

# Discovering Key Factors in ERP Implementation through Success and Failure Cases

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## ABSTRACT

*In the last two decades, ERP Systems became vital in the organizations. It is not enough to find out the appropriate ERP system for the company, to resolve the problems completely. The success of an ERP system is dependent on the performance of the ERP installation project. In this paper, at the beginning the definition of the ERP systems is given briefly and then the structure of a successful and effectively working ERP system is analyzed in the light of a case from the business world. At the end, the critical success factors of an ERP installation project are identified and examined with the help of three distinct ERP cases with different outcomes.*

**Keywords:** Case Study, Critical Success Factors, Enterprise Resource Planning Systems, Implementation, Project Management

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## INTRODUCTION

The business environment is changing dramatically and in order to stay competitive in the market, organizations must continuously improve their business practices and procedures. Departments within the organizations need to improve their capability of generating and communicating accurate information at a quick pace in order to stay on the course. To achieve these goals, ERP systems make business units faster, compacter and more efficient processes, which come together and become parts of the living organism. ERP is defined by Turban (2002, p. 369) as “a process of planning and managing all resources and their use in the entire enterprise.”

The organizations, which have successfully implemented the ERP systems, are reaping the benefits of having integrated working environment, standardized processes, and problem-free operations (Bhatti, 2005).

Enterprise Resource Planning (ERP) has its origins in the concepts associated with Manufacturing Resource Planning (MRP II) and its antecedents from the 1970s, Materials Requirement Planning (MRP) packages. At the beginning MRP was just a method, later it evolved into software (MRP II), and at the end turned out to be a living organism: ERP (Yen et al., 2002). After ERP and its successor ERP II, ERP III has been spreading to the market with its new improvements and innovations like social media tools. Additionally, integration of their functions to this new media, fully customizable parts, new CRM and Service

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*Table 1. Market share of ERP software (Bailor, 2006)*

Vendor	Market Share
SAP	30,33%
Oracle Applications	21.38%
The Sage Group	17.44%
Microsoft Dynamics	14.25%
SSA Global Technologies (now Infor Global Solutions)	7.22%
Others	9.38%

Management tools make ERP more customer-focused, project management oriented and content management-oriented.

When Table 1 is compared to Table 2, it can be easily seen that market share of the top 3 companies has fallen down from 65% to 53% within 5 years. Meanwhile ERP market was grown nearly 7% every year (e.g., \$43bn in 2010 and \$40.6bn in 2009, Panorama Consult-

ing, 2011). Competition gets tougher and new players become more powerful with the development of the ERP market. Hence, it's becoming more important to implement problem-free and successful ERP projects.

In the first section of this paper a problem free and profitable working ERP system (Benetton) has been described, showing how a perfect ERP system should function. In the

*Table 2. Market share of ERP software (Panorama Consulting, 2011)*

Vendor	Market Share
SAP	24%
Oracle Applications	18%
Microsoft Dynamics	11%
Epicor Sage Infor IFS QAD Lawson Ross	11%
ABAS Activant Solutions Inc. Baan Bowen and Groves Compiere Exact Netsuite Visibility Blue Cherry Exact HansaWorld Intuitive Syspro Others	36%

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