**Feasibility Study**

**DAUD company ERP**

**DAUD ENTERPRISES**

**PLOT# 123**

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Feasibility report

# Description of Products and Services

This company is producing PVC pipes to be used in construction for drainage system. They are producing only fourteen to sixteen types of products in which they use different raw materials. They are facing some problems as their business grows it is getting impossible to fulfill the requirements and getting all in records. So they are thinking to get a computer system which can help them in all this process.

# Product/Service Marketplace

The marketplace for ERP system has been thriving for many years. In 2018 PVC pipes sales accounted for approximately $10 million or 10% of total PVC sales worldwide. While PVC pipes are available in almost every hardware store, our primary marketplace consists of specialty PVC pipes. All of Daud enterprises current major competitors already have an established ERP system presence of at least 3-5 years. The top 3 competitors are currently: Master pipes, Porta PVC, and Itihad group. A large majority of Daud enterprises customer base are returning customers and referrals from existing customers. By providing a more convenient means of purchasing our products on time it is expected that we will retain these customers while conducting an on time delivery of the products and maintain the quality of our products for new and old customers.

# Marketing Strategy

In order to be successful, Daud enterprises must differentiate itself from competitors in order to appeal to customers in the marketplace. To do this, Daud enterprises will utilize its practice of personalizing its product pricing which should be negotiable to in-store customers. Current competitors do not currently provide any negotiable price and their price is way too high.

Daud enterprises will implement a customer e-mailing list in order to send product promotions, sales advertisements, and other special offerings to customers who register. Additionally, Daud enterprises will offer referral incentives to customers who refer our PVC pipes to friends and family in order to provide additional incentives. Daud enterprises will also maintain a customer database in order to determine its target customer groups and geographical regions. Daud enterprises will research marketing intelligence providers to determine the benefits and costs of purchasing customer information for bulk email campaigns as well. Another important consideration of Daud enterprises online marketing strategy is cost. Electronic marketing communication costs are very small in comparison to direct mail marketing which Daud enterprises currently utilizes. However, we expect the additional revenue from ERP sales to greatly outweigh these additional electronic marketing costs.

It is important to note that ABC’s current marketing and sales staff will require training in online marketing and sales practices. This training will need to be contracted to a training provider as part of our startup costs and schedule.

## Problems regarding existing system

Their current method to record the info and details of their company are paper based. That is troublesome for the company to work with recording and reporting their data. The problems relating to their method of records and reports include paper loss, security issues, and theft cases from the store rooms of raw materials. Moreover, the company doesn’t retain their profit and loss statements. The paper based system to record info is merely time wastage to check and find any existing data. They don’t contain any record of daily based production. So at the time when the order is to be encountered they face the problem of getting stock out. They retain no record of customer’s order. There is also an issue of loss and misplacement of orders that are taken in to be completed for their customers. The info regarding the raw materials held in the inventory is insufficient that can put the company into trouble at the time of any urgent order. They don’t have record of their day to day expenditures from which the labor can take the advantage. They are generating hand written receipts that is very unprofessional.

## New system

Now the software that we are going to introduce to this company will really prove to be helpful for them in several ways. The system will keep the sufficient record of each and every aspect. It will keep the complete record about reports and profits periodically. With single tap you can access to all the details about raw materials, production, inventory and manufactured products. From this the company is least likely to suffer the cases of getting stock out. All the records of new and existing customers will be kept. The receipts will be generated from the sales details table. The info about the employees is also being subjected in the table. There will be a specific formula to figure out raw material quantity and through this the product quantity will automatically be updated that can really be so helpful to work with. In addition to this the software contains the report module that will give the company a complete record of their profit and loss statement annually. In all these aspects the software is going to be user friendly and will be fruitful for the future economic benefit of the company.

# Financial Projections

The financial projections for the addition of an ERP platform for Daud enterprises are highlighted in the table below. These figures account for projected improved manner of production, additional staffing requirements, security issues, Raw material, and insurance costs, contract support for IT and training needs.

The assumptions for these projections are as follows:

* In store sales projections remain unchanged
* All milestones are performed in accordance with the schedule
* No frauds will occur from inside the company

|  |  |  |  |
| --- | --- | --- | --- |
| **Measures** | **Old system** | **New system** | **Recommendation** |
| IT contract | $ 0 | $ 5000 |  |
| Staff | $ 20000/month | $ 20000/month | No new staff required |
| Security issues | High risk | No risk | New system recommended |
| Production quality | Not measured | Measured | New system recommended |
| Raw material | Not recorded | Will be recorded | New system recommended |
| Daily progress | Not recorded | Will be recoded | New system recommended |

# Findings and Recommendations

Based on the information presented in this feasibility study, it is recommended that Daud enterprises approves the ERP system initiative and begins project initiation. The findings of this feasibility study show that this initiative will be highly beneficial to the organization and has a high probability of success. Key findings are as follows:

Technology:

* Will utilize existing technology which lowers project risk
* Ecommerce infrastructure will be contracted out to vendor which allows Daud enterprises to share risk
* Once in place this technology is simple to operate and maintain for a relatively low cost

Marketing:

* This initiative will allow Daud enterprises to reach large number of target groups electronically at a low cost
* Daud enterprises can expand customer base beyond geographic areas where hardware stores are currently located
* The marketplace for ERP system is in a steady state of growth
* Daud enterprises is able to differentiate itself from its competitors and will utilize incentive programs to target new consumers

Organizational:

* No increases to staffing are required with no changes to organizational structure
* No new facilities or capital investments are required