Chapter 10

E-business and Enterprise Resource Planning Systems

Outline

- Expected outcomes

- E-business

- ERP systems

- Application service providers

Expected outcomes

- Explain the nature of e-business, comparing and contrasting it with traditional "brick-and-mortar" organizations.

- Discuss major forms of e-business.

- Describe the basic nature, purpose and structure of ERP systems.

- Give examples and analyze the causes of ERP system failures.

- List and discuss steps associated with successful ERP implementations.

- Discuss the role of application service providers in e-business.

E-business

- **Defining feature**

  Business is transacted
  via computer networks.

- **Benefits**
  - Expanded marketing
  - Reduced operating costs
  - Streamlined operations
  - Product / service delivery

- **Costs**
  - Network setup
  - Different internal controls
  - Customer distrust potential
  - Consequences of technology breakdowns

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E-business

- Five major categories
  - Business to consumer

    www.travelocity.com

  - Business to business

    www.officedepot.com

  - Government to consumer

    www.sec.gov

  - Government-to-business

    www.sba.gov

  - Consumer-to-consumer

    www.angieslist.com

Lecture break 10-1

Suggest one additional example of each e-business category. Do not repeat those found in the chapter.

ERP systems

- Relational databases designed to provide comprehensive, integrated information about an organization

- One form of event-driven AIS

- Common modules
  - Customer relationship management
  - Human resource management
  - Supply chain management
  - Financial management

ERP systems

- **Failure causes**
  - Human resource related
    - Poor top management leadership
    - Poor project management
    - Inadequate education & training
    - Unrealistic expectations
    - Project seen as IT only
  - Business process related
    - Trying to maintain status quo
    - Automating poor processes
    - Bad match between processes and system
  - Technology related
    - Inaccurate data
    - Technical issues

ERP systems

- Conditions for success
  - Organizational commitment
  - Clear communication
  - View as enterprise-wide venture
  - Select compatible system
  - Resolve multi-site issues
  - Ensure data accuracy

- **Lecture break 10-2**
  Working with a group of three to five students, explain how one of the following could relate to ERP projects:
  - Database normalization
  - Expectancy theory
  - Systems development life cycle
  - COSO frameworks

Application service providers

- Description
  - Third-party entity
  - Deploys, hosts & manages access to packaged application
  - Delivers software-based services over a network

- Examples
  - [Web hosting](#)
  - [E-mail providers](#)
  - [Transaction processing](#)
  - [E-mail security](#)
  - [Virtual offices](#)

10-9

Application service providers

- ASPs can present additional internal control challenges and issues
- Service organization audits can address some of them
- Old standard
  - Statement of Auditing Standards 70 (SAS 70)
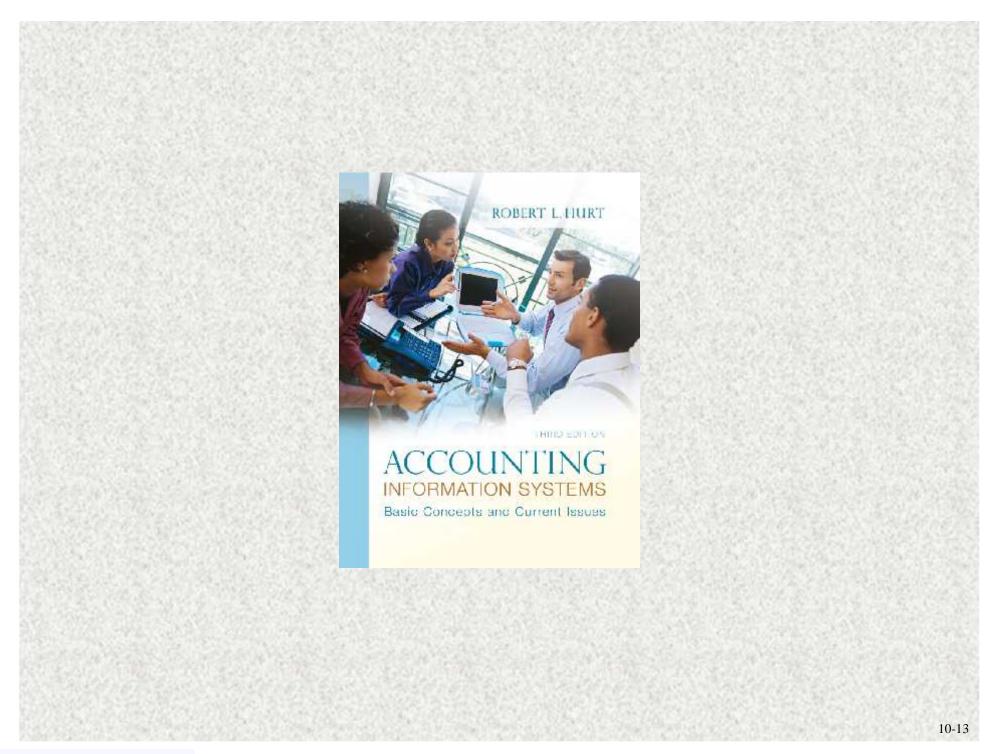 - Replaced since text was published

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Application service providers

- New standard
  - Statement on Standards for Attestation Engagements 16 (SSAE 16)
  - Motivated by two forces
    - Misuse of SAS 70
    - Convergence with international standards

Classroom assessment

- This chapter has focused on e-business, ERP systems and application service providers.

- Form a group of three to five students.

- Select one of those three topics.

- As a group, write down:
  – Three things you know about the topic.
  – Three things you want to know about the topic.

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