

## Local leadership:

# UAE forges ahead with extended ERP

The region's ERP vendors report that while many UAE based organisations are turning their attention to extended ERP implementations, the rest of the Middle East lags behind.

A number of companies within the UAE are forging ahead with extended enterprise resource planning (ERP) implementations as they look to maximise their return on investment (ROI) and expand their computing capabilities. With core modules bedded down and integrated into day-to-day business processes, the select few are now beginning to deploy collaborative commerce solutions and business intelligence packages that utilise the data collected by their existing applications.

"In Dubai there has been a lot of investment in ERP over the past couple of years. These companies are now starting to invest in extended functionalities because they have seen a return on their initial investment. As a result, we expect to see further investment in extended functionality, including things like business intelligence," says IDC's MENA software & services analyst, Torben Pedersen.

Companies are extending their ERP implementations to better use the data held within their systems. By doing this, they will be able to know their customer better and keep a tighter rein on their supply chains. As a result, they hope to enhance the bottom line by boosting sales and cutting costs.

"Although the Middle East is more isolated compared to other regions, it still operates in the global marketplace and has to compete there. As a result, access to information is key and this is why local companies are focusing on cost management and intelligence reporting

and working to get faster and more accurate information out of the systems," explains Brian Gregory, director, e-business marketing, Oracle Europe, Middle East & Africa.

Khaled Moussa, senior consultant at SAP Arabia, believes better relationships between IT and business divisions is also driving the deployment of extend ERP solutions.

"Some local companies that have already implemented ERP solutions are now implementing a second layer and deploying modules such as business-to-business (B2B) e-commerce, customer relationship management (CRM) and collaboration. One of the main reasons for this is that they are now understanding that ERP is not just an IT project, but also a business project," he says.

However, while the select few begin to expand their initial ERP implementations, the rest of the Middle East's companies are lagging behind their more illustrious counterparts. According to Khalid Suleiman, managing director of IFS Arabia, more than 50% of Saudi Arabia's companies have yet to implement a tier one solution, while a further 30% have no ERP applications at all.

"Although the Kingdom is the largest IT purchaser in the Middle East, it has been slow to adopt ERP... This is different from somewhere like Dubai though, where 90% of the top 100 companies have tier one ERP systems," he says.

Furthermore, Suleiman suggests that many of those companies that have

already implemented a tier one ERP package are not making full use of it, something that hinders their ability to gain a proper return on their investment.

"Less than 5% of



IFS Arabia's **Khalid Suleiman** says more than 50% of Saudi Arabian companies have yet to implement a tier one ERP solution.

the companies that have a tier one implementation make full use of more than five modules in an ERP system. Most of them use modules like finance and distribution, but there are very few companies that have made full use of their solutions. This in turn means that they are not getting the most out of their solutions," he explains.

Just when the rest of the region will catch up with the elite few is unclear. However, Suleiman believes entrance to the WTO will be the key, as companies will begin to feel the pressure of competition and realise that ERP systems can help them survive in a liberalised market.

"Once we [the Middle East] joins the WTO, companies will have to implement ERP solutions because of the competition... The pressure of competition will make ERP necessary and those that don't have it will go out of business," he says. ■

## Middle East software & solutions investment (US\$)

APPLICATION	2001	2002	2003
ERP	98.50	119.34	136.20
CRM	13.17	16.49	19.96
SCM	0.00	0.95	1.73
E-commerce	6.12	7.13	8.46

Source: IDC