

Chapter 8.3

ERP Trends, Opportunities, and Challenges: A Focus on the Gulf Region in the Middle East

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ABSTRACT

This chapter highlights the key trends in the ERP market, with a focus on the challenges related to the implementation of these systems in the Middle Eastern Gulf region. The key trends discussed here include consolidation of the ERP market, diversification of the ERP product, new modes for ERP application delivery, ERP and new technologies, changing ERP pricing structures, ERP support operations, growing demands for ERP vertical solutions, demanding ERP customers, inter-organizational ERP solutions, and regional adaptations for ERP products. The chapter further provides insight into emerging and future trends in the region. Awareness of these issues

plus knowledge of the local environment gives us a richer understanding of key ERP issues and how they apply within the unique limitations and opportunities of this region.

INTRODUCTION

The economic slowdown in the developed world coupled with saturation of the high-end enterprise resource planning (ERP) market, post 2000, provides an opportunity to pause and reflect on the past, explore new avenues, and try to glimpse the future. The examination of ERP trends and the challenges they pose help us to seize this opportunity (Botta-Genoulaz, Millet, & Grabot, 2005). While many of these trends have similar

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global implications, some differ depending on regional context.

Contrary to the slowdown in economic growth experienced in the developed world at the start of the new millennium, the Middle East region¹ had and continues to experience continuous positive growth. Accounts of key ERP vendors in this region (Bowman, 2006; Branton, 2006e) confirm this trend, citing annual staff size increases of 50% to 100% over the last few years (e.g., SAP Arabia doubled its team from 2005-2006 and Epicor Scala tripled in size from 2003-2006). This economic growth was by no means limited to the IT industry, but was concurrent, and to a great extent, triggered by growth in unrelated industries. Real estate ranks high on the list of flourishing industries to the extent that “Dubai has been ranked a close second in the world in terms of office real estate construction activity” (GulfNews, 2006). Ports management, logistics, construction, and tourism are among other successful emergent industries in Dubai.

The objective of this chapter is to highlight the key trends in the ERP market, with a focus on the challenges related to the implementation of these systems in the Middle Eastern Gulf region.² This understanding of the regional context will give us a richer understanding of key ERP issues and how they apply within the unique limitations and opportunities of this region.

BACKGROUND

The ERP market has been an area of extensive study since the late 1990s (Esteves & Pastor, 2001; Moon, 2007). The surge in ERP implementations triggered by the need to replace legacy systems with Y2K-compliant ERP systems and the desire to explore integration opportunities has slowly plummeted. This slowdown is by no means an indication of lost interest, but is a chance to examine earlier achievements and explore new opportunities.

The Gulf region is at present experiencing exponential growth triggered by a combination of rising oil revenues and the diversification of local economies into non-oil-related industries. The new emergent industries range across the sectors of travel and tourism, manufacturing, construction, finance and banking, trading, media, logistics, and more recently, education, healthcare, and outsourcing. This growth is creating golden opportunities for both local businesses and multi-nationals due to the soaring demand for goods and services.

A summary of key regional features will assist in comprehension of the regional context (see Figure 1 for a map showing Gulf Cooperation Council (GCC) countries and Table 1 for basic regional statistical indicators).

- **Government structure:** Hereditary monarchies where the Head of State appoints ministers and advisory council members. Kuwait, having an elected council, is an exception.

Figure 1. GCC countries map (adapted from The World Fact Book: Middle East, https://www.cia.gov/cia/publications/factbook/reference_maps/middle_east.html). Note: GCC countries are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and UAE.



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