

Chapter 1

Blending Information and Communication Technology (ICT) with an Accounting System: The Case of the Egyptian International Motors Company (EIM)

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EXECUTIVE SUMMARY

Rapid technological changes in the business world place immense pressure on business executives to stay ahead of the competition by dramatically and continually integrating Information and Communication Technology (ICT) in redesigning business processes and models, nevertheless accounting processes and models. In today's computerized, interconnected, global business environment, the accounting profession has to deal with a host of complex issues that never existed in the past—for instance, how to capture and record new business transactions and events, develop value-added business and information processes, create new value-chain opportunities, disseminate useful knowledge to a wide array of information consumers, and provide assurance services across the entire spectrum of economic activities. The use of automated accounting information system has become an integral part of accounting systems worldwide. An Accounting Information System (AIS) usually consists of integrated sets of components established to collect, store, and manage financial data, and provide useful information supporting managers in decision making. The AIS main goals would be the collation and processing of business activities data

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efficiently and effectively; processing data into accurate, timely, and useful information, nevertheless establishing adequate controls to ensure that data recorded and processed accurately. The presence of well designed automated AIS would lead to progressed efficiency through providing timely information; higher organization profit by progressing the efficiency and effectiveness of its supply chain; improved decision making by providing accurate information in a timely manner, in addition to easier sharing of knowledge and expertise. However, decisions relating to the choice and implementation of computerized accounting systems are very sensitive to cultural, economic, and environmental factors including IT skills, IT budgeting, and end users' resistance. Such factors differ dramatically between developed and developing nations. In addition, within the context of developing nations, the cultural, political, and economic realities of each country are often very different; therefore, automated accounting information systems decisions should be studied within the context of their own environments.

Improving our understanding of the accounting information system development in a specific Egyptian context, this case aims to investigate the development of a redesigned automated accounting system in a privately owned Egyptian company that was planning material changes in its accounting systems and organizational structure through integrating ICT systems. In other words, this case attempts to explore the company's strategic decisions regarding computerized accounting information system implementation choices, problems met during the implementation process, and the actions taken to takeover these problems to gain the potential accounting system redesign benefits. Tracking the automated accounting system redesign highlights some implementation success key factors and emphasizes that obtaining top management commitment to the process of an automated accounting system implementation is a prerequisite for success.

1- ORGANIZATION BACKGROUND

Egyptian International Motors Company (EIM) was established in 1979 as a main business unit within Alkan group. Its remarkable growth over the years has positioned it as a market leader in various business fields. The company activities include multinational enterprise representation, lease finance services and free zone storage and clearance. The company is categorized as a commercial company that is involved in various areas/disciplines through the acquisition of licenses. This makes the company a unique company in the sense that each acquired license is treated as a separate line of business.

The company's description of line of businesses in its articles of incorporation states that it is a retail company that operates in: manufacturing, importation, export, distribution and acts as an agent of passenger cars, heavy equipment and agriculture

equipment; importation of textile machinery and equipment for flour mills and crushing plants. Today the company is one of Egypt's most mature private sectors operations, exclusively distributing and servicing more than 25 world renowned brands in more than 7 business sectors, both in Egypt and in the Region (see Figure 1).

Each of the brands represented by EIM is a leader in its segment. These brands are served by a distribution network including EIM branches as well as extensive dealer networks and after-market services delivered through highly qualified and well trained technical staff in EIM workshops across the country or on-site wherever the customer is. EIM strives to make a distinct and profound positive difference in the trade industry in Egypt and the region by supplying the highest quality service, products and solutions to its customers.

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