Chapter 6
ERP Upgrade vs. ERP Replacement:
The Case of Gulf Telecom

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EXECUTIVE SUMMARY

ERP systems life cycle may extend in some business organizations up to fifteen years or more. Nevertheless, the time comes in the life of an ERP system when there is a need to evaluate and compare the value of continuing to use the existing ERP system version against the option to upgrade to a higher version of the same system or having it replaced all together by a different system. In many cases, this translates into a critical management-sponsored mission designating a dedicated team or task force to investigate the feasibility of the alternative options, and to report on the preferred option with a recommendation of the way forward and implementation approach. This case reflects the investigations of Gulf Telecom Company (GTC) in exploring the viability and feasibility of its ERP options to support and provide the grounds for a management decision to mark the next phase of the ERP in the organization. The case describes the approach that was adopted by Gulf Telecom and highlights the challenges to accomplish the mission successfully and any lessons learned from this experience.

ORGANIZATION BACKGROUND

The history of the Gulf Telecom goes back to the early 90s when it was a single telecommunication player is the country. However, the emergence of new technologies and the global industry transformations that followed have prompted a major deregulation of the telecommunication industry in the early days of 2000, presenting Gulf Telecom with major challenges to survive global competition.

Consequently, Gulf Telecom has gone through a major restructuring and expansion of its lines of products and services and a new vision for excellence and customer service and intimacy. This transformation was guided by a new vision and strategy that also views Information and Communication Systems (ICT) and applications as business enabler and strategic assets. Consequently, investment in state-of-art ICT infrastructure and enterprise information systems applications had a high ranking in the Gulf Telecom list of priorities.

A review of ICT in Gulf telecom by an external management consulting in 2001 has led to a strategy to guide investment in ICT that is included in a five-year forward plan. Among the high priority items in the plan was the selection and implementation of s suitable ERP system to support its main function business functions including Human Resources, Finance, and Procurement.

The Information Technology function was entrusted by management to lead the ERP selection team, which included representative members from all concerned business areas. The selection team has consolidated the main business requirements and used them as the basis for defining the project Scope Of Work (SOW) and Request For Proposal (RFP) to invite ERP vendors' submissions.

SETTING THE STAGE

Introduction

By opting to replace its disparate software applications by a single ERP system, Gulf Telecom decision was driven by the need for an integrated business solution that connects the organizations core functions and to automate the business processes. However, in order to reap the benefits of a system with such features is only possible through proper and effective system selection in the pre-implementation stage, proper and effective system configuration in the implementation stage and certainly proper and effective usage and utilization of the ERP applications in the post-implementation stage which could extend over many years. However, there is clear evidence from many ERP projects that proper usage and effective utilization is correlated with managing system, data and end-users issues (see Figure 1).

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