Chapter VIII

A B2E Solution: Change Management Perspectives

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ABSTRACT

This chapter looks at the evolving nature of enterprise resource planning systems and how companies are using these systems to support the implementation of a business-to-employee (B2E) solution. In recent times there has been a plethora of research associated with the impact and implications of e-commerce/e-business. Much of this research has focused on the various business models such as business-to-business and business-to-consumer with the importance of developing customer and partner relationships being espoused. However, there has been little attention paid to the potential of business-to-employee systems, and the role the Internet can play in improving business-to-employee relationships. This chapter looks at the emerging B2E model and uses Australian case studies to look at the change management issues associated with employee self-service applications.

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INTRODUCTION

An Enterprise Resource Planning (ERP) system can be defined as ‘an accounting-oriented information system for identifying and planning the enterprise-wide resources needed to take, make, ship, and account for customer orders’ (APICS, 1998). The ERP software infrastructure facilitates the flow of information between all business functions. This infrastructure is built upon a common database responsible for storing all data from processes that are essential for business operations and decision-making. ERP systems are enterprise-wide and they claim to incorporate best business practices. They replace separate functional legacy systems and impact significantly on the existing business processes.

The global market for ERP (Enterprise Resource Planning) software, which was $16.6 billion in 1998, is expected to have a compound annual growth rate of 32%, reaching more than $66 billion in sales by 2003 (Carlino, 1999), and is estimated to have had $300 billion spent over the last decade (Carlino, 2000). Initially, many companies implemented an ERP system as a technological solution to the Y2K issue, as the system replaced many of their existing legacy systems (Deliotte, 1999). Companies were forced to initiate business process engineering for the purpose of “gap analysis”, to determine what had to change either in their company or in the ERP system to facilitate effective implementations. Companies initially struggled with their ERP implementation due to inexperience with projects of this scope, underestimating the impact the system would have on their organization, and lack of skilled resources. For some companies these barriers have been insurmountable (Calegero, 2000). However, even with these impediments many large companies considered the implementation of an ERP system as necessary infrastructure.

The leading ERP vendors: SAP, Oracle, Peoplesoft, JD Edwards, and Baan, account for 62% of the total ERP market revenue (Carlino, 1999). SAP is the largest client/server and mainframe ERP software vendor with approximately 52% market share. The company has approximately 28,900 employees, 19,300 customers, in 120 countries (SAP, 2002). Curran et al. (1999) sought to establish the extent that SAP’s ERP software (SAP R/3) had been adopted by major US companies. They reported that SAP software had been implemented by:

- 6 out of the top 10 Fortune 500 companies;
- 7 out of the top 10 most profitable companies;
- 9 of the 10 companies with the highest market value;
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