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Class Announcements

- Business Paper Proposal Due Feb 2, Tuesday!
- Assignment 2 due today.
Class Announcements

- Project proposals due in 1 week (Tuesday)!!
  - 2-3 pages
  - Give a plan what you will cover in report
  - Cite some references, and show that you have started your research!
    - Remember references must be cited in the body of the text with footnotes or end notes.
  - See website for more details.
Student Talks
Applications

- What is an application?
  - Computer software that performs useful capabilities for a user, organization, incorporating storage, manipulation, and communication of information.

- An organizational application
  - Supports an organization

- Often called enterprise application
  - (An enterprise is an organization with a commercial mission)
Types of organizational applications

- **Departmental**
  - Supports a single functional department
  - Example: An accounts management application for an accounting department.

- **Enterprise**
  - Support enterprise-wide processes and goals.
  - Example: coordinate information between functional departments involved in fulfilling an order.
    (or other cross functional process.)
Some Types of Organizational Applications

- **Worker Collaboration**
  - Example: video conferencing

- **Operations and Logistics**
  - Example: coordinate movements of goods between sites.

- **Decision Support**
  - Summarize info for execs.

- **Knowledge Management**
  - Organize and retrieve knowledge in company's documents and databases
Examples

Software Merchant

- Customer Relationship Management
  - Maintain a case file of customer questions and complaints.
  - Website of Freq. Asked Ques. And documentation.
  - Chat application for customers to communicate with tech-support personnel.
Examples

On-Line Stock Trading

- Information Management application for paying customers
- Specialized software to interface with
  - customers
  - stock exchange
  - Customer’s bank
Some more terms

**Transaction Processing Systems** record and process data from business transactions.

**Batch Processing** – transactions are accumulated over a period of time and processed periodically.

In **Online Transaction Processing (OLTP)**, transactions are processed immediately.
Some More Terms

- A **workflow** application supports ongoing repetitive tasks.
  - Example: An application that passes a case summary of a customer from customer service to tech support.
So what exactly is ERP??
The precursor to ERP, MRP

- MRP (Material or Manufacturing Resource Planning)
  - Take:
    - Product Demand forecasts
    - Inventory Balances
    - Replenishment Lead Times
  - Develop a Production schedule for a single plant

- At this Point, it is a planning tool
Later on More capabilities added

- Order Processing
- Product Costing

- The planning tool begins to take more and more of an active roll in the business processes.
A desire to Link Across Functional Departments of firm

- Each functional department had its own legacy application
  - Programmed in different languages
  - Different Data formats

- Often some data was shared between departments by duplicating it.
MRP evolves into ERP

- A common software architecture with modules to support different business functions.
  - Accounting, finance, sales, HRM, material management, etc...

- Key features:
  - Multi-functional
  - Integrated
  - Modular
How would you design an ERP?

Design a user interface for each module
- Ask user to fill in certain “fields” at particular times.
- Set up a sequence of events
  - When the sales department enters an order, that event triggers an event at the manufacturing department.

But by doing this, aren’t we presuming a particular business process?
Fundamental options

- Customize the application to existing organization?
- Mold organization to off-the-shelf application?
  - Is software a good way to propagate best practices?
Break
Quiz

1) What does MRP and ERP stand for?

2) Cisco decided to get ERP software that was developed by
   a) IBM        b) Oracle
   c) Microsoft  d) SAP

3) Cisco makes
   a) Routers    b) Desktop computers
   c) Cell phones d) Restaurant supplies
Cisco Case

Student Talk
Break into groups of 3 or 4

- Discuss
  - A) Was the project successful? Why or why not?
  - B) Imagine you were asked to lead an ERP deployment at another company,
    1) What ideas would you borrow from Cisco’s ERP project?
    2) What factors worked in Cisco’s favor that might not apply to other companies trying to do an ERP project?
    3) What mistakes would you avoid that Cisco made?
- Write your ideas down.
Cisco Summary

Success Factors

- Cross-Functional Team of top people
  - People from across the company involved
- Hungry Vendors
  - Oracle and KPMG needed this to succeed
- Strong Support from Top Management
- Favorable Hardware Contract
- Rapid Prototyping
- Aggressive pace

Good management or luck?
Cisco Summary

Challenges

- Poor testing Strategy
- Inadequate Hardware
- Software required more modifications than originally hoped.
What did it cost?

Costs Beyond original budget:

Non-IT Personnel In Project
- 80 personnel $\times$ 8 months $\times$ 160 hours / month $\times$ 100 hour = $10 million

IT-Personnel beyond original 20
- 80 personnel $\times$ 4.5 months $\times$ 160 hours / month $\times$ 100 hour = $5.7$ million

Actually cost more than 15 million more than the original budget of $15$ million!

Was this really a success?!