Explaining the Effect of Risk Factors on Vendor Profitability in ERP Projects: A Multiple Case Study

Abstract:
In this paper, we used a multiple case study to investigate interrelations between risk factors in ERP projects and vendor profitability, which is an essential dimension of project success for a vendor. We structured the vendor’s perspective on risk factors using a network based on a triangulation of archival data, interviews, and accompanying documents from five projects of a large German-based ERP vendor. The network organizes the risk factors into four major risk scenarios: high deficits in vendor obligations, high deficits in client obligations, strong disagreement concerning scope and requirements, and high client negotiation power. While the identified risk factors themselves seem to be quite straightforward reflections of the client’s perspective, our analysis reveals that the risk scenario high client negotiation power moderates the impact of risk factors on vendor profitability. Furthermore, our findings show that vendor profitability is under threat when, over time, multiple risk scenarios befall the project. This paper contributes by...
addressing the essential role of interrelations between risk factors and by exploring the vendor’s perspective on risk factors in ERP projects, a so far neglected perspective in IS research.

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