Information Technology Planning

Course: COMP1647

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Introduction:

The Grunge Hotel Group is a UK based hotel business group. The group wants to expand their business but some issues are tied up for the enhanced expanding process.

Issues:

1. **Employee Problem:**

   The United Kingdom has gone out of the European Union. That's why U.K. government wants to force to leave the country which European citizens have no U.K. passport. This business group may face lack of skilled employee problems.

2. **Lack of fundamental I.T. system:**

   At present every one of the hotels operate individually and keeping booking record, all financial transactions and accounts information up to date by clerks and have to send all transaction details to Head office and done by manually.

   - The Grunge Hotel Group has to build an advanced IT system to share information between hotels and head office.

3. **Accounts are well beneath the standard anticipated:**

   The Company's conclusion of year accounts is enough below than the standard expected of a commercial company. This is due to company finance staffs that have not enough qualifications to manage finance department and keep costs down.

   - The company should train up employees to grow up their skill for control cost and increase profit. Otherwise replace existing employee of the finance department with skilled employees.

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- This business group has to recruit new employees from U.K. school leavers to fill up vacant job.

4. **Employee issue about new system**

Some managers will not gladly accept this new system. They think that the new system will reduce their needs in the company and they are very reluctant to change their daily working process.

- The organization should train up employees to the new IT system else replace this employee by new skilled employee.

5. **Cost for new IT system:**

The company ought to take a huge budget for building new IT system and Increase Company cost. And also have to train up employees about the new system.

- The new system should be similar to the old system. Then new system will be easy to use and short time training will be enough to learn the new system. It will reduce training cost.

6. **Head Office environmental issue:**

The hotel group uses the basement for storing servers and other IT system equipment. But this basement isn't suitable for this purpose. The basement expressing how tall the water come to within the overwhelming downpours in the autumn of 2000, and amid the summer electrical storms in 2008.

- That's why new server and others IT equipment's should place in safe and suitable place.

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7. Change of Government's Rules:

The U.K. govt. changes the policy and rules for business and it'll take effect on trade organizations. The company will confront issues approximately Eastern European employee.

- School leavers eastern European may be the employee of this company.

Strategic Evaluation

SWOT stands for Strength, Opportunity, Weakness and Threat. Analyzing the company's current situation using the SWOT methodology.

Strength:

➢ The company has rich cash.

➢ This hotel group has good ratings on websites.

➢ The Grunge hotel Eastern Europeans employees are highly skilled but the company got them in low salary.

➢ Company has good image for cheapest offer.

➢ Many patients chose this hotel because of medical expert's recommendation. They can take a break from their regular life in cheapest cost.

Weakness:

➢ The company has no central IT system that manages the entire chain together.

➢ Lack of qualified finance staffs.

➢ This company can't make appropriate business report with a manual system.

➢ The hotels operate individually and keep a booking record and financial transactions are processed manually. Hotel clerk sends daily transaction details to Head office.

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Opportunities:

➢ Medical professionals recommended this hotel to patient those don't have much saved cash, but require a break from regular lifestyle.

➢ This hotel group has some highly skilled employee they can provide better quality service with low cost.

➢ The company has rich cash and they are going to buy many properties these will use as a hotel.

➢ They can boost the process of the booking and official task by implementing IT system.

Threats:

➢ Hotel service charge will be rise for implementing the new IT system. Because, the cost of the IT Infrastructure will be added to the service charge for business profit. Then hotel may be falling in customer crisis.

➢ A few managers will be exceptionally hesitant to alter the way that they do things.

➢ The company's conclusion of year accounts is so underneath that less than the expected standards of the commercial company.

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Impact of IS

Major System

The Grunge Hotel Group is a large business organization with 43 1-star hotels based in the UK. For managing such this business an extensive system is needed that coordinating all capacities and divisions over an organization into a single system. So for that I think Enterprise Resource Planning (ERP) is the most excellent choice.

I expect from the system are:

1. **Customer Relationship Management:**

To move forward the business, the system ought to analyze and actualize the customer interests and expectation. This system will have feature to get the customer information and customer feedback.

- **Store Customer Information:** All of the customer's information will be stored into the system and this will helpful to provide service and get feedback.

- **Record Customer Feedback & Rating:** Customer feedback and reviews about the room service, food service and staff's behave have to store in the system and this will helpful to the top level management make change and improve customer service

- **Send Newsletter:** The system needs able to sending new offers through email to the customers for increase customer interest.

- **Live Support:** The system will able to manage live chat between employee and customer and keep chat information.

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2. **Human Resource Management:**

- **Record employee schedule & attendance information:** The system will keep employee work schedule and attendance information also, it also consider employee overtime and calculate them.

- **Employee Performance Tracking:** This function will provide an overall report about an employee and this report will be helping the top level management to take decision about an employee.

- **Store Payroll details:** This system will set employee salary with considering attendance, overtime, allowance.

- **Employee Leave Details:** The system will store employee leave details with reason, supporting documents and is it approved or not.

3. **Finance & Accounting:**

- **Generate Revenue Report:** This function will help the hotel group to calculate monthly profit and cost and generate revenue report.

- **Generate Salary Report:** This function will provide an employee salary report as predefined payroll of human resource department.

- **Tracking cash flow & transaction:** This function will track company's flow of cash amount and keep all transaction history.

- **Generate branch wise revenue report:** This function calculate purchase, expenses, salary and provide branch wise revenue report.

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4. **Hotel Service Management:**

- **Hotel Booking:** This function keeps hotel booking information such as customer information, booking date, check in & check out time etc.

- **Room Service:** This function keeps room information such room description, room rent, room keeper and room availability information etc.

- **Food Service:** This function will manage a hotel food and bar service by keeping all necessary information about menu and price, calculate cost of food & bar service and adjust it with the customer's main bill.

5. **Purchase:**

- **Hotel Equipment:** This function will keep records about purchasing any hotel equipment such furniture, kitchenware or any other things. Keep this purchase invoice and adjust this purchase cost with monthly expenses.

- **Food & Bar Item:** This function keeps a record purchasing the food & bar items and adjust this with food & bar items sale amount. Then calculate purchase and sale amount and provide result about profit or loss.

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Expected Reporting Requirements of ERP:

An ERP system used to collect information from multiple departments and multiple place to create the necessary business report. The reporting requirements I expect from this system are given below:

Required Reporting for Top Level Management:

Top level management sets the policies and framed to achieve organization, business goals. They are making strategic decision for a full year. To so they required report about profit and loss account and balance sheet, statement of fund flow and cash flows, cost of purchase, yearly revenue etc. (Mishra, 2018)

- **Balance sheet:** Company's assets, liabilities and equity are specified in a balance sheet report. And gives a premise for computing rates of return and assessing its capital structure. (investopedia, 2018)

- **Statement of fund flow and cash flows:** A statement appearing cash coming into and going out of a business during a specific period of time, where this cash came from, and what it was utilized for. Two sorts of this articulation are the source and application of reserves statement and the money flow statement. (lexicon.ft, 2018)

- **Yearly Revenue:** Annually income reporting utilized for appearing company's financial execution over a particular accounting period. This report primarily focuses on company's expenses and revenues during a specific period. (investopedia, 2018)

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Required Reporting for Mid-Level Management:

The mid-level management is working for executing the decision of top level management. Mid-level management required reports such monthly purchase report, sales and service report, expense report and etc. to do job responsibility. (Mishra, 2018)

- **Purchase Report:** This report is about hotel purchase information for a specific period of time. The paid and due amount will be calculated in this report.
- **Sales and service report:** This report shows the total amount of earned from hotel booking and food services for a specific period.

Compare and Contrast:

The proposed system is developed for managing all business tasks by low to top level management. From this system different level employees get different types of report as they required.

Managing director (MD) is a top level management of a company. MD is not for any individual branch. He is responsible for whole company. To so required many management reports for MD to take statistical decision. Management reports point at illuminating directors of the diverse perspectives of the business, in arranging to assist them make better-informed choices. It might be helpful to increase business profit and enhance the business. Management reports such financial report, transaction report, yearly income report, customer requirement report, employee performance report, investment report, etc. Those reports will be made by gathering all branch information and calculate that. After analyzing the MD can be able to understand is the business on the right track as he want or not. (Lebied, 2018)

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The hotel manager is responsible for an individual hotel and he has to concern several units of the branch. For managing the branch hotel manager might be required employee attendance report, purchase report, financial report, transaction report etc.

Managing directors required information about the whole Grunge Hotels group. Manager required only one branch's business reports which are on his responsibility. Managing director might require half yearly or yearly report. On the other hand hotel manager required weekly or monthly report of his branch. Managing director gathers this report to analysis the business improvement or degradation. And manager collects this report's to find out branch improvement or degradation as top level business expectation to this branch.

Some reports like purchase report, cost report might be required for managing director and hotel manager, but managing director's purchase and cost report is about the whole hotel business chain and hotel manager's purchase and cost report is about only his branch.

Organizational Changes:

There will be happen some organizational changes in the Grunge Hotel Group after implementing the new Enterprise resource planning (ERP) system. This change will be positive or negative. This will effect on their regular working processes & employee responsibility. Changes are given below:

- ➢ **Switch to automated process:** The Grunge Hotel Group following paper based manual working process. For this new ERP system the whole business switch over to the automated system. The Grunge Hotel Group could manage all booking and transaction records through the system. The booking system will be more easy and effective.

- ➢ **Centralized system:** Currently, every branch hotel manages their business process individually. Head office receives a report by hand to hand and individual report analysis is so difficult to top level management.

  The central database can manage all branch information from one system and easy to business analysis for top level management.

- ➢ **Generate Report:** Each of the branches needs to make different types of report manually and provide this to the head office. This is too difficult to make an accurate informative report.

  The new system offers the branch officers to generate required reports with accurate information. Accurately report is a pre requirement to take right business decision.

- ➢ **Customer Feedback:** Currently the hotel customer can't give their feedback and recommendations to the hotel authority. New system able to receive customer feedback and recommendation through the system.

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Customer feedback and recommendation will be helpful for the top level management to implement customer expectation and increase business profit.

- ➢ **Environmental changes:** The hotel group manages all business process through paper work. But the new will change the whole working process of migrating paper base system to a paperless system.

  For this working environmental change employee can get current information from the system and done job efficiently.

- ➢ **Employee recruitment:** Presently, all of the employees are not skilled as the new system demand. They are used to the old working process. They can't properly utilize the new system, and then the implementation of the new IT system will be a failure to provide business demand.

  The business group has to recruit skilled employee or train up their old employee if possible to increase their skill.

- ➢ **Concern about Data Security:** A new thought will be included after implementing the new IT system, which is business data security.

  Business data stored in a central database, so business authority has to provide security to this central database. Access this database will be controlled by implementing access control rule and provide data backup.

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Outsourcing:

When one company hires another company to performing an individual task, it's an outsourcing, and this is a business practice. I think Grunge Hotel Group need outsource this new ERP system development. Because, there have no any skilled IT team to complete this development process. These are a lengthy and costly process for IT skilled employee recruitment and complete this development. Here are some business benefits of outsourcing this development. (searchcio.techtarget, 2018)This is given below-

- **Cost Savings:**

  After successful outsourcing, the company will get significant savings. A good outsource company can reduce the software development cost and this has proven in many cases.

- **Focus on core business processes:**

  If any 3rd party development company takes the responsibility for development of the system, then the company can focus on its main business process. Company top level management doesn't need to monitor the development process all time.

- **Taking professional services:**

  Software outsourcing service Provider Company has lots of experience in developing multiple types of software and they are skilled in this sector. This is not so easy to find out this skilled and experienced employee for the Grunge Hotel Group. This company can get skilled professional service by outsourcing. (galilsoftware, 2016)

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- **Flexibility:**

  The company's top level management doesn't need to spend their business time to recruiting, training and housing the employees for this system development. Outsource company will manage it.

- **Delivery on time:**

  The Grunge Hotel Group can expect to outsource company that they will deliver the system on time, but we can't expect this from the recruited employees. (orientsoftware, 2018)

Data Resurrect:

Business organization has to face multiple threats continually. Disaster can happen at any time. As a survey by Forrester and Disaster, approximately 60% of their surveyed company had experienced disaster in 5 years. If there happened any kind of data disaster, then all data will be destroyed and it might be impossible to recover. It will create a crisis in branch hotel and the head office. (BALAOURAS, 2017) To ensure quick resurrection of data disaster the following steps will be taken.

Create a Written Disaster Recovery Plan of Action: The primary steps to compelling disaster recuperation arrange is making a nitty gritty arrange in composing. Begin by making a list of disaster scenarios (expanded control blackouts, fire, surge, robbery, and other characteristic calamities) and how each could affect your commerce. You'll discover it supportive to record this data in a multi-columned arrange in your spreadsheet computer program.

This questions answer should be include in plan:

      I.   Who will be affected?

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II. What should happen first, second, third…?

III. Who will execute the plan?

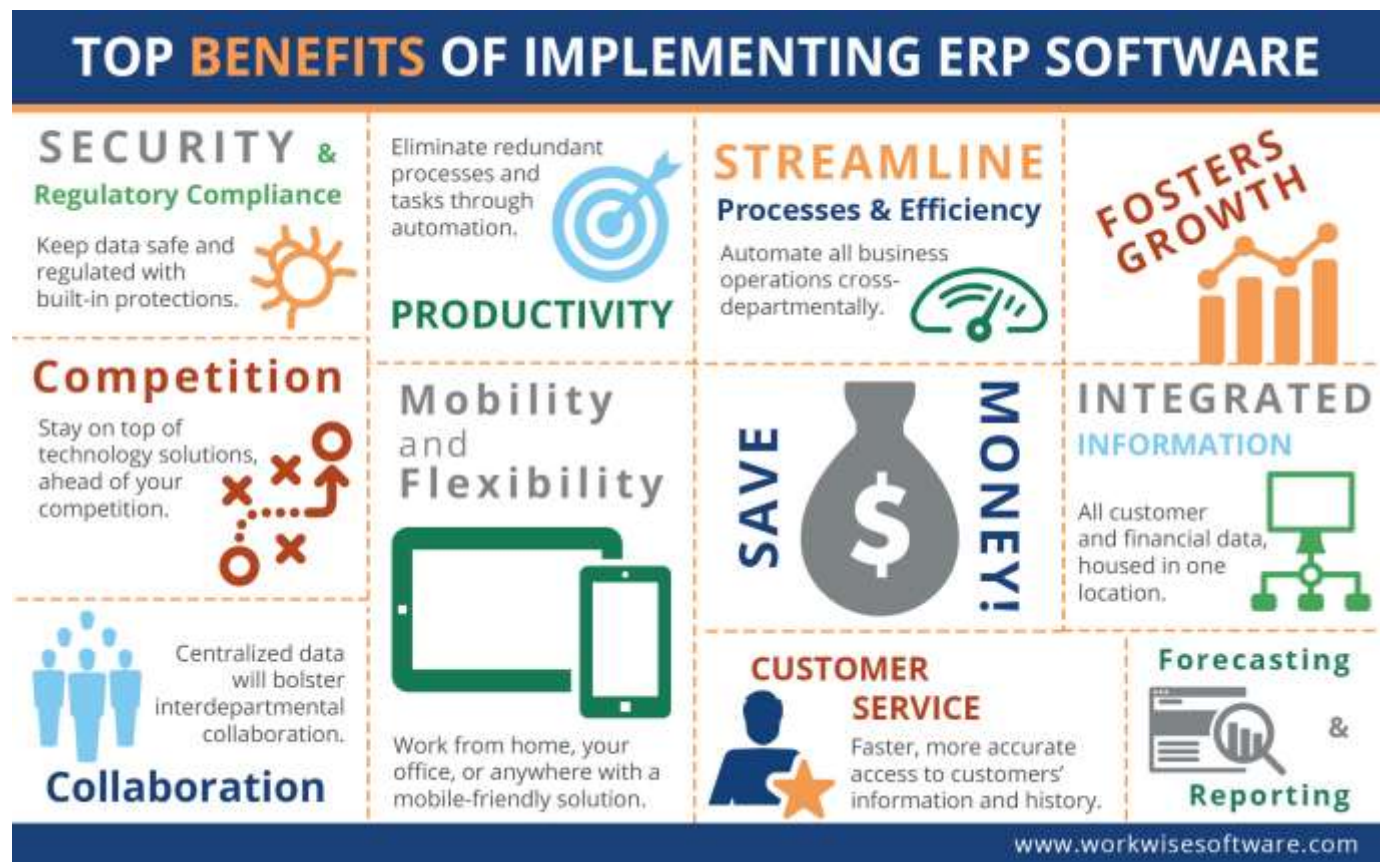(ezcomputersolutions, 2018)

Backup System: Make select another area close to the head office and branch offices to run reinforcement system amid calamity. The backup area will keep prepared with necessary IT equipment and power supply. The backup system will be capable to continue the business process within a short time during a disaster.

Keep a Copy of Data Offsite: The leading backup framework within the world won't spare information is stolen or devastated alongside everything else. Continuously keep up a current duplicate of information off-site on a distinctive server or capacity gadget. Having an off-site reinforcement arrangement is more reasonable than ever and one of the most excellent ways to guarantee business can proceed indeed after a robbery or disaster. (ezcomputersolutions, 2018)

Training of Employees: Need skill on employee about system recovery to recover affected the system. Plan, preparing for key employees being beyond any doubt they get it their parts and obligations amid a potential disaster, at that point runs a few drills to extend the chances of success amid a real disaster. (ezcomputersolutions, 2018)

Testing the Recovery Plan: System recovery plan will be tested several times within a fixed interval to ensure that is this plan is enough to protect the system data and data can be recovered after any disaster. After getting the testing result make a change on recovery plan and testing results will be documented.

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ERP system able to cover up all units working process of an organization. Multiple modules are interconnected in an ERP system to so ERP is a large system. ERP can provide better control and monitoring ability to the top level management. It will help to increase the productivity and income rate and decrease company extra cost.

I.   **Manage The Business with One System:**

A major benefit of using ERP system is it provides capability to manage the whole business with only one system. It will create an interconnected relation between all departments of the Grunge Hotel Group. (Radley, 2017)

II. **Facilitate Business Data Analysis:**

Analyzing the business data is extremely important to take statistical decision, as ERP provides unique acuteness that can't get anywhere else, such as it can provide hotel high booking period and low booking period. (Radley, 2017)

III. **Efficiency:**

An ERP system removes Iterative processes and incredibly decreases the got to physically enter data. The system will too streamline process of business and make it less demanding and more effective for business to gather information, no matter what division they're working in.

IV. **Forecasting:**

ERP system gives top level managements, the tool they ought to make precise forecasts. Since ERP provides accurate information as possible, the hotel management can make practical gauges and more successful forecasts.

V. **Collaboration:**

The process of working in each section can't be played separately from other departments. Collaboration between departments may be a vital and frequently necessary portion of the business. ERP systems have no reason that departments can't work together, with centralized and consistent information.

VI. **Reporting**

ERP system makes reporting process is easier and customizable. With enhanced reporting abilities, hotel group can respond more easily too complex information requests. It will save employee working times and increase working productivity. (15-benefits-implementing-erp-software, 2018)

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	1st Year	2nd Year	3rd Year	4th Year	5th Year
ERP	£ 1.5 Million	£0	£0	£0	£0
Equipment & Training Cost	£6 Million	£0	£0	£0	£0
Maintenance	£1 Million	£1 Million	£1 Million	£1 Million	£1 Million
Income Increased	£0	£6 Million	£6 Million	£6 Million	£6 Million
Total Cost	£6.5 Million	£1 Million	£1 Million	£1 Million	£1 Million
Total Save	£0	£5 Million	£5 Million	£5 Million	£5 Million
Payback Year	Investment/Revenue=Payback Year 8.5 Million /5 Million=1.7 Year				
ROI	Average annual profit x 100 /Total Investment= ROI 5 Million x 100/8.5 Million=58.84%				

Figure- 5 Years Calculation of Cost and Revenue Returns

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