



Accounting Department

**Accounting Information Systems: Basic Concepts and
Current Issues**

ACCT434

ERP Implementation Success Story

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ERP Implementation Success Story : LG Electronics

Who is LG Electronics ?

It is one of the LG companies, which designs and produces electrical and electronic appliances and air conditioners, and the company was distinguished at CES 2019 Consumer Electronics Show, and its highlights on the scene were:

- ❖ OLED TVs: Provides high-resolution, high-resolution 3D images, the most famous of which is the "LG SIGNATURE OLED TV R" (model 65R9)
- ❖ Projectors with DLP technology: one of the most prominent is the LG Mini Beam.
- ❖ Audio systems: LG introduced the XBOOM Go PK7 series in the field of audio systems.
- ❖ Other electrical appliances: such as refrigerators, microwaves, ovens, and vacuum cleaners.

What is Enterprise Resource Planning " ERP " ?

ERP system Is the tool that binds together the different computer systems for a large organization. With ERP software, each department has its system, but all of the systems can be accessed through one application with one interface , it also allow the different departments to communicate and share information more easily with the rest of the company and it collects information about the activity and state of different divisions, making this information available to other parts, where it can be used productively.

What is ERP implementation?

ERP implementation is the process of examining current business practices, strategic planning, streamlining operating procedures, installing and testing software, cleansing and migrating data, managing change, training users, going live and maintaining support. It's not a one-time event its a continuous process .

Why did LG Electronics resort to the ERP system?

LG Electronics is one of the largest consumer electronics companies in the world. With nearly 115 subsidiaries and more than 82,000 employees working in 40 countries, the company needed a solution to consolidate and centralize its HR operations. When LG attempted to unify using legacy systems, the challenges were enormous. An ERP platform was in order, and Oracle fit the bill.

LG Electronics has implemented Oracle E-Business Suite in its corporate headquarters and start five-step project to migrate its worldwide offices to the Oracle platform . It began developing a human resources management system (HRMS) using a range of Oracle Human Resources modules to replace disparate HR applications used by its subsidiaries. The ultimate aim is to have all subsidiaries, production facilities, and the Seoul head office using the same Oracle system by 2010.

Implementation Process :

The implementation was divided into five phases, beginning in 2002 with the core system, followed by the progressive development and rollout of the data mart, performance management system, staff portal, and e-learning application. The migration of all subsidiaries to the Oracle platform was completed in April 2006.

The key success factors are:

1. Mi Jung Kang, chief human resource officer, HR management team, LG Electronics , said : "Oracle showed us how we should change our current HR practices to improve efficiency. Such a move would help us reduce costs and increase our return on investment."
2. LG prepared all the necessary information about ERP and communicating it to the appropriate personnel.
3. LG involved management in project sponsorship and steering committee, to issue resolution not just IT section .
4. Project team have a good working relationship with the consultants.
5. LG has trained employees to be able to use the system.
6. LG is auditing processes and system transactions to make sure they are working as planned.
7. The company has prepared a budget sufficient to complete the project as it should.
8. Establish security and necessary permissions for ERP system .
9. LG brought the entire organization on-line in a phased approach.
10. LG prepared for post-implementation adjustments that can further enhance the benefits that ERP .

The benefits of ERP system on LG Electronics :

- ✓ Established enterprise-wide view of operations across 115 subsidiaries in 40 countries by moving to a centralized HR management platform .
- ✓ Enabling LG Electronics to gain better insight into its workforce and facilitating informed decision-making around recruitment and performance management .
- ✓ Improved efficiency by standardizing HR processes .
- ✓ Enhanced HR management by giving senior managers real-time access to information .
- ✓ Boosted employee satisfaction and eased workload on HR staff by introducing self-service options .
- ✓ Boosted staff learning by providing online training .
- ✓ ERP is engineered to link HR strategies with business goals so the company can monitor workforce performance against specific objectives or campaigns.

Human resources functions are grouped into six categories: position, title, recruitment, promotion, performance, and compensation. The system also allows other categories to be set up to cater for specific requirements. In addition to establishing a single repository for information, the Oracle-based system is used to distribute and execute HR policies globally. As part of the upgrade, LG Electronics

also standardized and streamlined HR management processes across its subsidiaries. Each office can share best practice advice, leading to significant improvements in productivity and efficiency.

To summarize , it's easy to get bogged down in all the ways an ERP implementation can go wrong, so you must understand the responsibilities and resources of your implementation team where businesses should focus on what is required from their resources to be successful and on time. A project manager or partner that is experienced in ERP implementation can help scope this internal effort. Ultimately, the most important indicator of success is the visible support from upper management and the dedication of the necessary resources in order to meet the demands of the transition to a new or updated ERP solution .