Enterprise System

Unit 2

Dr.L.Philo Dasiy Rani

Basics of ERP

- **Definition**: ERP systems integrate core business processes into a unified system to provide better visibility, streamline operations, and improve decision-making.
- **Purpose**: Ensures that data flows seamlessly across departments like finance, HR, manufacturing, supply chain, and sales, eliminating silos and improving efficiency.
- **Features**: Centralized database, real-time reporting, and automation of routine tasks.

ERP Vendors and Modules

- **Key ERP Vendors**:
  - **SAP**: Offers comprehensive solutions for large enterprises.
  - **Oracle NetSuite**: Cloud-based ERP, suitable for mid-sized and large businesses.
  - **Microsoft Dynamics 365**: Combines ERP and CRM capabilities.
  - **Infor**: Industry-specific ERP solutions.
  - **Epicor**: Focuses on small and mid-sized manufacturing companies.

Core ERP Modules

› **Finance and Accounting**: Tracks financial transactions, budgets, and compliance.

› **Human Resource Management (HRM)**: Manages employee records, payroll, and recruitment.

› **Supply Chain Management (SCM)**: Tracks inventory, procurement, and logistics.

› **Manufacturing**: Supports production planning, scheduling, and execution.

› **Customer Relationship Management (CRM)**: Manages customer data and improves engagement.

› **Sales and Marketing**: Tracks sales pipeline, orders, and marketing campaigns.

Context and Developing a Business Case for ERP

- **Why Implement ERP?**
  - › To streamline operations, reduce costs, improve customer satisfaction, and gain a competitive edge.
- **Building a Business Case**:
  - › Identify pain points in existing processes.
  - › Define expected benefits (e.g., cost savings, better data visibility).
  - › Estimate total cost of ownership (TCO), including licensing, hardware, and training costs.
  - › Highlight return on investment (ROI) and strategic alignment with business goals.

ERP Project Formulation

- **Steps**:
  - **As-Is Analysis**: Understand current processes and system limitations.
  - **To-Be Planning**: Define the desired future state of operations.
  - **Gap Analysis**: Identify gaps between current capabilities and desired goals.
  - **Project Team Formation**: Assign roles, responsibilities, and stakeholders.

Selection of ERP Product and Implementation Partners

- **Product Selection**:
  - › Evaluate based on scalability, customization, industry focus, and budget.
  - › Conduct product demos and assess user-friendliness.
- **Implementation Partners**:
  - › Choose experienced consultants or vendors with a proven track record.
  - › Ensure alignment with business objectives and culture.

ERP Implementation Life Cycle

- **Phases**:
  - **Initiation**: Define project scope, budget, and timeline.
  - **Planning**: Develop detailed project plans and allocate resources.
  - **Design**: Customize ERP modules based on business needs.
  - **Development**: Configure the system, integrate with legacy systems, and develop new functionalities.
  - **Testing**: Perform system and user acceptance testing (UAT) to identify and fix issues.
  - **Deployment**: Roll out the ERP system, often in phases (pilot, staggered, or big bang).
  - **Post-Implementation**: Provide training, monitor performance, and ensure continuous improvement.

Critical Success Factors (CSF) in ERP Implementation

- **Top Factors**:
  - › Strong leadership and executive support.
  - › Clear vision and objectives.
  - › User involvement and training.
  - › Effective change management strategies.
  - › Selection of the right ERP system and implementation partner.
  - › Realistic timelines and budgets.

Change Management in ERP Implementation

- **Importance**:
  - ERP systems bring significant process changes; resistance to change is common.
- **Strategies**:
  - Communicate benefits clearly to all stakeholders.
  - Provide continuous training and support.
  - Involve employees early in the project to gain buy-in.
  - Address concerns and provide incentives for adoption.

Manufacturing Execution System (MES)

- **Definition**: MES bridges the gap between ERP systems and the shop floor, providing real-time data and control over manufacturing operations.

- **Functions**:
  - › Track production schedules.
  - › Monitor machine performance and downtime.
  - › Manage quality control processes.

Integration of MES with ERP and Other Reporting Systems

- **Integration Goals**:
  - › Provide a seamless flow of data between the shop floor and business management systems.
  - › Enable real-time production updates in ERP for better decision-making.
  - › Synchronize reporting systems to provide comprehensive insights into operations.
- **Benefits**:
  - › Improved visibility into production and supply chain.
  - › Enhanced agility in responding to changes in demand or disruptions.
  - › Better alignment between business strategy and operational execution.