Chapter 15

A Study of the ERP Selection Process in New Zealand

Maha Shakir
Massey University, New Zealand

Liaquat Hossain
Syracuse University, USA

This study provides an exploratory investigation of the Enterprise Resource Planning (ERP) software selection process in New Zealand. A brief background together with the main features of ERP is provided. It is conferred in this study that the selection and implementation of ERP deserves equal importance. Findings of exploratory case studies on the ERP selection process in New Zealand (NZ) suggest that the selection of ERP guides the implementation process. It is also evident from the study findings that most New Zealand organizations select their consultants and let them guide the ERP selection, implementation as well as the post-implementation process.

INTRODUCTION AND BACKGROUND

The focus of this study is to develop an understanding of the selection process of ERP systems for SMEs in New Zealand. A case study approach is used here to collect data in relation to the involvement of different interest groups in the selection process of ERP systems. New Zealand companies have realized the true benefits of the use of ERP for managing their business operations. The current rate of ERP implementation in New Zealand suggests that about 75 per cent of large companies have implemented and some have planned for ERP implementation. A recent ERP survey in New Zealand suggests that the top three reasons for implementing includes improving customer service or streamlining operations, reducing operational

expenses or an increase in efficiency; and, gaining competitive advantage (Mills, 1999; Wells, 1999).

A review of the industry literature suggests that the high-end market for ERP in New Zealand is saturated. For this reason, ERP vendors are planning for compact packages, pay-as-you-use pricing, and outsourcing strategies to penetrate the low-end market. This provides an early indication of the selection and implementation of ERP for the low-end market of SMEs. Table 1 provides a summary of survey results of top 1000 companies in New Zealand and their interest in implementing ERP.

It is important to note that the ERP market for New Zealand is different from other larger markets like Europe and North America. The present ERP implementation in New Zealand reveals that unlike the US market, only the basic solutions of ERP are available in NZ. It is also evident that the New Zealand clients for ERP can afford to pay less than the US counterpart. Therefore, ERP vendors have to adjust their prices to compete and develop other alternative measures to support the growth of ERP implementation in the lower-end market for the SMEs.

Table 2 provides a longitudinal view of the ERP industry in a New Zealand Context[1]. The process for developing this table included searching two New Zealand electronic databases, "Newzindex" and "Newztext Newspapers" for a combination of two key words, "ERP" and "Selection". Each article in the search results list was read to confirm its topic relevance. Several articles were excluded because they were irrelevant to the topic of investigation. Each article in the validated list was analyzed to identify themes. A theme table was then produced where major themes formed the rows of the table and publication years formed the columns. No formal method was used to develop the theme list. It was more a creative process than one that followed rules.

It can be seen from the ERP trends in New Zealand that most of the organizations have had only management framework in place in 1997. During 1998 and 1999, most of the SMEs have taken a step towards ERP implementation. It is

Table 1: Summary of survey results of top 100 companies in New Zealand and their interest in ERP implementations (Mills, 1999; Wells, 1999)

Percentage of Companies	Plans regarding ERP implementations (fifteen percent response rate)
25	no plans for implementing ERP (most of these companies have between 50 to 99 employees with an annual revenue of less than $10 million)
25	have already implemented ERP
25	are in the process of implementing ERP
25	have plans to implement ERP within the next 12-24 months

Related Content

Why Select an Open Source ERP over Proprietary ERP?: A Focus on SMEs and Supplier's Perspective

Nasimul Huq, Syed Mushtaq Ali Shahand Daniela Mihailescu (2013). *Enterprise Resource Planning: Concepts, Methodologies, Tools, and Applications (pp. 766-788).*

www.irma-international.org/chapter/select-open-source-erp-over/77252

On the Scientific Foundations of Enterprise Interoperability: The ENSEMBLE Project and Beyond

Yannis Charalabidis, Fenareti Lampathakiand Ricardo Jardim-Goncalves (2014). *Revolutionizing Enterprise Interoperability through Scientific Foundations (pp. 336-355).*

www.irma-international.org/chapter/on-the-scientific-foundations-of-enterprise-interoperability/101117

From Silos to Sharing: An Institutional Research View of the Conversion to an ERP

Dana L. Dalton (2013). *Enterprise Resource Planning: Concepts, Methodologies, Tools, and Applications (pp. 901-913).*

www.irma-international.org/chapter/silos-sharing-institutional-research-view/77260

Towards an Enhanced Interoperability Service Utility: An Ontology Supported Approach

Irene Matzakou, João Sarraipa, Ourania I. Markaki, Kostas Ergazakisand Dimitris Askounis (2014). *Revolutionizing Enterprise Interoperability through Scientific Foundations (pp. 253-279).*

www.irma-international.org/chapter/towards-an-enhanced-interoperability-service-utility/101114

Strategic Ethnography and the Biography of Artefacts

Neil Pollockand Robin Williams (2013). *Enterprise Resource Planning: Concepts, Methodologies, Tools, and Applications (pp. 347-376).*

www.irma-international.org/chapter/strategic-ethnography-biography-artefacts/77228