UNIT II - ERP IMPLEMENTATION

Implementation and Product Life cycle, Implementation Methodology, Planning Evaluation and selection of ERP systems, Organizing the Project Management and Monitoring. Case Study on Manufacturing.

ERP IMPLEMENTATION LIFECYCLE:

1. During the pre-evaluation phase, ERP vendors available in the market are screened based on business requirements. ERP packages that don't suit the business requirements are eliminated.

2. During the package evaluation phase, selected package is evaluated against requirements across departments.

3. A detailed requirement analysis is done, involving different managers from across the departments. Requirement analysis helps list down all the functionalities required to ensure efficient processes across the organization.

4. Based on the analysis of requirements and functionalities, a detailed project plan is laid out. This involves senior management team and ERP experts. Designs are finalized; key resources to be involved in the project are identified in various departments; special arrangement is also made to tackle contingencies.

5. Once the planning is done, business process re-engineering takes place. Implementing ERP will impact through increasing roles and the job responsibilities of lot of employees. So, new roles and responsibilities are to be assigned to employees. Processes are to be re-structured and integrated with ERP tools.

6. Post implementation and integration, staff and managers are to be trained properly so that they get good practice. Consultants will help employees to get hands on experience of the ERP tools.

7. At last, the tools that are implemented are tested rigorously. Issues arising during the testing phase are fixed and required changes aremade.

Thus ERP Implementation process can be explained.

ERP Implementation Lifecycle

- ERPImplementation
- The different phases of ERP implementationare:-

- □ Pre-evaluationScreening
- □ PackageEvaluation
- □ Project PlanningPhase
- □ Gap-Analysis
- □ Re engineering
- □ Configuration

ERP Implementation

- ☐ Implementation TeamTraining
- ☐ Testing
- ☐ Going Live
- ☐ End-usertraining
- ☐ Post –implementation

3.2.1 Pre-EvaluationScreening

Vendors profile analysis- Rating vendors in market on Previous customer feedback, Reliablity and goodwill of company, after sales service, Technical strengths, Financial stability and relevant agreements and MOU's.

3.2.2 PackageEvaluation

- ➢ The objective of this phase is to find the package that is flexible enough to meet the company'sneed or software that could be customized to obtain a 'good fit'.
- ➢ Once the packages to be evaluated are identified, the company needs to develop selectioncriteria that will permit the evaluation of all the available packages on the same scale
- ➢ To choose the best system, the identification of the system that meets the business needs, andthat matches the business profile.

Some important points to be kept in mind while evaluating ERP software include:

- a) Functional fit with the company's businessprocess.
- b) Degree of integration between the various components of the ERPsystem.
- c) Flexibility andscalability
- d) Complexity
- e) Userfriendliness
- f) Quickimplementation
- g) It is better to have a selection committee that will do the evaluationprocess.

3.2.3 Project Planning Phase

a. This is the phase that designs the implementation process. Time schedules,deadlines, etc. for the project are arrivedat.

b. The project plan is developed in thisphase.

c. In this phase the details of how to go about the implementation are decided. Theproject plan is developed, roles are identified and responsibilities areassigned.

d. The organizational resources that will be used for the implementation are decidedand the people who are supposed to head the implementation areidentified.

e. The implementation team members are selected and task allocation isdone.

f. The phase will decide when to begin the project, how to do it and when theproject is supposed to be completed.

g. The phase will also plan the *'What to do'* in case of contingencies; how tomonitor the progress of theimplementation;

h. The phase will plan what control measures should be installed and whatcorrectiveactions should be taken when things get out of control.

i. The project planning is usually done by a committee constituted by the teamleaders of each implementation group headed by CIO.

3.2.4 GapAnalysis

This is the most crucial phase for the success of the ERP implementation.

Simply it is the process through which companies create a complete model of where they are now, and in which direction they want to head in the future. The trick is to design a model which both anticipates and covers any functional gaps.

Some companies decide to live without a particular function. Other solutions include:

a. Upgrade
b. Identify the third party product that might fill thegap
c. Design a custom program
d. Altering the ERP source code, (the most expensive alternative; usually reserved formission-criticalinstallation)

3.2.5 Re-engineering

This phase involves human factors.

a. In ERP implementation settings, reengineering has two connotations. The first connotation is the controversial one, involving the use of ERP to aid in downsizingefforts.
b. In this case ERP is purchased with aim of reducing the number ofemployees.
c. Every implementation will involve some change in job responsibilities asprocesses become more automated andefficient.
d. However it is best to regard ERP as investment and cost-cutting measure ratherthan a downsizingtool.
e. ERP should endanger business change but not endanger the jobs of thousands ofemployee.
f. The second use of the word 'reengineering' in the ERP field focus on theBusiness Process Reengineering(BPR)
g. The BPR approach to an ERP implementation implies that there are two separate,but closely linked implementations on an ERPsite.

3.2.6 Configuration

It is important for the success of ERP implementation that those configuring the system are able to explain what won't fit into the package where the gaps in functionality occur. ERP vendors are constantly make efforts to lower configuration costs. Strategies that are currently being done include automation and pre – configuration.

ERP Implementation

3.2.7 Implementation TeamTraining

➤ Synchronously when the configuration is taking place, the implementation team is being trained.

➤ This is the phase where the company trains its employees to implement and later, run the system.

➤ For the company to be self-sufficient in running the ERP system, it should have a good in-house team that can handle the various solutions.

➢ Thus the company must realise the importance of this phase and selects right employees with good attitude.

3.2.8 Testing

➢ This is the point where you are testing real case scenarios.
➢ The test cases must be designed to specifically to find the weak links in the system and these bugs should be fixed before going live.
➢ GoingLive
➢ This is the phase where all technicalities are over, and the system is officially declared operational.
➢ In this phase all data conversion must have been done, and databases are up and running; and the prototype is fully configured and tested.

3.2.9 Going Live

The implementation team must have tested and run the system successfully for some time. Once the system is 'live' the old system is removed and the new system is used for doing business.

3.2.10 End-User Training

➢ This is the phase where the actual users of the system will be trained on how to use the system.The employees who are going to use the new system are identified and their skills are noted.Based on their skill levels are divided into groups.
➢ Then each group is given training on the new system.
➢ This training is very useful as the success of the ERP system is in the hands of end-users. The end-user training is much more important and much more difficult than implementation team training since people are always reluctant to change.

3.2.11 Post –Implementation

- This is the very critical phase when the implementation phase is over.
- There must be enough employees who are trained to handle the problem that might occurred when the system is running.
- There must be technical people in the company who have the ability to enhance the system when required.
- Living with ERP systems will be different from installing them.
- Projects for implementing the ERP systems get a lot of resources and attention.
- However an organisation can only get the maximum value of these inputs if it successfully adopts and effectively uses the system.