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EXAMINING AN ERP CUSTOMIZATION SYSTEM: IMPLICATIONS TO SYSTEM FIT, ACCEPTANCE AND MAINTENANCE COSTS

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ABSTRACT

Enterprise Resource Planning (ERP) system is a complete and complex information system that consists of firms' business best practices. However, the business best practices provided by the supplier do not always suitable and/or sufficient for all organizations. Misfit happens when differences exist between what the ERP system can provide and what a company actually requires and expects from the system.

This study examines an ERP add-on/bolt-on system of a medium-sized computer memory producer that has global business units around the world. This study aims to provide the implications of the customized system from the perspectives of (i) system fit, (ii) user acceptance, and (iii) subsequent maintenance and upgrade costs. We adopt the survey method to collect data on system fit (using the IS Balanced Scorecard and the well-established task-technology fit questions), user acceptance on the system (using the popular technology acceptance survey instrument), and conduct cost and benefit analysis of subsequent maintenance and upgrade costs on the add-on/bolt-on system.

The results of the study show that from the overall organizational point of view the system fit, acceptance and performance of the add-on/bolt-on is only marginal. There are a lot of improvements for the add-on/bolt-on system. Although in developing the add-on system the case organization follows the best practices of obtain full support and involvement of top management, utilize reasonable work flow as a focus direction, provide tutorial and employee training to each level at different stages and conduct regular performance review and feedbacks, these are not sufficient. The empirical data indicates that IS personnel needs to understand more of the user's business needs and monitors the users daily business operation before developing an add-on/bolt-on system for the ERP system so that the users will use the customized system to assist their daily job. Also, IS department need to provide more training to improve ease of use of the system and users' attitude towards the add-on system and IS department. Based on cross-tabulation, we find that job title and the degree of automation/computerization in a module (or system) may affect the system users' rating for system fit and user acceptance.

From the cost-benefit analysis, the additional maintenance costs for the add-on do not necessarily cost more, when the opportunity costs of not having the custom system are taken into consideration. Instead, the benefits of having an idiosyncrasy system may actually bring a lot of benefits to the company.