce:
 - Balance sheet: picture of financial situation
 - Profit-and-loss report
1. Accounting in Australia serves the crucial purpose of meticulously recording and tracking every financial transaction within a company, ensuring transparency and accuracy in financial reporting and management, as seen when an Australian retail chain uses accounting software to monitor sales, expenses, and inventory levels.
 2. Accounting systems are legally mandated in Australia for regulatory compliance and are essential for effective financial management, helping businesses, like an Australian construction company, monitor their profitability, cash flow, and tax obligations.
 3. These systems are imperative for ascertaining whether a company in Australia is generating a profit, as evident when a tech startup in Sydney employs an accounting system to analyze its revenues and expenses, thereby determining its financial health and sustainability.
 4. In managing finances, accounts payable and accounts receivable modules within accounting systems keep track of outstanding debts and money owed to the company, allowing an Australian supplier to efficiently manage payments from customers and payments to suppliers.
 5. Utilizing a general ledger, Australian businesses can generate essential financial reports like balance sheets and profit and loss reports, offering a comprehensive view of their financial situation, assets, liabilities, and profitability, which is crucial for informed decision-making and financial planning.

Accounting information systems



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Finance

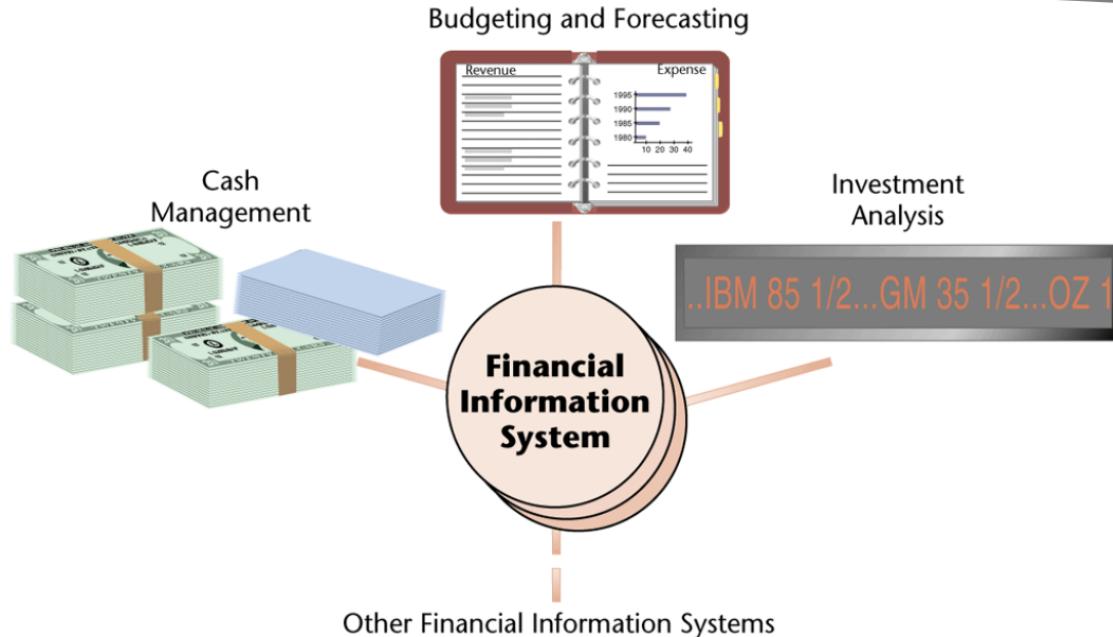
- Firm's health is measured by its finances
 - Information systems can improve financial management
 - Financial managers' goal is to manage money as efficiently as possible by:
 - Collecting payables as soon as possible
 - Making payments at the latest time allowed
 - Ensuring funds are available for daily operations
 - Investing funds not used for current activities
1. In Australia, a firm's financial health is evaluated based on its finances, including revenue, expenses, profitability, and liquidity, which determine its ability to meet obligations and grow, as demonstrated when an Australian manufacturing company assesses its financial statements to gauge its overall well-being.
 2. Information systems play a pivotal role in enhancing financial management within Australian organizations, enabling them to streamline financial processes, improve accuracy in financial reporting, and make data-driven decisions, as seen when a financial

institution in Australia employs sophisticated data analytics systems to optimize investment strategies.

3. Financial managers in Australia aim to efficiently manage money by implementing strategies such as promptly collecting receivables from customers, delaying payments to suppliers to maximize cash flow, ensuring sufficient funds are available for daily operations, and investing surplus funds in instruments like term deposits or bonds to generate additional income, as practiced by an Australian retail chain to optimize their cash reserves.



Financial Information Systems



Cash Management

- Financial information systems help managers track company finances
- **Cash management systems (CMSs):** systems that deal specifically with cash
- **Electronic funds transfer (EFT):** electronic transfer of cash from one bank account to another
 1. Financial information systems, like the one used by an Australian accounting firm, are instrumental in enabling managers to monitor and analyze company finances comprehensively, facilitating informed decision-making and strategic planning.

2. Cash Management Systems (CMSs), exemplified by an Australian retail chain's cash management software, are specialized systems designed to specifically address the efficient handling and monitoring of cash within an organization, helping businesses optimize their cash flow, minimize idle cash, and reduce operational risks.
3. Electronic Funds Transfer (EFT), as widely utilized in Australia's banking and financial sectors, refers to the electronic transfer of funds from one bank account to another, offering a secure, efficient, and convenient way for individuals and businesses to make payments, transfer money, and manage their financial transactions.

- Investor's goal is to buy an asset and sell it for a higher value
 - When investing in securities, you must know current prices in real time
 - Nearly instantaneous information systems can provide investors and clients with financial news, stock prices, commodity prices, and currency exchange rates
1. An investor's primary objective, such as an individual investing in shares of an Australian tech company, is to purchase an asset and eventually sell it at a higher value, aiming to generate a profit.
 2. When investing in securities, like shares of an Australian mining company, it is essential to have access to real-time pricing information to make informed buying and selling decisions based on current market conditions.
 3. Rapid and nearly instantaneous information systems, as used by financial institutions in Australia, can deliver crucial financial news, up-to-the-minute stock prices, commodity values, and currency exchange rates to investors and clients, enabling them to stay updated and make timely investment choices.

- Some important factors to consider in investing:
 - Risk, measured as variability of the security's past yield
 - Expected return
 - Liquidity: measure of how fast an investment can be turned into cash

Investors in Australia, when making investment decisions, need to carefully assess several critical factors, including the risk associated with an asset, which is typically measured by examining the past yield's variability; the expected return, which indicates the potential profitability of the investment; and liquidity, which measures how quickly an investment can be converted into cash, as demonstrated when an Australian individual evaluates whether to invest in stocks, bonds, or cash equivalents based on these considerations.

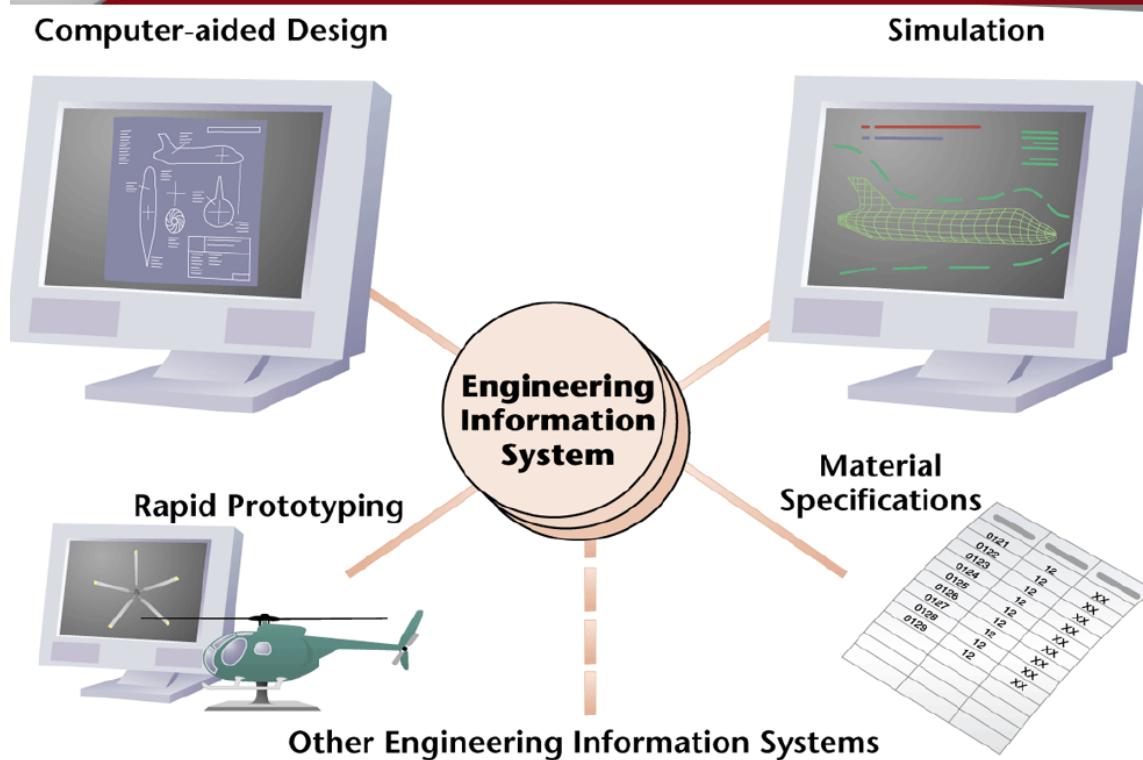
- **Time to market:** time between generating an idea for a product and completing a prototype
- **Brainstorming:** process of a group of colleagues meeting and collaborating to generate creative solutions and new ideas
- Minimizing time to market is key to maintaining competitive edge
- Information systems can contribute significantly to minimizing time to market

Time to market, as seen in the case of an Australian software development company, represents the duration between conceiving a product idea and successfully creating a working prototype, crucial for staying competitive in rapidly evolving markets. Brainstorming, as practiced by an Australian design team, involves collaborative group sessions aimed at generating innovative solutions and fresh ideas, which can be valuable in shortening the time to market by fostering creativity and efficient idea generation. Information systems, exemplified by an Australian e-commerce business utilizing data analytics and project management software, can significantly contribute to minimizing time to market by facilitating efficient communication, data analysis, and project coordination, thereby accelerating product development and delivery.

- **Computer-aided design (CAD)**: tools to create, modify, and store designs and drawings electronically
- **Rapid prototyping**: creating one-of-a-kind products to test design in three dimensions
 - Allows a model to be produced in hours rather than days or weeks
- **Computer-aided manufacturing (CAM)**: systems that instruct machines how to manufacture parts and assemble products

Computer-aided design (CAD), exemplified by an Australian architectural firm using CAD software, refers to the use of electronic tools for creating, editing, and storing designs and drawings, streamlining the design process. Rapid prototyping, as employed by an Australian automotive manufacturer, involves swiftly producing unique product prototypes in three dimensions, reducing the time needed for testing and validation from days or weeks to just hours. Computer-aided manufacturing (CAM), as utilized by an Australian aerospace company, comprises systems that provide instructions to machines on how to manufacture parts and assemble products with precision and efficiency, ensuring consistent product quality.

Engineering Information System

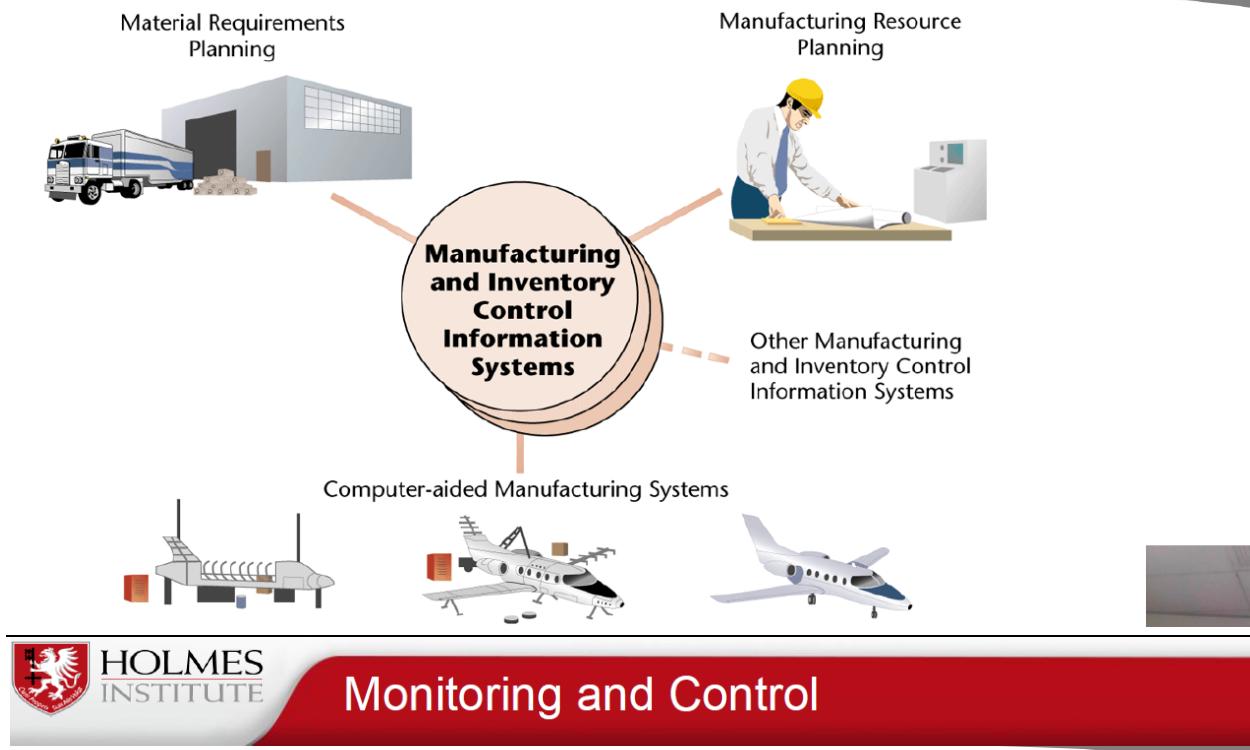


- Supply chain: consists of procurement of raw materials, processing materials into goods, and delivering goods
- Processing raw materials into goods is also known as manufacturing
- Supply chain management (SCM): monitoring, controlling, and facilitating supply chains
- CAD systems often transfer data automatically to CAM systems

A supply chain, as demonstrated by an Australian retail company, encompasses the entire process, from procuring raw materials to processing them into finished goods and ultimately delivering those goods to customers. Supply chain management (SCM), as practiced by an Australian logistics firm, involves the oversight, control, and facilitation of these supply chain processes to optimize efficiency and meet customer demand. CAD systems, employed by an Australian manufacturing company, frequently automate the transfer of design data to computer-aided manufacturing (CAM) systems, ensuring seamless and accurate production of parts and products.

- IT helps in manufacturing activities:
 - Scheduling plant activities to optimize the use of resources
 - Planning material requirements based on current and forecasted demand
 - Reallocating materials and resources from one order to another
 - Managing inventories

Information technology (IT), as employed by an Australian manufacturing company, plays a pivotal role in manufacturing activities, including scheduling plant operations for optimal resource utilization, planning material needs by analyzing current and projected demand, reallocating materials and resources between orders for efficiency, and managing inventory levels to ensure timely production and delivery.



Monitoring and Control

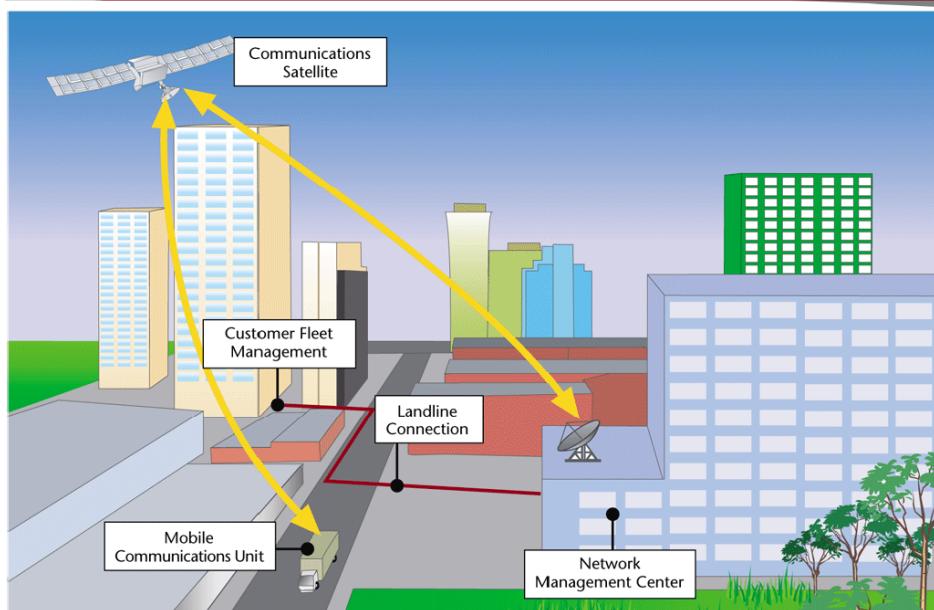
- Information systems are designed to control manufacturing processes as well as monitor them
- Controlling processes helps ensure quality

Information systems in manufacturing, as exemplified by an Australian automotive assembly line, are designed to both control and monitor the production processes, aiding in maintaining high-quality standards by ensuring that machinery and equipment operate precisely according to specified parameters and standards.

- Sophisticated software that optimizes shipping efficiency helps a company stay competitive
- Need to optimize:
 - Shipping time
 - Cost of labor
 - Equipment use
 - Maintenance
- Vehicles equipped with computers, global positioning systems (GPS), and satellite communication have increased efficiency

Sophisticated shipping optimization software, employed by an Australian logistics company, is essential for maintaining competitiveness by enhancing shipping efficiency, which involves optimizing shipping time, reducing labor costs, maximizing equipment usage, and minimizing maintenance needs; furthermore, vehicles equipped with computers, GPS, and satellite communication, such as those used by an Australian courier service, significantly increase overall shipping efficiency by enabling real-time tracking, route optimization, and communication between drivers and dispatch centers.

Data transferred between a truck and a shipper's office



- **Radio frequency identification (RFID)**: a technology containing circuitry that allows recording of information about a product
- **Electronic product code (EPC)**: a code on an RFID tag that provides more information than the universal product code (UPC)
 - Information may include date of manufacturing, plant location, expiration date, destination, etc.
- Ensures genuineness of products

Radio Frequency Identification (RFID) technology, used by an Australian pharmaceutical manufacturer, includes circuitry for recording detailed product information, while the Electronic Product Code (EPC) on the RFID tag, like the one applied by an Australian food distributor, provides more comprehensive data than the Universal Product Code (UPC), allowing for tracking information such as manufacturing date, plant location, expiration date, destination, ensuring product authenticity and traceability throughout the supply chain.

- Customer relationship management (CRM) systems are designed to support
 - Marketing
 - Sales
 - Customer service
- CRM systems capture the entire customer experience with an organization
 - All company employees who deal with the customer have access to this information

Customer Relationship Management (CRM) systems, like the one implemented by an Australian telecommunications company, are designed to support various functions such as marketing, sales, and customer service, and they capture the entirety of the customer's interactions and experiences with the organization, ensuring that all employees who engage with the customer have access to this comprehensive information, leading to improved customer service and relationship management.



Market Research

- To promote products successfully, organizations must perform market research
- Market research: helps discover populations and regions that are most likely to purchase product
- Activities may include:
 - Conducting interviews with consumers and retailers
 - Building statistical models to predict sales volumes of different products

Successful product promotion in Australia necessitates organizations to conduct market research, such as an Australian electronics manufacturer employing surveys and interviews with consumers and retailers, as well as statistical modeling, to identify target populations and regions most likely to purchase their products, enabling them to tailor their marketing efforts effectively.

- Targeted marketing: promotes to people most likely to purchase products
- Database technology allows all companies to use targeted marketing, even small companies
- Can direct promotional dollars to customers most likely to buy
- “Big data” refers to challenges of storing and mining vast quantities of data

Targeted marketing, as practiced by an Australian e-commerce retailer, focuses promotional efforts on individuals who are most inclined to buy specific products, and thanks to database technology, even smaller companies can employ this strategy effectively, enabling them to allocate their promotional budget more efficiently by directing it towards potential customers with higher purchase likelihood; furthermore, the term "big data" encompasses the challenges associated with storing and extracting insights from massive volumes of data, as faced by an Australian financial institution managing vast customer transaction records and market data.

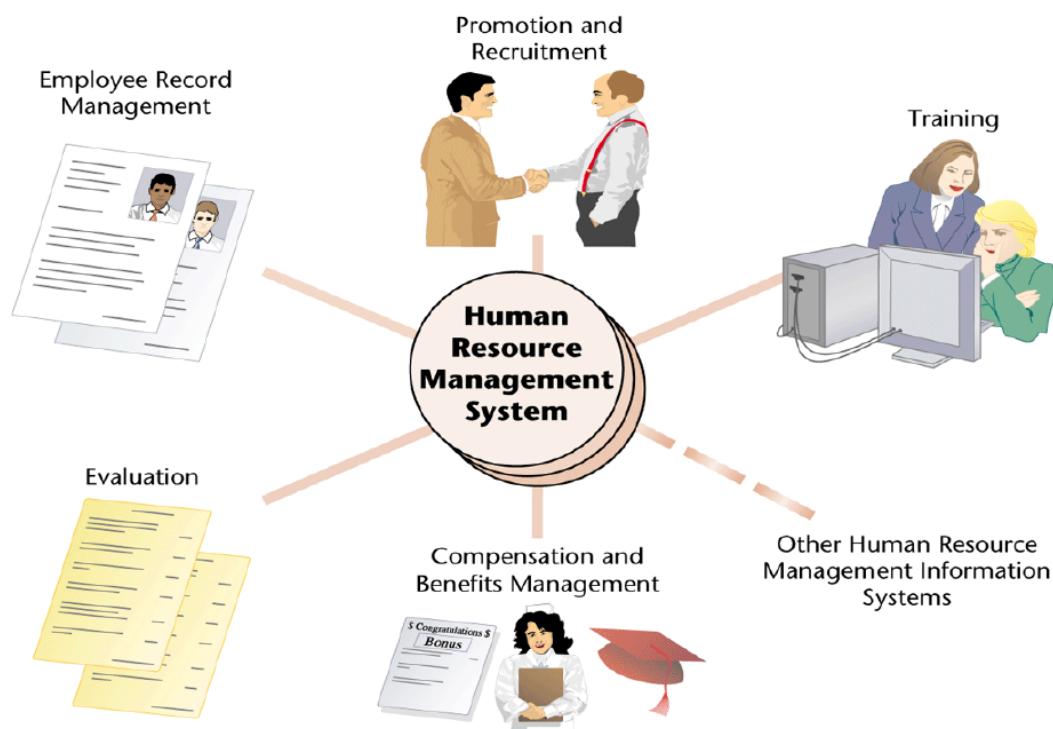
- Telemarketing: marketing over the telephone
 - Caller has large database of consumer data
- Computer telephony integration (CTI): allows computer to use telephone line as input
 - Caller ID can be used to locate customer data
- Data mining: uses large data warehouses to find trends and shopping habits of various demographic groups

Telemarketing, as practiced by an Australian market research firm, involves marketing products or services over the telephone and relies on a large database of consumer data to target potential customers effectively; Computer Telephony Integration (CTI) technology, used by an Australian customer support center, enables computers to utilize telephone lines as input devices and can leverage Caller ID information to quickly locate customer data and streamline customer interactions; additionally, data mining, employed by an Australian retail chain, utilizes extensive data warehouses to analyze and uncover trends and shopping habits among different demographic groups, aiding in more targeted marketing efforts.

- Equips traveling salespeople with information technology to improve productivity
 - Laptops, tablet computers, or smart phones
- Makes sales presentations more efficient
- Allows salespeople to present different options for products and services at the customer location

Salespeople in Australia, armed with information technology tools like laptops, tablet computers, or smartphones, such as those used by a pharmaceutical sales representative, can significantly enhance their productivity by streamlining sales presentations and efficiently presenting various product and service options to customers during face-to-face interactions, ultimately contributing to a more tailored and effective sales process.

Human Resource Management System



- HR departments must keep personnel records:
 - To satisfy laws
 - For payroll and tax calculation and deposit
 - For promotion consideration
 - For periodic reporting
- Human resource ISs are now digitized
 - Saves space to store records, time to retrieve them, and costs of both

Human resource (HR) departments in Australia are obligated to maintain personnel records, not only to meet legal requirements, but also for essential functions like payroll and tax calculations, promotion evaluations, and periodic reporting, which ensures compliance and effective personnel management; with the digitalization of human resource information systems (HRIS), as adopted by an Australian healthcare organization, HR departments can store and retrieve records more efficiently, reducing physical storage space requirements, minimizing time spent on record retrieval, and lowering associated costs.

- HR can select best-qualified person for position by searching database of applicants and existing employees for specific criteria
- Automating the selection process significantly minimizes time and money for recruitment
- Intranet: intraorganizational network that supports Web applications
 - Allows HR manager to post position vacancy announcements that get wide exposure

In Australia, HR departments can efficiently choose the most suitable candidate for a position by utilizing a database of applicants and existing employees to filter and search for specific

criteria, enabling them to make well-informed recruitment decisions; the automation of this selection process, as implemented by an Australian financial institution, not only reduces the time spent on recruitment but also cuts costs significantly. Additionally, an Intranet, serving as an intraorganizational network with web-based applications, allows HR managers to disseminate position vacancy announcements widely, as seen in an Australian technology company, facilitating effective internal communication and access to job opportunities within the organization.



- One important HR function is improving employee skills
- Multimedia software training is replacing classrooms and teachers
 - May include virtual reality simulated environments
- Information technology reduces training costs dramatically

Improving employee skills is a critical function of HR departments in Australia, and multimedia software training, as exemplified by an Australian IT company, is increasingly replacing traditional classroom-based training, utilizing technology like virtual reality simulations, which provides employees with interactive and cost-effective learning experiences, ultimately reducing training expenses significantly.

- Employee ability must be periodically evaluated by supervisors
 - May include evaluation of technical ability, communication skills, professional conduct, and general behavior
- Often a subjective process, which is a problem
- Evaluation software assists in standardizing the evaluation process
 - Provides tools such as step-by-step guides, checklists, scales, weighted calculations, etc.

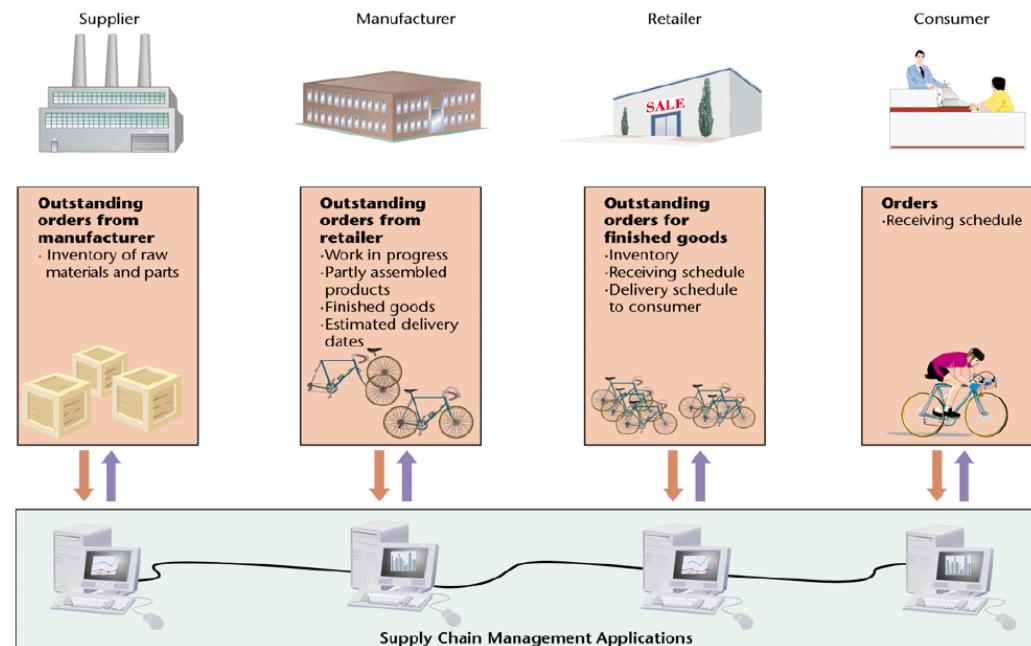
In Australia, supervisors are required to periodically assess employee abilities, covering aspects like technical proficiency, communication skills, professional demeanor, and general conduct, but this process can be subjective; to address this issue, evaluation software is employed, such as in an Australian retail chain, to standardize the evaluation process by offering tools like step-by-step guidelines, checklists, scales, and weighted calculations, ensuring a more consistent and objective assessment of employee performance.

- Compensation includes salary, hourly pay, commissions, and bonuses
- Programs calculate pay and taxes
 - Automatically generate paychecks and perform direct deposits
- Software can help manage benefits
 - Benefits database accessible through intranet or Internet

Compensation in Australia encompasses various forms of remuneration, including salaries, hourly wages, commissions, and bonuses, and compensation management programs, as used by an Australian manufacturing company, are designed to automate the calculation of pay and taxes, simplifying payroll processes by generating paychecks and facilitating direct deposits; these programs can also assist in managing employee benefits by providing access to a benefits

database through an intranet or the Internet, as seen in an Australian financial institution, streamlining benefits administration for HR departments.

Supply Chain Management Systems



The Importance of Trust

- SCM systems work best when all businesses in the chain are sharing information
- Risk of disclosing important information to competitors is present
- Risk of taking advantage of demand figures by charging higher prices is present
- Effective SCM requires:
 - Technology
 - Trust
 - Culture change

Supply Chain Management (SCM) systems are most effective when all businesses within the supply chain collaborate and share information, as demonstrated by an Australian food production and distribution network, but this collaboration carries the risk of disclosing sensitive information to competitors; in addition, there is also the risk of exploiting demand data by charging higher prices, as evident in an Australian electronics retailer. Achieving effective SCM necessitates the integration of technology, building trust among supply chain partners, and fostering a cultural shift towards collaboration and transparency, as practiced by an Australian automotive manufacturer to optimize its supply chain operations.



- Small enterprises do not use SCM systems
 - Affect more powerful organization to which small enterprise is linked
- Inventory turns: the number of times the business sells its inventory per year
- When SCMs of companies are not linked, demand requirements are unknown
 - Supply companies must overstock inventory
- One company “sits” with lean inventory while other stands with “overstock”

Small enterprises in Australia, often lacking Supply Chain Management (SCM) systems, can indirectly impact more powerful organizations to which they are connected within the supply chain, potentially causing inefficiencies and inventory management challenges; for example, if the SCMs of collaborating companies are not integrated, demand requirements become unknown, and supply companies may be compelled to overstock inventory to meet uncertain demands, resulting in disparities where one company maintains lean inventory while another accumulates overstock, as observed in an Australian retail chain and its suppliers.



- Web allows organizations from different industries to collaborate
- Businesses combine freight and share trucks
 - Can optimize logistics by connecting SCM systems
- SCM systems can allow collaborative warehousing to share warehouse space
- Companies collaborating with retailers
 - Use store sales data to compile a “perfect order”

The internet, as utilized by organizations in various industries in Australia, facilitates cross-industry collaboration, enabling businesses to pool resources like freight and trucks, which can optimize logistics by integrating their Supply Chain Management (SCM) systems; in this context, SCM systems can also enable collaborative warehousing, where multiple companies share warehouse space, as seen in an Australian logistics and distribution network, promoting efficiency and cost savings. Furthermore, companies collaborating with retailers, such as an Australian food manufacturer, can utilize store sales data to compile a "perfect order," ensuring that products are delivered to retailers in the right quantities, at the right time, and with the right conditions, enhancing customer satisfaction and supply chain performance.



Enterprise Resource Planning

- Many companies replace old, disparate information systems with enterprise applications
- **Enterprise resource planning (ERP)** system: manages daily operations and facilitates planning
- Current ERP market includes four vendors:
 - SAP
 - Oracle
 - Sage
 - Infor

Numerous companies in Australia opt to replace outdated and disconnected information systems with comprehensive enterprise applications, such as Enterprise Resource Planning (ERP) systems, which streamline daily operations and support long-term planning by providing integrated functionalities; the current ERP market in Australia is dominated by four major vendors, including SAP, Oracle, Sage, and Infor, each offering ERP solutions tailored to diverse business needs, as exemplified by an Australian manufacturing company implementing SAP ERP software to manage production, inventory, and financial processes more efficiently.

- Challenges of ERP systems
 - They are complex
 - They often require special tailoring for specific organizations
 - They may not support a company's unique sets of business processes
 - They are expensive
 - A process that becomes a weak link in one area may negatively affect other integrated processes

Implementing ERP systems in Australia can pose challenges, as these systems tend to be complex and often require customization to align with an organization's unique processes and needs, as experienced by an Australian retail chain; the cost associated with ERP implementation, such as that incurred by an Australian financial institution, can be substantial, and weaknesses in one area of the integrated system can have a cascading impact on other interconnected processes, highlighting the importance of thorough planning and management to ensure successful ERP deployment.

- Most reengineering projects of the 1990s failed
- In the late 1990s and early 2000s
 - ERP systems forced changes in processes; helped realize many of those reengineering ideas
- ERP systems allow better planning and managing of processes at the organizational level instead of at the organizational unit level

During the 1990s, many business reengineering initiatives in Australia faced failure, but in the late 1990s and early 2000s, the adoption of ERP systems like SAP by organizations, including an Australian manufacturing company, necessitated process changes that aligned with the reengineering ideas, ultimately leading to more successful process improvements; ERP systems, by enabling holistic planning and management of processes at the organizational level rather than the individual unit level, as witnessed in an Australian logistics firm, have played a pivotal role in streamlining and optimizing business processes.

Case Reading: It was supposed to be the marriage of two great German companies: SAP, the ERP/CRM superstar, and Lidl, a nationwide grocery chain with €100 billion in annual revenue. The two companies began working together on a transition away from Lidl's creaky in-house inventory system since 2011. But by 2018, after spending nearly €500 million, Lidl scrapped the project.

What happened? The scuttlebutt is that the problem centered on a quirk in Lidl's record-keeping: They've always based their inventory systems on the price they *pay* for goods, whereas most companies base their systems on the retail price they *sell* the goods for. Lidl didn't want to change its way of doing things, so the SAP implementation had to be customized, which set off a cascade of implementation problems. Combine this with too much turnover in the executive ranks of Lidl's IT department, and finger-pointing at the consultancy charged with guiding the implementation, and you have a recipe for ERP disaster.

Question: What should have been the outcome?

Solution: Outcomes that should have occurred..

Some of the benefits of using an ERP system include:

Saving you money

Automating your processes - free up costs on administrative and operational costs. Staff can be reallocated to more important tasks etc.

Well-organized business processes and daily operations

- Data is available cross all business functions and processes.
- An ERP system meets the needs of automating business processes.
- Management can make quick decisions.
- Easily automate tracking processes, particularly across multiple branches.

Consolidated software programs

Use common software across the business.



In this case, the expected outcome should have been the successful implementation of the SAP ERP system at Lidl, resulting in several benefits, such as cost savings through the automation of administrative and operational processes, increased efficiency in daily operations, improved data availability across all business functions, faster decision-making for management, and streamlined tracking processes, particularly across multiple branches. However, due to the customization required for Lidl's unique record-keeping approach and potential issues with the turnover in the IT department and consultancy, the ERP implementation failed, leading to significant financial losses and operational setbacks.

Real-time data

Data or information is in real-time needed for management decisions or process changes.

Business flexibility

ERP systems can be changed to meet market changes

Maintain customer satisfaction

An ERP system makes efficiency and accuracy easy, allowing you to deliver better customer service and maintain strong customer relations.