

**OPEN SOURCE ERP – NEW OPPORTUNITIES FOR GEORGIAN
SMALL AND MEDIUM ENTERPRISES**

Tamar Baratashvili

Tamar Machitidze

*Thesis submitted to the graduate faculty of the Business School of Ilia State University in
fulfillment of the requirements for the degree of Master in Business Administration*

Business Administration

Academic Supervisor: Lana Chkhartishvili, Ph.D. Candidate

Ilia State University

Tbilisi, 2014

Contents

- List of Tablesiii
- List of Figuresiii
- Chapter 1 – Introduction 1
- Chapter 2 – Literature Review 3
 - 2.1 Information System3
 - 2.2 Enterprise Resource Planning (ERP) as a Type of Information System.....5
 - 2.3 Traditional, i.e. offline, ERP systems..... 9
 - 2.3.1 Things to Consider While Implementing ERP..... 15
 - 2.3.2 Positive Impact of ERP 16
 - 2.3.3 Failures of ERP Implementation 17
 - 2.4 Open Source ERP Systems 18
- Chapter 3 - Methodology 21
- Chapter 4 - Results 22
 - 4.1 Total Cost of Ownership 22
 - 4.1.1 Sourcing / identification 23
 - 4.1.2 Deployment 24
 - 4.1.3 Maintenance and administration 27
 - 4.1.4 Upgrade..... 27
 - 4.2 Benchmarking of traditional and open source ERP systems..... 28
 - 4.3 Adoption of traditional ERP systems by Georgian enterprises..... 29
 - 4.4 Open source ERP systems in Georgia..... 37
- Chapter 5 - Discussion and Conclusion 39

<i>5.1 Implications.....</i>	<i>39</i>
<i>5.2 The Limitations of the Study and Suggestions for Future Research.....</i>	<i>41</i>
<i>5.3 Conclusion.....</i>	<i>41</i>
References	43
Appendices	49
<i>Appendix 1 – Calculation of Average Price Coolers for Appendix 2.....</i>	<i>49</i>
<i>Appendix 2 – Cost of Technical Requirements for ERP System Implementation.....</i>	<i>50</i>
<i>Appendix 3 - Personal Interview Questions</i>	<i>51</i>
<i>Appendix 4 - Survey Questions for Small and Mid-Size Companies.....</i>	<i>52</i>

List of Tables

Table 1 - Cost of Technical Requirements for Traditional ERP System	25
Table 2 - Benchmark of Cost Structures for Traditional and Open Source ERP Systems	29
Table 3 - Key Features of Traditional and Open Source ERP.....	30

List of Figures

Figure 1 - An Overview of Typical ERP System Modules (Shehab et al., 2004).....	7
Figure 2 - Contribution of Enterprises to the Total Turnover	32