

# **ABOUT ERP**

## **(Enterprise Resource Planning)**

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### **AGENDA**

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1. What is ERP?
2. Why students should have ERP Knowledge?
3. Summary

# 1. What is ERP?

## What is ERP?

Enterprise resource planning

From Wikipedia, the free encyclopedia

**Enterprise resource planning (ERP)** is a company-wide computer software system used to manage and coordinate all the resources, information, and functions of a business from shared data stores.

## What is ERP?

### Enterprise resource planning

From Wikipedia, the free encyclopedia

ERP systems now,

- attempt to cover all core functions of an enterprise (manufacturing, warehousing, logistics, and information technology, accounting, and strategic management)
- can now be found in non-manufacturing businesses, non-profit organizations and governments.

## What is ERP?

### Enterprise resource planning

From Wikipedia, the free encyclopedia

ERPs are often incorrectly called **back office systems** indicating that customers and the general public are not directly involved.

This is contrasted with *front office systems* like the e-Business systems such as e-Banking, that deal directly with the customers.

## What is ERP?

From: [www.cio.com](http://www.cio.com) ABC: An Introduction to ERP

March 07, 2007 Compiled by Christopher Koch and Thomas Wailgum

### What is ERP?

Enterprise resource planning software, or ERP, doesn't live up to its acronym.

But remember the enterprise part. This is ERP's true ambition. It attempts to ① integrate all departments and functions across a company onto a single computer system that can serve all those different departments' particular needs.

ERP ② combines them all together into a single, integrated software program that runs off a single database ③ so that the various departments can more easily share information and communicate with each other

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There are five major reasons why companies undertake ERP.

**1. Integrate financial**

ERP creates a single version of the truth that cannot be questioned because everyone is using the same system.

**2. Integrate customer order information**

Companies can keep track of orders more easily, and coordinate manufacturing, inventory and shipping among many different locations at the same time.

**3. Standardize and speed up manufacturing processes**

ERP systems come with standard methods for automating some of the steps of a manufacturing process. Standardizing those processes and using a single, integrated computer system can save time, increase productivity

**4. Reduce inventory**

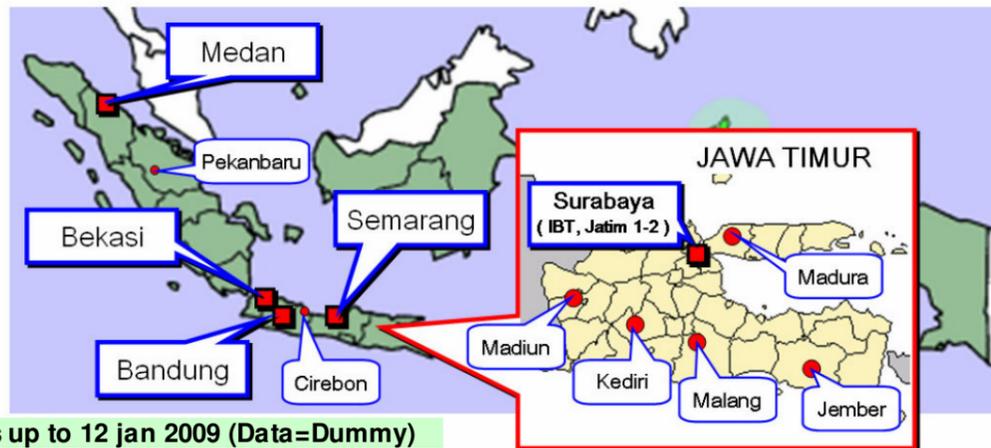
ERP can lead to reduced inventories of the stuff used to make products (work-in-progress inventory), and it can help users better plan deliveries to customers, reducing the finished good inventory at the warehouses and shipping docks.

**5. Standardize HR Information**

**Table I: Top Performers Earn Best-in-Class Status**

Definition of Maturity Class	Mean Class Performance
<b>Best-in-Class:</b> Top 20% of aggregate performance scorers	<ul style="list-style-type: none"> <li>▪ 22% reduction in inventory levels</li> <li>▪ 19% reduction in operational costs</li> <li>▪ 22% reduction in administrative costs</li> <li>▪ 94% complete and on-time delivery</li> <li>▪ 93% inventory accuracy</li> </ul>
<b>Industry Average:</b> Middle 50% of aggregate performance scorers	<ul style="list-style-type: none"> <li>▪ 11% reduction in inventory levels</li> <li>▪ 6% reduction in operational costs</li> <li>▪ 8% reduction in administrative costs</li> <li>▪ 91% complete and on-time delivery</li> <li>▪ 91% inventory accuracy</li> </ul>
<b>Laggard:</b> Bottom 30% of aggregate performance scorers	<ul style="list-style-type: none"> <li>▪ 2% reduction in inventory levels</li> <li>▪ 0% reduction in operational costs</li> <li>▪ 1% <b>increase</b> in administrative costs</li> <li>▪ 77% complete and on-time delivery</li> <li>▪ 84% inventory accuracy</li> </ul>

Source: Aberdeen Group, March 2009



Sales up to 12 Jan 2009 (Data=Dummy)

Branch	Sales IDR (million)	No of Order
Medan	XXX	XXX
Pekan Baru	XXX	XXX
Bekasi	XXX	XXX
Bandung	XXX	XXX
Cirebon	XXX	XXX
Semarang	XXX	XXX
Surabaya	XXX	XXX
Madiun	XXX	XXX
Madura	XXX	XXX
Jember	XXX	XXX
Kediri	XXX	XXX
Malang	XXX	XXX
IBT	XXX	XXX

1. Single version of sales performance reports
2. Easy to track order status (including shipment from other branches)

## **2. Why students should have ERP Knowledge?**

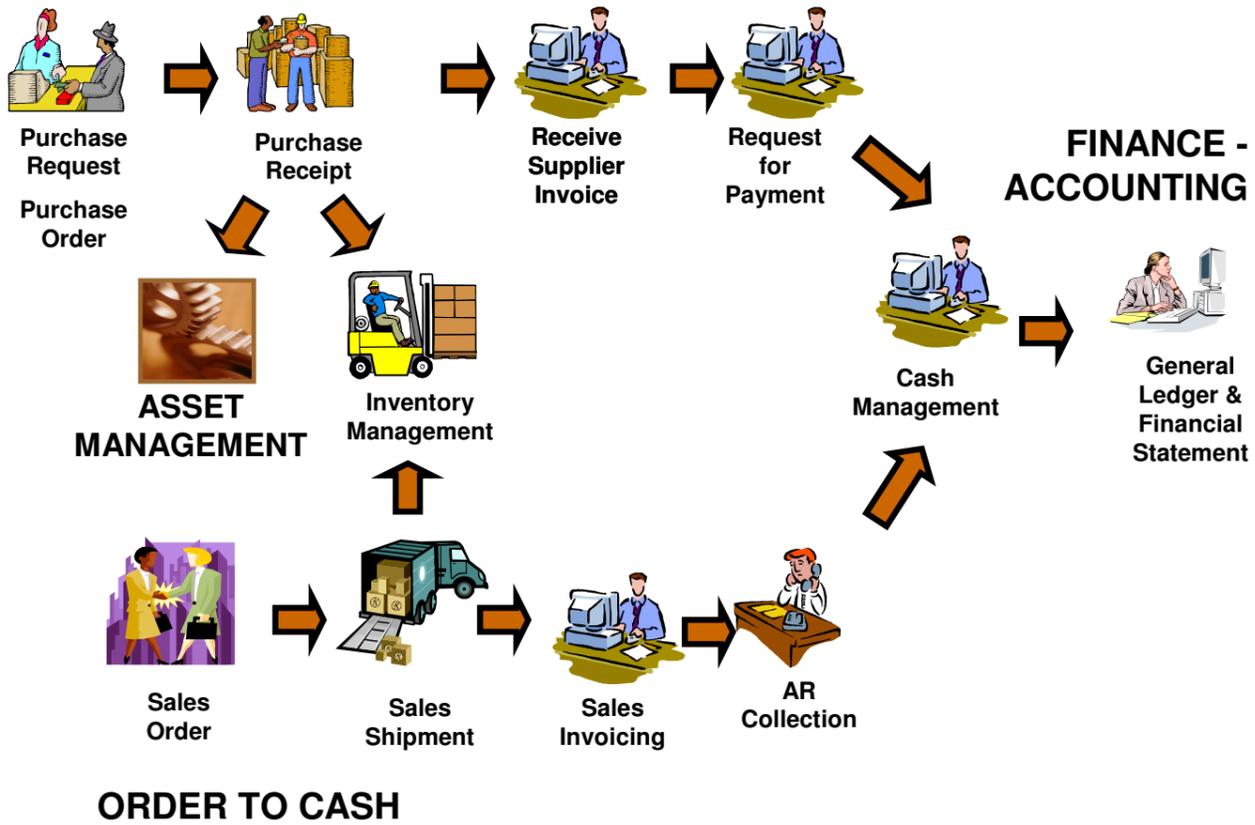
### **Why students should have ERP Knowledge?**

There are 2 reasons, why IT students should have ERP Knowledge:

1. ERP is a set of Best Practices
2. The new role of IT Professional in company that has ERP.

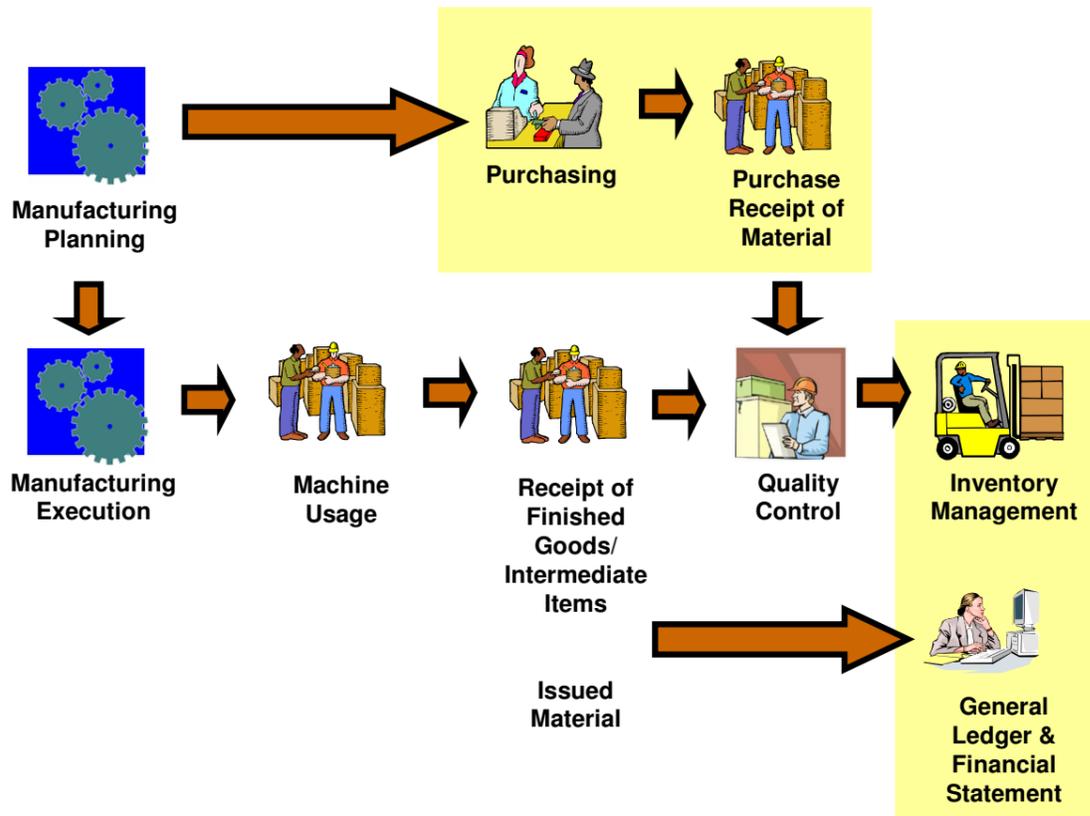
# 1. ERP is a set of Best Practices

## PROCURE TO PAY



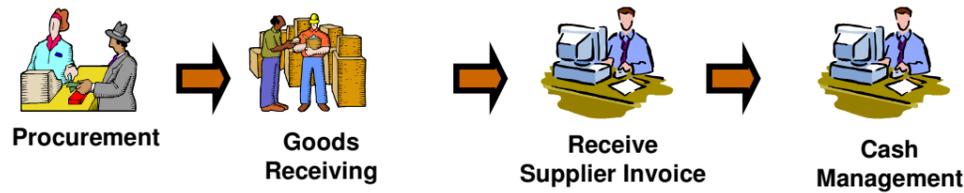
# 1. ERP is a set of Best Practices

## MANUFACTURING PLANNING & EXECUTION



## 1. ERP is a set of Best Practices

### Procure to Pay



example of best practices in procure to pay:

- All user's requests should create Purchase Request in ERP → objective?
- All Purchase Orders to Supplier should have Approved Purchase Request → objectives?
- Goods Receiving in Warehouse from Supplier should be matched to Purchase Order → objectives?
- Supplier Invoice receipt only for Received Purchase Order or Purchase Down Payment → objectives?
- Payment to supplier will be matched to Supplier Invoice and Purchase Order → objectives?

## The New Role

The New role of IT professionals in company is:

1. Support end-users to maintain the availability of systems  
(as Database administrator, Helpdesk support, Infrastructure Administrator)
2. Support key-users of each process owners for innovative planning, analytical reports, and business process integration.



## SUMMARY

Systemize. Integrate. Optimize.

Systemize. Integrate. Optimize.

What are the benefits of **Systemized** business processes?

1. Provide clear coverage of each process
2. Control with less resources.
3. Faster transition period when there is change of persons in charge of the process.
4. Help organization to easily replicate the system to other sites for business coverage expansion.

# Systemize. Integrate. Optimize.

What are the benefits of **Integrating** business processes into a single system?

1. Integrate users, processes and data in centralized database to help **minimize redundant** data entry.
2. **Unify business operations** on single platform by providing a single view of master data (such as customers, suppliers, products) and access to same data.
3. Provide on-demand access to critical real-time information from **single source of truth.**

# Systemize. Integrate. Optimize.

How will systemized and integrated business processes **optimize** company resources?

1. **Streamline operation** by reducing:
  - Transaction cost and processing time of order entry, order fulfillment, invoicing, procurement, and other processes.
  - Cost calculation processing time.
  - Monthly closing time.
2. Provide **tools to enhance control.**
3. Real-time and **easy to access decision support information** help organizations improve sales and services

# THANK YOU

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