



Chapter X

A Framework for Assessing ERP Systems' Functionality for the SMEs in Australia

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Anticipating the use of ERP systems among small to medium enterprises (SMEs) to be the future area of growth, ERP vendors such as SAP, Oracle, PeopleSoft, J.D. Edwards and Bann are introducing ERP software that appeals to the market segment of the SMEs. Introduction of the ERP systems for SMEs includes compact packages, flexible pricing policies, new implementation methodologies, and more specialized functionalities. The strengths-weaknesses-opportunities-threats (SWOT) framework of the ERP software offered by the aforementioned vendors for the SMEs requires in-depth analysis based on real field data. The aim of this study is to identify the strengths, weaknesses, opportunities, and threats of ERP systems offered by the five leading vendors for the SMEs in Australia. Multiple case study design approach is used here for collecting the primary data from the ERP vendors. A SWOT framework is developed to study the functionality of the ERP systems offered by these vendors. This framework may guide the managers of SMEs in selecting and implementing ERP systems for their organizations.

INTRODUCTION

Integrated, streamlined, responsive and agile are words being used to describe what companies must become in order to stay profitable. Enterprise resource planning (ERP) can be regarded as a key enabler of business transformation. It is also regarded as a critical success factor (CSF) to the survival of any business in this highly competitive marketplace. More than 60% of the Fortune 1000 companies have installed or are in the process of implementing packaged ERP systems to support their back-end business activities (Kraft, 1999). These packages implemented by the Fortune 1000 companies run well over the IT budgets for Australian SMEs. ERP vendors are targeting this market with supposedly scaled-back systems suitable for smaller firms. The question of how well these packages target the SME needs is the central focus of this study.

ERP is being sold as an essential tool for the survival of any commercial organization in the future. The SME is the new target of ERP vendors offering systems refined specifically for this untapped market segment. SME managers are faced with the highly complex task of sifting through these software packages to see what is on offer and how it may benefit their organization now and in the future. To appraise such complex systems for the benefit of the SME market segment requires a guiding framework.

Therefore, this study aims to develop a SWOT (strengths-weaknesses-opportunities-threats) framework for evaluating the functionality of ERP systems available to Australian SMEs. The focus of this study is to develop an understanding of the systems offered by the five leading vendors—SAP, Oracle, Peoplesoft, J.D. Edwards and Baan. This provides not only a comparison of the ERP products offered by five leading vendors, but also provides a normative framework that can be used to assess packages offered by other vendors. Further, the relative strengths, weaknesses, opportunities and threats of this functionality provide SME decision makers with a framework for choosing and implementing the system that is best for their business.

DEFINITIONS OF THE CONCEPTS USED IN THIS STUDY

Assessment

Assessment pertains to judging the quality or worth of a certain aspect or object. In our study, assessment will be conducted using a management tool known as a SWOT analysis. SWOT analysis is a widely used framework for organizing and utilizing the information gained in analyzing a complex system

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