Chapter 10

Transnational ERP Systems: Three Case Studies in Brazilian Subsidiaries of Multinational Enterprises

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The development of global information systems infrastructure of enterprises offers many challenges, like the need to balance local and global systems requirements. The use of ERP systems (Enterprise Resource Planning) arises as a possible alternative for this development. This chapter aims to identify aspects involved in the use of ERP systems as transnational information systems, through the analysis of three implementation cases of ERP systems at Brazilian subsidiaries of multinational enterprises.

INTRODUCTION

According to Stephens (1999), one of the main business trends of the nineties was the strengthening of the multinational companies’ global action, which, besides the mere export of finished products also began to distribute and diversify activities in their foreign subsidiaries. Such enterprises aim at profit through the carrying out of their activities in places where their competitive advantages can be put to a better use. Among the major challenges faced by these enterprises are integration and coordination of these geographically scattered activities to produce a continued flow of materials, products and information and enhance catering to each market.

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One alternative for the implementation of information systems that meet the requirements of coordinating activities that cross national borders is the use of ERP systems, as they include various requisites intrinsic to global systems: they are offered in various languages, they allow the use of different currencies, their suppliers have support centers in different Countries of the world and they enable (and, many times, demand) the standardization of procedures and information throughout the entire organization. However, the implementation of an IT architecture at global scale encompasses managerial challenges that are greater than those of ERP systems shared by different divisions of an enterprise within a single Country.

This chapter aims to identify key aspects involved in the use of ERP systems in global enterprises for the purpose of meeting the requirements of transnational information systems. To meet this objective, three case studies in multinational enterprises with subsidiaries in Brazil were performed. The companies surveyed had, at the time of the survey, projects underway for the implementation of ERP systems at world level. In all of the cases the companies were already using ERP systems on a local level, in Brazil and in subsidiaries located in other countries.

TRANSNATIONAL ERP SYSTEMS

According to King and Sethi (1999), transnational information systems are IT based information systems that multinational enterprises employ for the coordination of activities that cross national borders. The major challenge in the development of global applications is the establishment of a correct balance between the global and the local requisites of the information systems. In general, this balance requires high levels of participation and commitment of the local users to the project.

In view of these challenges, ERP systems present some interesting possibilities to the setting up of transnational systems. First, ERP systems may contribute to standardize the enterprise’s worldwide information technology platforms, making it more consistent. Second, ERP systems have a world reach as they include characteristics that facilitate their use in different countries, like the possibility of using several languages and currencies, and international support. And third, ERP suppliers seek to expand the availability in more Countries, by providing the software with the functionality needed to meet local requirements.

For Holland and Light (1999), international projects for the implementation of ERP systems are much more complex due to the need for multiple implementations through multiple project teams operating in parallel in multiple regions. According to Roche (1998), one of the difficulties in the implementation of global ERP systems is the fact that the local autonomy of IT departments may deter
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