

TWO MARKS & 16 MARKS QUESTION ANSWERS

UNIT I – INTRODUCTION

1. Define ERP.

Enterprise Resource Planning (ERP) covers the techniques and concepts employed for the integrated management of businesses as a whole, from the viewpoint of the effective of management resources, to improve the efficiency of an enterprise.

2. What is an Enterprise?

An enterprise is a group of people with a common goal, which has certain resources at its disposal to achieve that goal.

3. What are the main misconceptions about ERP?

- First is that ERP is a computer system.
- Second is ERP is for manufacturing organizations alone.

4. What are ERP packages?

ERP packages are integrated (covering all business functions) software packages that support the ERP concepts. ERP software is designed to model and automate many of the basic processes of a company, from finance to the shop floor, with the goal of integrating information across the company and eliminating complex, expensive links between computer systems that were never meant to each other.

5. Who are the main players in the ERP market?

SAP AG, PeopleSoft, Oracle, Baan, JD Edwards, QAD, Ramco, IFS, DataWorks etc.

6. When do the ERP system's set of generic processes produce dramatic improvements?

ERP software is a mirror image of the major business processes of an organization, such as customer order fulfillment and manufacturing. Its success depends upon reach – a circumscribed ERP system isn't much better than the legacy system it replaces. ERP system's set

of generic processes produce the dramatic improvements they are capable of, only when used to connect parts of an organization and integrate its various processes seamlessly.

7. What are the reasons for the explosive growth of the ERPmarket?

- They enable improved business performance by achieving: cycle-time reduction, increased business agility, inventory reduction, order fulfillment improvementetc.
- They support business growthrequirements.
- ERP systems provide flexible, integrated, real time decisionsupport.
- ERP packages can now be afforded by even small and medium sized businesses and offers increased functionality at a reasonablecost.
- They help companies in supporting new products and new customers by meeting their global requirements, including multiple languages andcurrencies.

8. What are the direct benefits of ERPsystems?

- BusinessIntegration
- Flexibility
- Better analysis and planningcapabilities
- Use of latesttechnology

9. Why is it said that ERP systems areflexible?

Different languages, accounting standards can be covered in one system, and functions that comprehensively manage multiple locations of a company can be packaged and can be implementedautomatically.

10. What is cycletime?

Cycle time is the time between receipt of the order and delivery of the product.

11. What is Business Integration and how do the ERP systems achieveit?

The reason why ERP packages are referred as being integrated is the automatic data updation (automatic data exchange among applications) that takes place between related business components.

12. What are the factors that are critical for the success of the ERP implementation?

- Selection of the right package
- Commitment of top management
- Participation and dedication of the system's future users
- Backing, support and cooperation of the IS/IT personnel
- Development of interfaces with current operational systems and with those under development
- Effort of consultants, who have respect for the company's know-how and work culture
- Spirit and collaboration on the part of all

13. How do conventional application packages and ERP packages differ?

- First, ERP packages cannot have only individual business functions such as accounts and inventory, but also the entire range of main business functions necessary for the company's operations
- Second, ERP packages are targeted at everything from small businesses to the largest organizations, and that they can be composed of a highly flexible decentralized database and an information system cluster linked by a network
- Third, is global adaptation, represented by ERP packages' multilingual and multi-currency capacity.

14. What are the limitations of ERP?

- Managers cannot generate custom reports or queries without help from a programmer and this inhibits them from obtaining information quickly, so that they can act on it for competitive advantage
- ERP systems provide current status only, such as open orders. Managers often need to look past the current status, to find trends and patterns that aid better decision-making
- The data in the ERP application is not integrated with other enterprise or division systems and does not include external intelligence

16 Marks Questions and Answers

UNIT I – INTRODUCTION

1. What is ERP? Give an overview.

- ERP

ERP concept describes the integration of key business information across the organization by way of computer software that is engineered to benefit the organization as a whole and improve its competitive posture.
- Reasons for growth of ERP market
 - a. Intra department communication
 - b. Paperless work
 - c. Conflict free system
 - d. Focuses on the growth of the business
 - e. Global
 - f. Decision support system
 - g. Overcome limitations of legacy system
 - h. Latest technologies
- Advantages
 - a. Business integration
 - b. Accuracy and cost control
 - c. Flexibility
 - d. Multilanguage
 - e. MultiCurrency
 - f. Multiple accounting standards
 - g. Analysis and planning capabilities
 - h. Decision making
 - i. Latest technology
- Problem areas
 - a. Personnel turnover
 - b. Customization

- c. Too expensive
 - d. Technical deficiency
 - e. problem in sharing
 - f. Inability
- Future of ERP packages

2. What is an Enterprise? Give an overview.

- Enterprise

Enterprise system can be defined as a computer based information system that is built around a common database. This means that data that are registered by a user can be used by others who have access to the enterprise system instantaneously.
- Integrated management information

An integrated management system is one that produces information using input, process and output with a feedback architecture.
- Role of enterprise

Enterprise system can be described as complex information system which supports organizations in their business activities and also integrate all business data transactions as a single entity. Enterprise systems are application software packages that help manage business activities, information flows, information analysis, generating reports in the organization etc.
- Business modeling
- Integrated data model

The organizations use integrated data for analysis and taking decisions.

3. What are the benefits of ERP?

- Reduction of leadtime
- On-time shipment

- Reduction in cycletime
- Better customer satisfaction
- Improved supplierperformance
- Increased flexibility
- Reduction in qualitycosts
- Improved resourceutility
- Improved information accuracy and decision makingcapability

4. Write about the related technologies ofERP?

- Business process Reengineering(BPR)
- Management Information system(MIS)
- Decision Support system(DSS)
- Executives informationsystem
- DataWarehousing
- Datamining
- On-Line Analytical processing(OLAP)
- Supply chainManagement(SCM)
- Customer RelationshipManagement
- Business Intelligence (BI)

5. What are the phases ofBPR?

- Begin organizationalchange
- Building the reengineeringorganization
- Identifying BPROpportunities
- Understanding the existingprocess
- Reengineering theprocess
- Blueprint of the New BusinessSystem
- Perform thetransformation

UNIT II – ERP SOLUTIONS AND FUNCTIONAL MODULES

1. Define business.

Business can be defined as the activities of individuals or groups that are involved in developing, producing and distributing the goods and services needed to satisfy other peoples' needs.

2. What are the three resources of business?

Land, labour and capital

3. State the various business modules in ERP system.

- Human resources
- Finance
- Manufacturing
- Plant maintenance
- Sales & distribution
- Materials management
- Quality management
- Production planning

4. State the finance modules in most ERP systems.

- Financial accounting
- Investment management
- Controlling
- Treasury
- Enterprise controlling

5. Write about financial accounting.

It provides company wide control and integration of financial information that is essential to strategic decision making. It gives the ability to centrally track financial accounting data within an international framework of multiple companies, languages, currencies and charts of accounts.

6. What are the three different layers of SAPR/3?

- Databaselayer
- Applicationlayer
- Presentationlayer

7. What is asset accounting and legalconsolidation?

Asset accounting manages the company's fixed assets, whereas legal consolidation permits direct data transfer, from individual statements into the consolidated report.

8. What is cost centreaccounting?

Cost center accounting analyses where overheads occur within the organization. Costs are assigned to the sub-areas of the organization where they are originated.

9. State the versions of SAP's ERPpackage.

- Mainframe version (SAPR/2)
- Client/serverversion

10. State some major subsystems of manufacturingmodule.

- Material and capacityplanning
- Shop floorcontrol
- Qualitymanagement
- JIT / Repetitivemanufacturing
- Costmanagement
- Tooling

11. What are the various subsystems in HRmodule?

- Personnelmanagement

- Organizationalmanagement
- Payrollaccounting
- Timemanagement
- Personnelmanagement

12. What are the various subsystems of a plant maintenancemodule?

- Preventive maintenancecontrol
- Equipmenttracking
- Componenttracking
- Plant maintenance calibrationtracking
- Plant maintenance warranty claimstracking

13. What are the main modules of Materials Managementmodule?

- Pre-purchasingactivities
- Purchasing
- Vendorevaluation
- Inventorymanagement
- Invoice verification and material inspection

14. State the sub activities in pre-purchasing.

- Requirementscalculation
- Requisition forquotations
- Vendorratings
- Quotationevaluation
- Vendorselection
- Contracts

15. What isBPR?

BPR or Business Process Reengineering is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance such as cost, quality, service and speed.

16. Give some sales related business transactions.

- Sales queries, such as inquiries and quotations
- Sales orders
- Outline agreements, such as contracts and scheduling agreements
- Delivery /shipment
- Invoicing /billing
- After sales support

17. What are the basic functions in sales order processing?

- Inquiry handling
- Quotation preparation and quotation
- Contracts and contract management (order management)
- Monitoring the sales transactions
- Checking for availability
- Transferring requirements to materials planning (MRP)
- Scheduling the delivery
- Calculating pricing and taxes
- Checking credit limits
- Invoicing /billing
- Creating printed or electronically transmitted documents

18. What are the subsystems in a sales and distribution module?

- Master data management
- Order management
- Warehouse management

- Shipping
- Billing
- Pricing
- Sales support
- Transportation
- Foreign trade

19. Who are the main players in the ERP market?

SAP AG, PeopleSoft, Oracle, Baan, JD Edwards, QAD, Ramco, IFS, DataWorks etc.

16 MARKS QUESTIONS AND ANSWERS

1. State the process of ERP software solutions?

- Analytical and reporting tool
- Latest technology and continuous upgrades
- Internet enabled ERP
- Customize for the needs
- User friendly
- Business specific models
- Multi organization, multi location, multi-currency and multi-lingual
- Automated information flows
- Integrated with third party applications
- Facilitate decision making
- Cost saving solutions
- Transparency in business process
- Improve speed
- Effective communication
- Competitive advantage
- Dealership and supplier management
- Supply chain management
- Customer relationship management

- s. Enterprise asset management(EAM)
- t. Projectmanagement
- u. Processcontrol
- v. Advanced planning and optimization.

2. How the vendor solutions are classified?

The different solutions are offered by the ERP vendors.

- 1. Large vendorsolutions
- 2. Small vendorsolutions
- 3. Medium vendorsolutions
- 4. Vertical vendorsolutions

3. State the objectives of Business processreengineering.

- 1. Customercentric
- 2. Reducescosts
- 3. Flexibility
- 4. Increasesspeed
- 5. Encouragescreativity
- 6. Focuses on qualitycontrol
- 7. Productivity

4. Classify the features of BPR?

- 1. Enhances effective communication among theemployees.
- 2. Focuses more on training and education of theemployees.
- 3. Effective rethinking and reengineering of businessprocess.
- 4. Enhances the decision making process for the managers andexecutives.
- 5. Accurate information systemintegration.
- 6. Consolidation of various activities into one component of theorganization.
- 7. Multiple processes are done simultaneously in theorganization.
- 8. Focused contact point is provided tocustomers.
- 9. Commitment to strongleadership
- 10. Empowerment of the process in organization
- 11. Emphasis on involvement of people in theorganization.

12. Review of motivation and reward system.
13. Proper setting up of goals and performance measures.
14. Suitable methodology to optimize the available resources.

5. Explain the best practices of BPR:

1. Task elimination
2. Task modules
3. Integrated technology
4. Empowerment
5. Order management
6. Rearranging
7. Specialization
8. Data integration
9. Concurrent
10. Optimization
11. Alignment
12. Traceable
13. Outsource
14. Project management
15. Assign responsibility
16. Customer centric

6. Write down the steps involved in BPR?

1. Objectives of Business process reengineering
2. Simulation of the system
3. Implementation of the system
4. Examination and corrective measures
5. Optimizing the results
6. Redesigning the system if required.

7. State the various business modules in ERP system.

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- Manufacturing
- Plantmaintenance
- Sales &distribution
- Materialsmanagement
- Qualitymanagement
- Productionplanning

8. State the finance modules in most ERP systems.

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- Checking credit limits
- Invoicing /billing
- Creating printed or electronically transmitted documents

11. What are the main modules of Materials Management module?

- Pre-purchasing activities
- Purchasing
- Vendor evaluation
- Inventory management
- Invoice verification and material inspection

UNIT III– ERP IMPLEMENTATION

1. What are the different phases of ERP implementation?

- Pre-evaluation screening
- Package evaluation
- Project planning phase
- Gap analysis
- Reengineering
- Configuration
- Implementation team training
- Testing
- Going live
- End user training
- Post-implementation

2. What is gap analysis?

Gap analysis is the most crucial phase for the success of the ERP implementation. It is the process through which companies create a model of where they are now, and in which direction they want to head in the future.

3. What are the general four phases of an ERP implementation?

- Understanding the problem
- Defining solutions
- Getting down to work
- Going live

4. Give the hidden costs in ERP implementation?

- Training
- Integration and testing
- Data conversion
- Data analysis
- ERP consultants

5. State the main members of an implementation team.

- Executive committee
- Project management team
- Workteam
- Technical support team
- Administrative support team

6. What are the skills the people who implement the ERP should possess?

- Knowledge of how to organize and run a project of this magnitude
- Enough experience in handling problems and issues that arise during the implementation
- Good people skills and excellent training skills
- Good leadership skills

7. Who are vendors and give their role?

Vendors are people who have invested huge amounts of time and effort in research and development to create packaged (ERP) solutions. The vendor should supply the product and its documentation as soon as the contract is signed and the vendor should impart training to its clients'.

8. Who are business consultants and specify their role?

- Business consultants are professionals who specialize in developing techniques and methodologies for dealing with the implementation and with the various problems that will crop up during the implementation.
- Consultants should guarantee the success of the project and should be able to satisfy the company management with its needs.
- They should add value to the project.

9. State some key points of the contract with the vendor, which should be addressed.

- Value of the software and conditions of payment
- List of deliverables (software, documents etc.)
- Cost of implementation training
- Cost of end-user training
- Annual maintenance fee
- Warranty or guarantee terms

10. State some key points of the contract with the consultant, which should be addressed.

- Profile of the consultants' team with the resume of each member
- Consulting fee and payment details
- Implementation methodology
- Time schedule and the implementation budget
- Terms and conditions of knowledge transfer and employee training
- List of deliverables (reports, manuals, knowledge bases etc)

- Project monitoring and status reporting systems

11. What is a data warehouse?

A data warehouse is a database designed to support decision-making in an organization. It is updated batch-wise and is structured for fast online queries and summaries for managers. Data warehouses can contain enormous amounts of data.

12. What is data mining?

Data mining is the process of identifying valid, novel, potentially useful and ultimately comprehensible knowledge from databases that is used to make crucial business decisions.

13. Why is the pre-evaluation screening required?

There are hundreds of vendors claiming a solution that is ideal for your company. Analyzing these packages, though a time-consuming process would give a viable solution needed.

14. Define action plan.

A document used to guide the implementation of business process improvements. It contains task assignments, schedules, resource allocations, assignments and evaluation criteria.

15. What is an activity?

A named process, function or task that occurs over time and has recognizable results. Activities use up assigned resources to produce products and services. Activities combine to form business processes.

16 Mark Questions and Answers

1. Briefly explain the evolution of the ERP system?

- Strategically Aligned
- Cost
- Change Management
- Match with Technology

- Riskfactor
- BusinessProcess
- PracticalAbility
- Vendorselection
- Flexibility
- Benefit

2. State the steps involved to select the ERP systems?

11. Formation of objectives
12. Formulate the list of process
13. Evaluate the vendors
14. Provide request for proposals
15. Queries to the vendors
16. Evaluate the proposals
17. Choose two or three finalists
18. Demonstrate packages
19. Finalize the winner
20. Validate the investment

3. Briefly explain the different phases of ERP implementation process?

Many tools are available to help manage implementation projects. Process mapping, described previously, is perhaps the most critical. For an ERP implementation to go smoothly and provide value, it is critical that a company understand both its current processes and the desired state of the processes after implementation.

SAP provides Solution Manager, a set of tools and information that helps companies manage the implementation of SAP ERP. In Solution Manager, the ERP implementation project is presented in an Implementation Roadmap, consisting of the following five phases:

- Project Preparation (15 to 20 days)
- Business Blueprint (25 to 40 days)
- Realization (55 to 80 days)
- Final Preparation (35 to 55 days)
- Go Live and Support (20 to 24 days)

Different phases of ERP implementation

- Pre-evaluation screening
- Package evaluation
- Project planning phase
- Gap analysis
- Reengineering
- Configuration
- Implementation team training
- Testing
- Going live
- End user training
- Post-implementation

4. Write down the framework of ERP?

- Infrastructure
- IT Maturity
- Business size
- Management commitment
- BPR Experience
- Manufacturing Area
- Management Commitment
- Government policy and regional Environment

5. Give the hidden costs in ERP implementation?

- Training
- Integration and testing
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- Data analysis
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6. State some key points of the contract with the vendor, which should be addressed.

- Value of the software and conditions of payment
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- Cost of implementation training
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7. What are the factors used for Successful ERP Implementation?

- Involvement of Top Management
- Product selection
- Process management
- Integration
- Reengineering
- Implementation time
- Implementation Costs
- Training and education
- Team composition

UNIT-IV POST IMPLEMENTATION

2. What do you mean by value analysis?

Value analysis- each activity in the process is analyzed for the value it adds to the product or service. The value added is an increase in a product's or service's value, from the perspective of the customer.

3. What is meant by software updates?

ERP vendors constantly resolve the issues that exist in the system and implement the new best practices and incorporate the changes to the system as suggested by the customers in their feedbacks.

4. What is competitive advantage?

Adding new features and functionalities would give the organization the power to overcome its competitors.