



# ERP & eBusiness

## eERP

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### ERP

## Introduction

- ◆ ERP systems have delivered value, but the ERP model, which wraps organizational processes into one end-to-end application, may no longer be sufficient for today's fast-moving, extended enterprises.
- ◆ e-business pushes the ERP from the inside core of the companies to the network edge
- ◆ ERP falls short of meeting today's demands from customers for better services

## E-BUSINESS

- ◆ E-business is defined as “the use of electronically enabled communication networks that allow business enterprises to transmit and receive information
  - can significantly improve business performance by strengthening the linkages in the value chain between businesses (B2B) and consumers (B2C).
  - increasing efficiency in selling, marketing and purchasing
  - achieves effectiveness through improved customer service, reduced costs and streamlined business processes
  - creates a strategic, customer-focused business environment for shared business improvements, mutual benefits and joint rewards

## ERP & eBusiness

- ◆ Companies use the Internet to implement customer-relation-management (CRM) and supply-chain-management (SCM) capabilities, which enable them to link their operations seamlessly with customers and suppliers.
- ◆ the most challenging part of e-business initiatives is not in developing a Web storefront but in extending ERP to accomplish business-to-business (B2B) and business-to-consumer (B2C) solutions
  - traditional ERP systems take care of internal value chain (i.e., within a company)
  - e-businesses establish the value chain across the market and the industries.

## ERP

- ◆ as an integrated suite, it can be thought of as a company's central repository.
- ◆ supports business strategy
- ◆ The focus of ERP systems is on the efficiency and effectiveness of the internal process
- ◆ It offers a way to streamline and align business processes, increase operational efficiencies and bring order out of chaos.

## eBusiness

- ◆ is focused on efficiency and effectiveness of external, cross-enterprise processes
- ◆ opens the door to new strategic opportunities,
  - which forces ERP to take one step further — to move from the single ERP system model to the extended ERP system model
- ◆ provides the bridge between companies and their business partners to make e-business possible,

Figure 2: Single versus extended ERP system

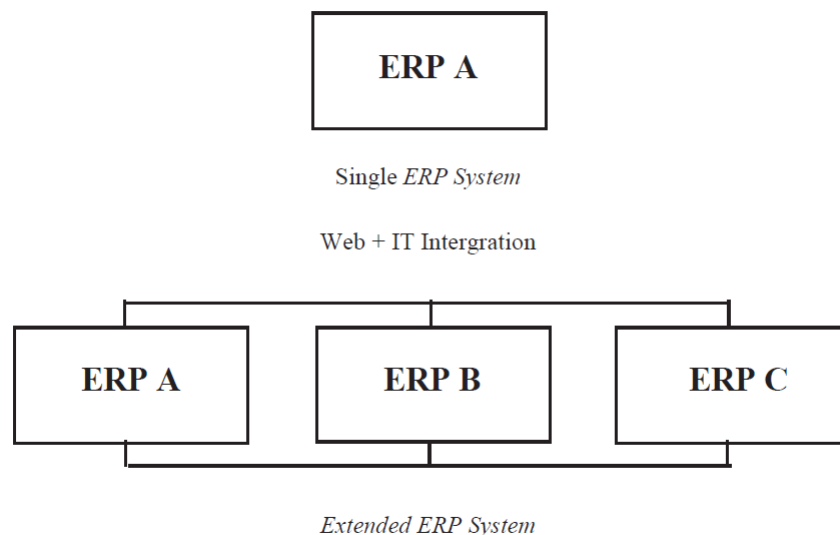


Figure 3: ERP integration with e-business

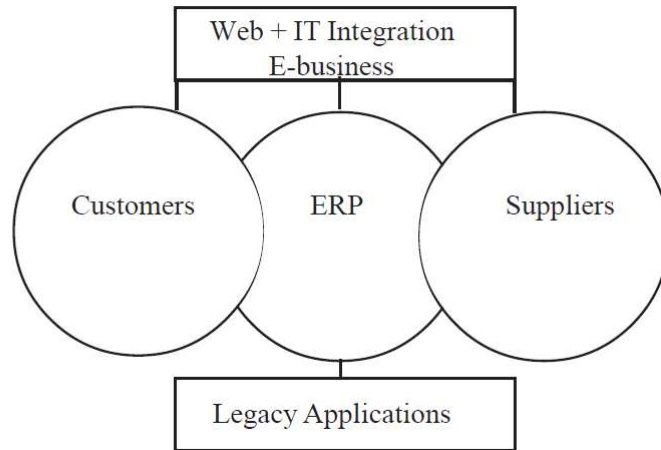


Figure 1: Developments in e-ERP and Business Practice for doing e-Business

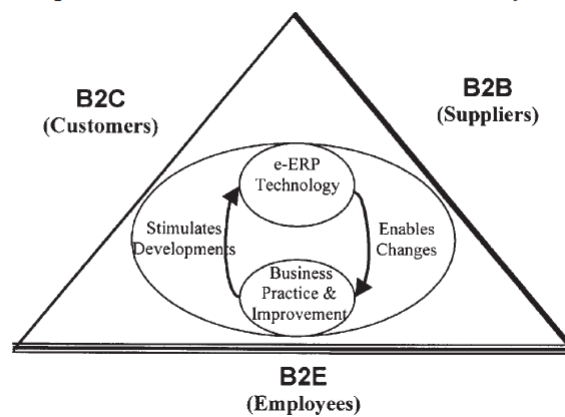
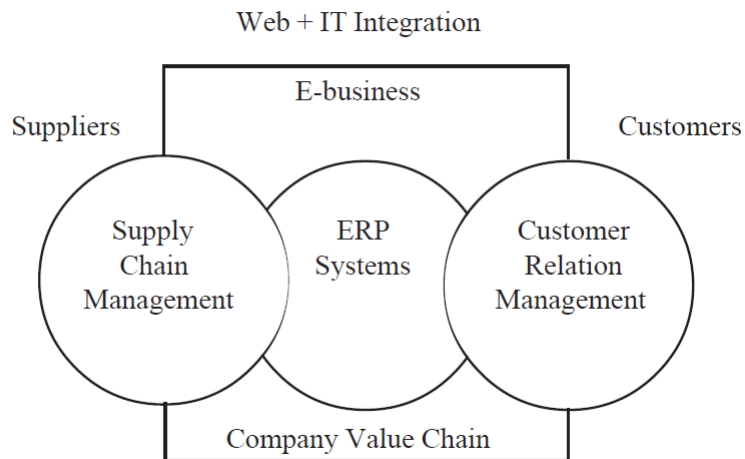


Figure 4: Extending ERP along the value chain



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9

## Componentization

- ◆ Componentization is the action of breaking up a large, monolithic ERP system into individual modules that would work together
- ◆ Components are pieces of code that can be interchanged between applications.
- ◆ This idea is similar to the assembly of automobiles, airplanes and mobile phones
- ◆ The componentization of functionalities in ERP will make the internal and external systems more adaptable and reliable.
  - it will smooth the information flow along the value chain.
- ◆ ERP and e-business applications can be assembled from Web-based components

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10

Questions?