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ABSTRACT

This article evaluates the perception of executives working in the area of Supply Chain Management and IT towards the role of IT in improving supply chain effectiveness. The study was conducted in companies in Indonesia in the industry area, whether it’s a manufacturing, pharmaceutical, consumer goods or any other industry. Finding from this exploratory study are twofold. First, the main finding of experts/SCM members’ experiences is that ERP positively contributes towards some parameters of supply chain effectiveness, further integration of activities between suppliers and customers across the entire supply chain, on-going changes in supply chain needs and required flexibility from IT and supply chains consisting of several independent enterprises. The second finding of this study emerged as some limitations of the current ERP system and do not contribute in supply chain effectiveness, more standardized processes and information, the need for worldwide IT systems and greater transparency of the marketplace. The panel experts saw only a modest role for ERP in improving future supply chain effectiveness and a clear risk of ERP actually limiting progress in supply chain management.

The following key limitations of current ERP systems in providing effective SCM support emerge as the third finding from this exploratory study: their insufficient extended enterprise functionality in crossing organizational boundaries, their inflexibility to ever-changing supply chain needs, their lack of functionality beyond managing transactions and their closed and non modular system architecture. In modern supply chain management, the unit of analysis has become a network of organizations, rendering these ERP products inadequate in the new economy.

Keywords: supply chain management, ERP systems, IT
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