



# Relative Study of ERP and SCM: Construction Industry

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## Abstract:

This paper concentrates on productive arranging of supply chain administration on development destinations can Prompt noteworthy enhancements in development efficiency and undertaking gainfulness. Existing exploration concentrates on spotlight on material acquisition and supply are two separate arranging errands with considering their basic and common interdependencies. In this exploration, we comprehend the significance of the production network administration in development organizations. What's more, as indicated by it we will learn about how to execute it in framework extends, its troubles, constraints, stages for usage furthermore, advantages with respect to it. In these paper again significance of ERP programming in SCM is clarified furthermore stages and execution is talked about.

**Keywords:** supply chain management, Inventory network management, product network administration, Enterprise resource planning.

## I. INTRODUCTION

These days, organizations are in the race for enhancing their authoritative intensity keeping in mind the end goal to contend in the 21st century worldwide business sector. This business sector is electronically associated and dynamic in nature. Hence, organizations are attempting to enhance their readiness level with the target of being adaptable and receptive to meet the changing business sector necessities.

### A. SCM

Supply chain Management is perceived as a main procedure change, cost sparing and income upgrading business technique. It applies to all organizations required in the conveyance of development tasks. Inventory network Management requires a corporate activity, upheld by key and strategic arranging, to impart frameworks thinking and advance another order that organizations must ace. Development Projects Supply Chain Management requires a decent comprehension of generation administration; arranging, configuration, and development; and business drivers. Like different orders inside an association, for example, basic, mechanical, electrical, or process building, bookkeeping and materials administration, Supply Chain Management must have a champion who can drive the thoughts crosswise over orders inside the association and additionally crosswise over authoritative limits. Inventory network Management might be rehearsed on a solitary task, however it results in the best advantages when it is polished at the endeavor level, when it includes numerous organizations, and when it gets connected to different activities over an expanded timeframe. Before production network administration there was customary strategy for administration reason in which administration of individual activities; partition of outline, establishment and operation capacities, remarkably built offices and segments; focused offering; early conveyance of all materials at development destinations; and data accumulating. These practices typically neglect to catch the upsides of cooperative energies and influence that might be acquired by taking a multi-venture point of view. With the utilization of Supply Chain Management to the conveyance of

capital tasks, administrative methodologies will accentuate: supply based administration; life-cycle costing; gathering of extraordinary offices from institutionalized modules and segments' critical thinking through key banding together; accentuation on long haul working connections; broad utilization of correspondence and data innovation so that the worth chain underpins the store network.

### B. ERP

A significant starting component in dealing with a store network is creating Supply Chain Information System. The idea of SCM is based on utilitarian reconciliation, which is upheld and regularly catalyzed by data innovation. Commonly sharing data among the individuals from a production network is required, particularly to plan and observing procedures. All the foundation ventures completed by the development organizations are at remote places so to set up availability with their materials and obtainment dept's. with that of H.O. a settled IT framework is must. Which prompted advancement of Enterprise Resource Packages which are perfect to the necessities of development industry. One of the most up to date sorts of data framework that encourages data sharing is Enterprise Resource Planning (ERP).

Venture asset arranging (ERP) is an arrangement of uses that serve as the operational hub of the association. The entire framework is much the same as a stockroom that stores and tracks inward data, for example, stock levels, evaluating structures and other key production network components. ERP frameworks permit organizations to supplant their current data frameworks, which are frequently incongruent with each other, with a solitary, coordinated framework; in this manner streamlining information stream all through an association and promising emotional additions in an organization's productivity and main concern. These frameworks help organizations diminish inventories, abbreviate process durations, and lower costs. On the most fundamental level, ERP is an unpredictable programming framework that ties together and robotizes the essential procedures of business,

from taking clients' requests to checking stock levels to adjusting books.

## II. LITERATURE REVIEW

### A. FUTURE IMPACT OF ERP ON SCM

ERP was seen as offering positive contribution to only 4 of the top 12 future supply chain issues<sup>[2]</sup>:

- i. More customization of products and services;
- ii. More Standardized processes and information;
- iii. Greater transparency in market place.
- iv. The need for worldwide IT systems.

#### ERP Future impact on SCM:

SCM issues for the coming years<sup>[2]</sup>:

- i. further integration of activities between suppliers and customers across the entire supply chain;
- ii. on-going changes in supply chain needs and required Flexibility from IT;
- iii. more mass customization of products and services Leading to increasing assortments while decreasing cycle times and inventories;
- iv. the locus of driver's seat of the entire supply chain;
- v. supply chains consisting of several independent Enterprises.

### B. Supply chain management in the network economy

Production network is a system comprising of suppliers, makers, wholesalers, retailers, and clients.<sup>[2]</sup> At the operational level, this network supports three types of flows that require careful planning and close co-ordination<sup>[2]</sup>

- **Material flows:** which represent physical product Flows from suppliers to customers as well as the reverse flows for product returns, servicing, and recycling;
- **Information flows:** which represent order transmission and order tracking, and which coordinate the physical flows; and
- **Financial flows:** which represent credit terms, payment schedules, and consignment and title ownership arrangements.

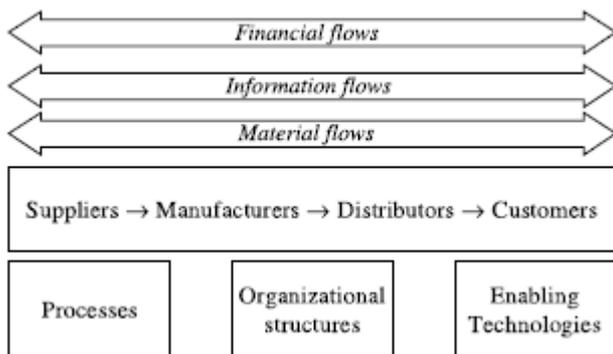


Figure.1. Integrated Flows of Supply Chain Management<sup>[2]</sup>

### C. ERP Implementation

The implementation of Enterprise Resource Planning (ERP) systems in global business environments is a highly complex task and requires a suitable methodological approach.<sup>[3]</sup> Small, medium and large companies have been experiencing many project failures in the past, since the projects exceeded by far their time and budget frameworks and/or did not render the expected results and affected the company's market value. However, there can also be a positive association between realized strategic alignment of the ERP implementation stages through appropriate project management and the benefits of the ERP system. The project phases were implemented in

accordance with the ASAP methodology (Accelerated SAP). The five phases of the RTC ERP implementation projects are shown in Fig. 2:<sup>[3]</sup>

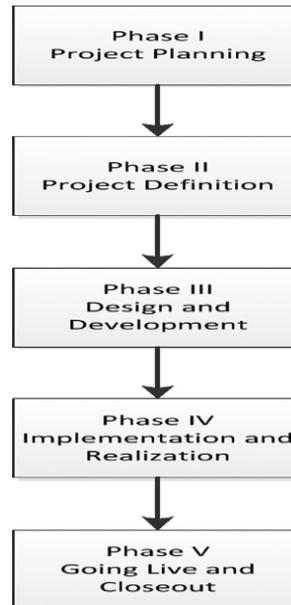


Figure.2. Phases of ERP<sup>[3]</sup>

### D. Advantages of ERP

ERP systems replace complex and sometimes manual interfaces between different systems with standardized, cross-functional transaction automation.<sup>[4]</sup> Order cycle times (the time from when an order is placed until the product or service is delivered) can be reduced, resulting in improved throughput, customer response times, and delivery speeds. Similarly, automated financial transactions can reduce cash-to-cash cycle times and the time needed to reconcile financial data at the end of the quarter or year. The result is a reduction in operating capital and the headcount of the financial area. Another benefit of ERP systems is that all enterprise data are collected once during the initial transaction, stored centrally, and updated in real time<sup>[4]</sup>. This ensures that all levels of planning are based on the same data and that the resulting plans realistically reflect the prevailing operating conditions of the firm. For example, a single, centrally developed forecast ensures that operational processes remain synchronized and allows the firm to provide consistent order information to customers.<sup>[4]</sup>

### E. Enterprise Resource Planning

Enterprise resource planning (ERP) is a product application that "integrates all functions and processes of a business and generates a comprehensive view of the entire company" using a single database.<sup>[1]</sup> An Enterprise Resource Planning (ERP) framework is an arrangement of incorporated projects that deals with the key business operations for a whole multisite, worldwide association.<sup>[1]</sup> In the early 1990s, two distinct system integration approaches were developed—ERP and data warehousing—each with different integration purposes. While data warehousing systems focus on informational integration to support decision making, ERP addresses operational integration to support daily operations.<sup>[1]</sup>

## III. APPLICATION OF ERP IN CONSTRUCTION INDUSTRY

### A. Role of supply chain management in construction industry

The non specific ideas, techniques and lessons learnt, which have been produced in the system of Supply Chain

Management, can be utilized as a part of various courses for the change of development supply chains. In the accompanying, we perceive how the strategy of Supply Chain Management can add to the comprehension of development store network issues, and in providing guidance to change endeavors. All that really matters is the viable determination of interdependency brought about issues in the development inventory network, including fundamental issues and nearsighted control.

### ***B. Construction supply chain problems***

Presently the development business in India is not composed when contrasted with International situation. The vast majority of the works are being finished by disorderly temporary workers who don't have an appropriate framework set up for the execution of the undertakings. Existing examination demonstrate that issues in development supply chains are to a great extent described by interdependency. Nearsighted control of the development inventory network, joined with customary exchanging and non-agreeable connections, strengthens the issues, and muddles their determination. Above, Supply Chain Management has been acquainted incorporating a suitable approach with intention the fundamental issues in the development production network. The initial step of the procedure recommends a chain appraisal to reveal the nature and causality of the issues, which has been shown before for the situation ponders. Understanding existing issues is a flat out need to have the capacity to determine them viably. The objective is to end up absolutely mindful of the genuine fundamentals of the issues (i.e. seeing the "10,000 foot view"), and drawing nearer the issue appropriately (i.e. comprehensively) keeping in mind the end goal to open potential outcomes for compelling change of the store network. Truth be told, it's a matter of making waste and issues obvious and substantial, and distinguishing and recognizing the main drivers to make it conceivable to determine all of them.

### ***C. Supply Chain Management Scenario in India***

Production network Management in the Construction Industry in India exists just up to 10%. Just few organizations in India use Supply Chain Management and that too in an extremely restricted zone like E-acquirement. To get data about the SCM in development organizations resemble playing cards-nobody uncovers their precise data. Presently the Supply Chain Management in base undertakings is a system between crude material suppliers and the contractual workers. Likewise to the extent logistics is worried in SCM of framework undertakings the inbound logistics assumes a critical part here and there is not outbound logistics by any stretch of the imagination. Ventures worth 1000Cr or more ought to have a free logistics wing. Presently for foundation ventures logistics of plant and apparatus assume an imperative part. Additionally the development organizations ought to have a different incorporated and decentralized acquisition of materials while executing the tasks. A completely created E-obtainment framework set up makes this arrangement of SCM more powerful. Ventures, which don't have a legitimate SCM framework set up, experience the ill effects of time and cost invade.

### ***D. Methodology***

In light of the knowledge picked up by method for production network evaluation, the inventory network approach should be completely connected to determine the issues that were found in the development store network. Since most issues spread over (a significant part of) the store network, arrangements are

required that similarly cover various phases of the production network, including the performing artists included. The scope of the arrangements and the part of the store network included rely on upon the size of the issues. In the wake of having evaluated the inventory network, the Supply Chain Management approach proposes (reconfiguring the production network's structure), control (planning the store network as indicated by the new setup) and consistent change. Case in point, towards suppliers, the strategy could incorporate reengineering the acquirement coordination of logistics and repeating item improvement programs. Commonly such exercises incorporate joint exercises between independent on-screen characters in the game plans balancing ill-disposed relations with different performers (e.g. organization) are expected to amplify the extent of the Supply Chain Management procedure and make room for determination of interdependency-based issues and nearsighted control. Actually, performing artists are reliant on each other for actualizing the production network philosophy effectively. Store network advancement ought to occur in co-operation with a developing number of performing artists handling a developing number of issues. The on-screen characters included ought to have a typical advancement objective, have the same perspective on the advancement, and embrace the same way to deal with issues, for example, getting a handle on concrete and target execution data, and hunting down change opportunities helpfully. Real practice in development not just neglects to address issues of store network, yet rather takes after rule that exacerbate production network execution. SCM can assume real parts in development. The standard parts of SCM are secured by the bland SCM approach. The SCM offers general rules that can be utilized to break down, reengineer, legitimately facilitate, and always enhance for all intents and purposes the complete development production network, determining essential issues and the nearsighted control that have been tormenting the store network. This would be basically difficult to acknowledge in the short term. In this manner, at first, the SCM strategy is legitimately sent on a lower scale, tending to halfway inventory network issues, including a set number of production network performers. Because of its repeating character, the SCM technique suggests a consistent change procedure of which the degree can be developed after some time, including an expanding number of zones of use. A few regions of use, which might be, and to a specific degree have been, subjected to SCM, incorporate the lessening of costs (particularly logistical costs), lead-time and stock in the store network. In perspective of the expansive offer of these expenses in development, this center is frequently completely fitting. Furthermore, the emphasis might be on the effect of the inventory network nearby exercises. Here, the objective is to diminish site expenses and length. For this situation, the essential thought is to guarantee material (and work) streams to the site for staying away from aggravations in the work process. Thirdly, the attention might be on exchanging exercises from the site to upstream phases of the inventory network. The method of reasoning may just be to maintain a strategic distance from the mediocre states of site, or to accomplish more extensive simultaneousness between exercises, which is unrealistic in site development with its numerous specialized conditions. Here, the objective is again to lessen the aggregate expenses and span. Practically speaking, these regions are personally interrelated. It is frequently hard to enhance the steadfastness of the conveyances of a production network without tending to the aggregate inventory network. On the off chance that the exercises are exchanged from site upstream the production

network, it is essential that the resultant, more perplexing store network is precise overseen and enhanced to have the advantages planned. In perspective of these parts, crevices in earlier activities to propel the production network can be distinguished. For example, the logistics activities, focusing (by and large) costs, have regularly neglected to address the effect of store network variability on location get together. Moreover, industrialized development, with its long and complex inventory network, has frequently been missing even fundamental standards of SCM. The non-specific collection of learning gathered in the structure of SCM prompts enhanced comprehension of the attributes of development inventory network issues and provides guidance for activity. In any case, the down-to-earth parts for SCM must be produced in development rehearse itself, considering the attributes of development and the particular circumstance. Collaboration amongst examination and practice might be instrumental in this attempt. Development production network administration offers new ways to deal with diminish the expense of and expansion the unwavering quality and pace of office development. Inventory network administration takes a frameworks perspective of the creation exercises of self-sufficient generation units (subcontractors and suppliers in development) and looks for worldwide advancement of these exercises. Utilizations of inventory network administration strategies in assembling situations have spared a huge number of dollars while enhancing client administration. As subcontractor and supplier creation contain the largest estimation of task cost, store network methodologies may have comparative advantages. Constrained studies in development propose that poor store network plan frequently expands venture cost by ten percent and this appraisal is likely preservationist. Venture term might be correspondingly influenced. The guarantee of store network administration originates from its framework point of view on creation exercises. Such a point of view permits enhanced comprehension of association's creation expenses and abilities (especially under the questionable and changing conditions that describe present day development locales). This gives a sane premise to enhance coordination and control on development ventures. Generation exercises can be better arranged and balanced and, by connecting to costs, contracts can be framed that advance ideal inventory network execution. Correspondingly, improved comprehension of generation streams examination of the effect of office configuration on store network execution. The frameworks order of inventory network administration stands out pointedly from customary strategies for arranging, controlling and contracting for undertakings that, taking various leveled, deterioration approach, look for, best case scenario to advance individual exercises. Accordingly while current development techniques tend to bolster the fracture that infections development, inventory network administration guarantees a building premise to outline, arrange and oversee development ventures in a shared way.

#### IV. ERP SYSTEM'S IMPLEMENTATION

As discussed in section II, Implementing an ERP system requires significant investments in time and money. Business procedures may need to change, and employees will need time to become familiar with and efficient in using the new system. "In addition to budgeting for software costs, financial executives should plan to write checks to cover consulting, process rework, integration testing and a long laundry list of

other expenses before the advantages of ERP begin to show themselves."

ERP applications can help an organization improve efficiency, reduce costs, and realize dramatic improvements in customer service. With proper planning the implementation will be a success. "Once companies achieve this level of internal integration with ERP data and supply-chain planning, they can start extending their reach, sharing information around anticipated demand with customers and suppliers."

##### A. ERP Solution

Right now, there are two usually utilized ways to deal with ERP frameworks. One is to buy an ERP bundle from one merchant. The other, called best-of-breed arrangement, buys the fitting arrangement in every class from various sellers. The last is more entangled and takes more time to execute. The following into build up own ERP bundles like Enterprise Information Portal (EIP)

##### i. Intrafirm Information System

The expansive number of changes in the business environment has empowered the improvement of data frameworks that have particular applications inside the firm. These data frameworks can be utilized to support joint effort by various capacities inside the firm. Firms can grow more successful production network data frameworks in the event that they first create viable Intrafirm data framework. A couple of the major Intrafirm data frameworks are Decision Support Systems (DSS), Warehouse administration frameworks (WMS), and Transportation Management Systems (TMS). Choice Support Systems (DSS) are intuitive, PC based frameworks that give information and expository models to help leaders tackle unstructured issues. General DSS's incorporate counterfeit consciousness (AI) and master frameworks (ES). Distribution center administration frameworks (WMS) are programming bundles worried with meeting the two goals of warehousing i.e. expand the utilization of space, gear, and work; and surpass client desires. Transportation Management Systems (TMS) give observing of things, for example, cargo installment reviewing, transportation arranging, transporter execution, and trailer stacking. When WMS and TMS are executed effectively inside their individual capacities, further advantages can be acknowledged imparting significant yield information inside the association through an intranet. To plan the association's development exercises and to lessen the stock level Material Resource Planning (MRP) frameworks are utilized. MRP is utilized to deal with the supply side of a firm by registering net necessities for every stock thing, time staging them, and deciding their appropriate scope.

##### ii. Interfirm Information System

The substantial number of changes in the business environment has energized the advancement of data frameworks that have particular applications inside the firm. These data frameworks can be utilized to empower coordinated effort by various capacities inside the firm. Firms can grow more successful production network data frameworks on the off chance that they first create compelling Intrafirm data framework. A couple of the major Intrafirm data frameworks are Decision Support Systems (DSS), Warehouse administration frameworks (WMS), and Transportation Management Systems (TMS). Choice Support Systems (DSS) are intelligent, PC based frameworks that give information and logical models to help chiefs take care of unstructured issues. General DSS's incorporate computerized reasoning (AI) and master frameworks (ES). Stockroom administration frameworks

(WMS) are programming bundles worried with meeting the two goals of warehousing i.e. augment the utilization of space, hardware, and work; and surpass client desires. Transportation Management Systems (TMS) give checking of things, for example, cargo installment inspecting, transportation arranging, bearer execution, and trailer stacking. When WMS and TMS are actualized effectively inside their particular capacities, further advantages can be acknowledged conveying applicable yield information inside the association through an intranet. To plan the company's development exercises and to decrease the stock level Material Resource Planning (MRP) frameworks are utilized. MRP is utilized to deal with the supply side of a firm by figuring net prerequisites for every stock thing, time staging them, and deciding their legitimate scope. Interfirm Information Systems and advancements are those frameworks that encourage data stream between the central firm and a supplier or client connected with the stream of physical products, administrations and funds. Fruitful Interfirm Information Systems lead to powerful and effective inventory network data framework. A portion of the reasons that catalyzed the development in Interfirm Information Systems are the expansion in instability in the business environment, industry vulnerability, ecological vulnerability. The real purpose behind entering supplier organizations is to secure a dependable wellspring of supply. Interconnecting data frameworks prompts enhancements in the assembling planning forms, diminish completed item inventories, enhances productivity of stacking and conveyance operations, lessens prerequisites of printed material and revamp, brings down costs, and gives better esteem to the buyer. The utilization of data innovation and Interfirm Information Systems became out of two patterns: expanding item assortment and back to center business. Organizations are progressively concentrating on their center organizations and subcontracting parts of their business, which is prompting the improvement of cozy associations with their subcontractors. A portion of the Interfirm Information Systems is Electronic Data Interchange (EDI) and the Internet.

### ***B. Role of Logistics***

The fundamental ranges of logistics in production network are capacities and administration of request preparing, stock, transportation, and warehousing. Accentuation is on the satisfaction procedure, in light of the fact that sourcing and obtainment are secured somewhere else. Different regions incorporate varieties of logistics methodology and ramifications of abilities in logistics capacities for giving upper hand in the store network.

- i. Order Processing
- ii. Inventory
  - a. Types of stock
  - b. Inventory conveying cost
  - c. Inventory Management
- iii. Transportation
- iv. Warehousing exercises..

## **V. CONCLUSION**

So, it is clear that from above discussion by proper understanding of SCM and ERP one company can achieve profit in terms of cost, time and quality without delay in projects and also proper management of project till end of the project. Along these lines, plainly from above exchange by appropriate comprehension of SCM and ERP one organization can accomplish benefit as far as cost, time and quality immediately in tasks furthermore legitimate administration of

venture till end of the undertaking. Enhanced coordination, costing, and control offered by development production network administration is an achievable vision. A superior comprehension of association's generation expenses and capacities specifically their capacity to deal with their assets crosswise over ventures given changes in timetable and extension manages a few open doors for development. It gives a foundation to enhanced generation control inside every subcontractor and supplier. Such an enhanced comprehension of expenses and capacities likewise permits enhanced outline of supply-chains made out of those subcontractors and suppliers, giving and designing premise to enhanced coordination. Besides, the connection amongst expense and generation permits new types of agreements that advance framework enhancement.

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