

B.Tech IV Year I Semester (R09) Regular & Supplementary Examinations December 2015

ENTERPRISE RESOURCE PLANNING

(Information Technology)

Time: 3 hours

Max. Marks: 70

Answer any FIVE questions
All questions carry equal marks

- 1 Define a business process. Explain it with a neat chart.
- 2 (a) Why is ERP technology important for companies?
(b) Explain role of a consultant in ERP implementation.
- 3 (a) Draw a clear diagram of supply chain and briefly explain its functions.
(b) Name the two organizations that are market leaders in ERP technology. Present their brief profile.
- 4 Explain in detail the concept of integrated information systems.
- 5 List and explain the types of ERP benefits.
- 6 Why does ERP implementation fail? Explain the key reasons.
- 7 (a) Define business process re-engineering and its eminent role in designing compatible and optimal business processes.
(b) Explain role of a consultant in ERP implementation.

8 Case study:FoxMeyer's 1996 distribution disaster

In 1996, FoxMeyer was the second largest wholesale drug distributor in the U.S., with sales over \$5 billion dollars in a highly competitive industry. The disaster started with an ambitious project to revamp both its IT systems and its distribution facilities. This involved a new ERP system, and a highly automated distribution centre (DC) in Ohio that relied on huge number of carousels for order picking and conveyors for product movement.

The company was estimating huge efficiency gains from the new systems – so much so that it started to bid future contracts based on the expected cost reductions. First, this was perhaps SAP's first foray into the world of high volume distribution. The system was unable to handle the volumes of orders. "We ran some simulations," said one company exec, "but not with the level of data we have in an operating environment". FoxMeyer, for a myriad of reason, ignored many warning signs. Said one consultant on the project. "Every time we showed them something that didn't work, they'd say 'is it a deal breaker?' Well, no one thing was a deal breaker. But if you put enough cinder blocks in a rowboat, it's going to sink." But the order processing system wasn't the only issue.

The DC automation system also was a disaster. At the time, it was one of the most highly automated facilities in the U.S. nothing much worked right. The automation controls had constant bugs, and FoxMeyer had to deploy hundreds of workers to work around the issues. "The underlying software would fail in the middle of the process, so we'd have to stop and restart in the middle of intense picking hours," said one logistics executive. The whole thing snowballed between the combined system issues. An order would partially shipped due to DC problems. The customer would receive a partial order, and call to complain. Unable to see the rest of the order had shipped on a later truck, the customer service rep would authorize a replacement shipment for product already on its way to the customer. Tens of millions of dollars in unrecoverable shipping errors ensued. Add to that cost savings that weren't ever likely to materialize at the level FoxMeyer had assumed in bidding some large new contracts, and it spelled total disaster. Lights out warehousing. Try "lights out" for FoxMeyer.

After filing for bankruptcy, the main operating division of the \$5 billion company was sold to its larger rival, McKesson, for only \$80 million.

From the above, discuss how unplanned implementations may lead organizations in to helpless situations.