

# Functional Information Systems Issues

Modified by Instructor

1



## Learning Objectives

- Functional information systems
  - Human resources, sales & marketing, accounting etc.
  - Problem? → Isolation
- Business process thinking
- Integrated cross-departmental process-based systems
  - enterprise resource planning (ERP)

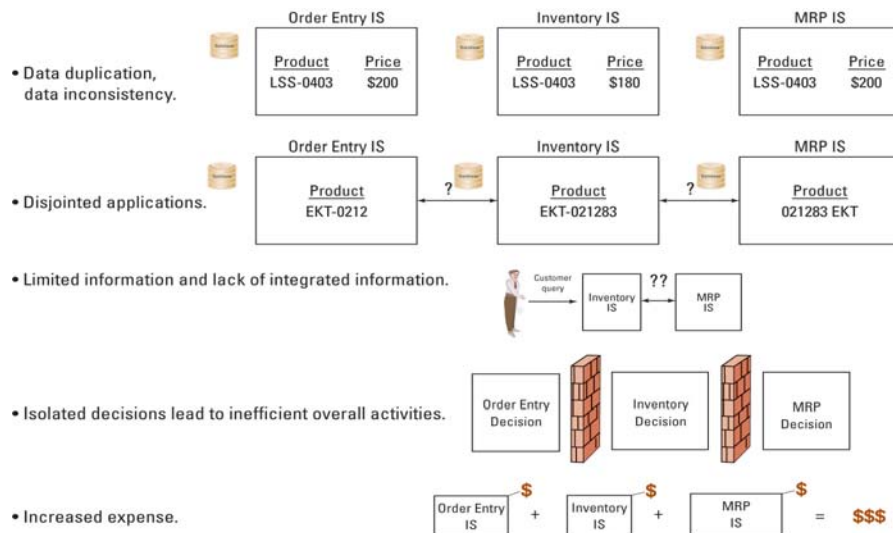
2

## The Problems of Functional Systems

- Functional systems provide tremendous benefits to the departments that use them; however, they are **limited due to operating in isolation**.
- With isolated systems:
  - Data are duplicated because each application has its own database
  - Business processes are disjointed
  - Lack of integrated enterprise data
  - Inefficiency

3

## Major Problems of Isolated Functional Systems



4

### Example of System Integration Problem

- CRM Product Number:  
Format: cccc-nnnnnnnnn  
Example: COMP-334455667
- MRP Product Number:  
Format: nnnnnnnccccc  
Example: 34455667COMP

5

### Business Process Thinking

- Look at business as a 'whole' rather than as distinct departments (functional areas)
  - integrate the activities of all departments

6

## Challenges of a Business Process Implementation

### ■ Biggest obstacle –

#### □ change

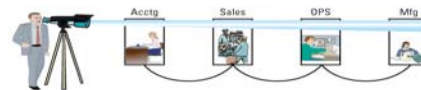
- Procedures
- People

- Further, existing systems have poor documentation → difficult to figure out exact processes i.e. ingrained processes
- Results uncertain – high failure rates

7

## Characteristics of ERP

- Provides cross-functional, process view of organization



- Has a formal approach based on formal business models



- Maintains data in centralized database



- Offers large benefits but is difficult, fraught with challenges, and can be slow to implement



- Often VERY expensive



8