Fundamental purpose of a business

Sustain ongoing business operations by meeting a need of a targeted customer base in a mutually beneficial manner.

- Maintaining or enhancing investment of owners.
- Progressively evolving to meet the demands of an ever-changing customer.

- Often, having a profit focus.
Global Business

Increased competition
Diverse sourcing and selling
Focus on efficiency
Distributed business operations
IT embedded throughout processes
Transactionable support (OLTP) vs. Analytics (improvement/strategic) support (OLAP)

Workforce demands

_____________: routine, structured tasks.
_______________: less structured work that involves processing or acting on information.
Creates, receives, processes, or interprets information.
Business structure

Functional areas

Based on division-of-labor, specialization principles

- Purchasing
- Operations
- Warehouse
- Sales & Marketing
- Research & Development
- Finance & Accounting
- Human Resources
- Information Technology

Isolated Kingdoms
Business Processes, Business Models

A collection of activities each taking in input and creating output performed by 1 or more functional areas that creates value for a customer.

A distinct method of structuring business processes:

Description of ________ and related ________ employed by a company and its partners leading to ____________ for a customer and sustaining ongoing operation.

Encompasses what a business is doing, how, and why.

Cross-functional Business Processes

Essentials of Business Processes and Information Systems by Magal and Word
Sales Order Process (Order-to-Cash)

- Sales Order Entry
- Check Availability
- Procurement Process
- Pick Materials
- Post Goods Issue
- Invoice Customer
- Payment to Vendor

Process Integration

- Sales Order Entry
- Check Availability
- Pick Materials
- Post Goods Issue
- Invoice Customer
- Goods Receipt
- Payment to Vendor

Based on material in Intro to ERP, SAP University Alliances Curriculum
Process Integration

Information Silos

Historically, functional areas maintained independent information systems.

Systems not designed to interface with one another.

Information exchange often paper based.

Coordinating information exchange and cross-functional handoffs—problematic.

Unified system for data handling can provide efficiencies and permit more effective management.
Paper-based Process

Unified Process with EIS
"I think the most profound effect R/3 has had is the general availability of real-time information. Within a company, somebody is fulfilling a task. The task ends. And all information that was affected by this task is available immediately in the new form.

That means you can improve workflow significantly. In conventional organizations, it's a sequential process. You have to pass the work forward. Something changed, and somebody else has to react to that. From the beginning, it was our idea that everyone could do everything at once. You would have access to current information wherever you were and could get everything that you wanted to know. We had to struggle for years on end. People debated this and said that is not the right way of looking at things.

Now that has changed because of the Internet."

Hasso Plattner, CEO, co-chairman, and co-founder of SAP AG

*Anticipating Change: Secrets Behind the SAP Empire*
Role of Enterprise Systems/ERP

Helps companies

Providing supporting automation
Information handling embedded in the process
Automatic capture (internal and external sources)

ERP is as much a philosophy and way of doing business as it is a technology.