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ITB10228

Chapter VIII

Benefit Realisation with SAP: A Case Study

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Abstract

SAP is one of the dominating enterprise resource planning (ERP) software, which is used as an essential part of enterprise-wide information systems. While it can significantly contribute towards an organization's competitiveness by increasing efficiencies across various functional units, it can, on the other hand, bring about disasters if implemented incorrectly. Literature presents both implementation successes and failures. This chapter presents a successful SAP implementation in the WATER CORPORATION in Western Australia. A "Benefit Realisation Strategy and Realisation Process" was considered to be the key success factor in the implementation of SAP. The chapter describes the benefit realisation structure and process and discusses how SAP was implemented successfully within this framework. The benefits realisation and its impact are presented. Finally, future directions are highlighted.

This chapter appears in the book, *Managing Business with SAP: Planning, Implementation and Evaluation*, edited by Linda Lau. Copyright © 2005, Idea Group Inc. Copying or distributing in print or electronic forms without written permission of Idea Group Inc. is prohibited.

Introduction

The current wave of Information Technology (IT)-enabled change appears to be just the beginning. The expected long-term impact of information technology is routinely compared to such technologies as electricity, the internal combustion engine, the printing press, and even the wheel. Literature suggests that its arrival represents an economic and social transition as fundamental as the shift from rural agriculture to urban industry 200 years ago, during the first Industrial Revolution. Information technology is capable not only of enabling a new economic infrastructure for industry, but also of transforming society – how people work, shop, play, and go to school. For example, advanced information and networking systems are changing the way we do research, communicate knowledge, learn, publish, and manage intellectual property. Information technologies are combining the engineering power of mass production with the intellectual capabilities of the modern library, publishing, and broadcasting systems (Thorp, 1998).

At the moment, however, there is a big practical problem. The track record of information technology to date is uneven and it is hard to figure out what makes for a successful IT investment. In practical terms, it is difficult for even large corporations to predict how major investments in new information systems will turn out, or how many months and years will go by before these investments produce solid economic returns, if they ever do. Few of the executives approving these multimillion-dollar investments have a clear idea of the results that they expect to get, or whether they actually achieved the benefits when the money is spent. This is not a technology problem – it is a business problem. It is about realising the potential value of information technology to the organisation. Understanding how to deal with this problem is an imperative for all business managers, and for those who are embarking on the acquisition and implementation of SAP it is fundamental (Thorp, 1998).

SAP is a complex system. It therefore needs a different approach for its implementation and benefits to be realised. It brings about its own culture, which needs to be adapted within the existing organisational culture (Krumbholz & Maiden, 2001). At the heart of the problem is a fundamental change in how organisations are using SAP and the information provided by that technology. Unlike other IT applications, implementation of SAP needs fundamental change in the business process and essentially involves “change management implementation” (Mandal & Gunasekaran, 2003). Unfortunately, it is not

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