Examples and Uses for ERP Software



ERP stands for Enterprise Resource Planning. In the simplest of terms, an ERP is a solution that integrates all the processes you use in business. Take a second to think about all the systems you're using.

Chances are you have one for your order and inventory management, human resources, and accounting at a minimum. Wouldn't it be wonderful if these systems could talk to one another and automate tasks for you? That's what enterprise resource planning systems can do.

ERP software uses a centralized database to store information for all departments and runs integrated software, so everyone has access to what they need, regardless of which business function they're working to perform.

What makes ERP so complex is the way Company A uses it won't be the same as the way Company B uses it.

Each implementation is highly customized to the needs of the business, so there are wide variations from one industry to the next, and one business to the next.

What Should an ERP System Primarily Be Used For?

No matter what ERP you choose or why the primary purpose is to streamline operations and integrate multiple systems into one.

You can choose to integrate any or all of these systems, based on your needs and what your ERP supplier provides:

- **Inventory management:** Also known as material management, inventory modules help with measuring stock targets, standardizing replenishments, and tracking items in your organization with serial numbers.

  Purchasing: These modules manage procurement processes and work closely with inventory and SCM modules.

- **Sales and Marketing:** These modules handle sales workflows, ranging from inquiries and quotes to sales orders and invoicing. With more advanced implementations, it's also possible to track shipments and integrate tax rules. This works closely with CRM modules to speed the sales cycle to generate more profit.

- **Manufacturing:** Also referred to as Production or Engineering, this module aims to make manufacturing more efficient.

  It features product planning and forecasting, daily production monitoring, and more. It is integrated with SCM and inventory modules.

- **Financial management:** This module manages capital, allowing you to more easily see the money coming into and going out of the business.

  It addresses standard accounting transactions including expenditures, balance sheet, tax management, bank reconciliation and more. It can also generate financial reports for any department.

- **Customer relationship management (CRM):** This module aims to improve customer service and profit per capita. It manages leads, customer issues, and customer opportunities.

In an ERP setup, it works closely with the sales module to speed up conversions.

- **Supply chain management (SCM):** This module addresses your supply chain, including areas such as purchase order management, process automation, and production flow from production to consumer, and back again in the case of recalls or returns.
- **Human resource management (HRM):** This addresses your staff and includes things like time sheets, employee records, performance reviews, payroll systems, and job profiles.
- **Automated reporting:** These modules work with others to make reporting easy across all departments. Staff will no longer spend time pulling reports from each system.
- **Business intelligence (BI):** These modules make it easier to use business intelligence to make data-driven decisions for the future of the company. Typically, you'll only find BI modules in large ERP packages.
- **Project Management:** This module connects project activities with company financials to make it easy to report on the success or failure of projects. Use it to see how well you're working on completing projects on time and on budget.
- **Compliance monitoring:** This module works to make sure your business stays in compliance with industry regulations. It addresses compliance with local law, security measures, and documentation requirements.
- **IT optimization:** This module works to optimize your IT structure, to keep systems running smoothly.
- **Asset management:** This module aims to manage your physical assets, such as your building, manufacturing equipment, and more.
- **E-commerce:** This module integrates management of multiple online sales channels with other areas of your ERP.

There are a wide variety of types of ERP systems. That's why it's important to

consider your specific product, along with your IT and operational infrastructure, and business goals as you consider your options for a new ERP.

Your new ERP system will replace your current business management software, and make it easier to connect your front office with things on the back end.

These common use cases demonstrate the way ERP can help address business needs for businesses of all shapes and sizes.

Manufacturer Seeks to Streamline Operations and Cut Costs

If you're a manufacturer that needs to integrate your manufacturing processes, an ERP can help you do this.

It can also help eliminate data discrepancies and reduce software licensing costs associated with using separate systems for each function.

In this situation, it's best to start with a material requirements planning or MRP, ERP system designed to solve issues associated with tracking orders.

This way, you process orders all the way from order origination through to order fulfillment and payment in a single system.

> *Choosing and implementing an ERP takes time and planning. But, regardless of company size or industry, there's a solution out there that could work for you.*

Small Company Uses CRM But Needs More

Many small companies operate with a CRM system in place, and as helpful as that can be, often isn't enough.

Yes, it streamlines sales and marketing, but it can't do anything for other departments such as accounting or operations.

Upgrading their infrastructure to an ERP system allows small companies to add

systems for their other business functions and integrate with their current CRM.

Small Company Wants to Start Small and Scale ERP

Let’s say you’re a company that wants to start with a single component of ERP, such as CRM.

Once you see how well that works for you, you’re okay with adding additional functionality to your ERP as your company grows.

In this situation, it’s important to consider that some of the individual systems are easier to expand into full ERP than others.

As such, it’s critical to choose a solution that is flexible and scalable, so that even though you do not need all the functions right away, you have the freedom to add them when you do need them.

Small Company Needs Per-Project Software

As a company doing all the work for your customers on a per-project basis, your ERP system needs to be able to track all your activities and resources, along with tracking costs for every project.

ERP systems are available with project-oriented software with end-to-end visibility and activity tracking. These systems can also predict project overruns, to allow you to forecast when you may need additional staff or resources on hand to finish the project.

Industry-Focused Company Wants Tailored ERP

If you’re a company operating in a specialized industry such as food and beverage or healthcare, you no doubt are looking for an ERP that’s tailored to address your specific needs.

Opting for a specialized ERP will save you time in adapting the new system to your environment and gives you the freedom to choose the ERP system that is best for your industry.

Small Business Wants Benefits of ERP But Worries About Cost

As a small company that wants to improve business processes and eliminate data inconsistencies associated with using multiple systems, ERP seems like a logical solution.

But, when you consider the costs of implementing an on-premise ERP system, it’s too expensive.

That’s where cloud ERP solutions come into play. Instead of investing in hardware and software to host on-site, small companies can pay cloud-based vendors a monthly fee for access to the ERP they need, without needing to worry about maintaining it themselves.

Benefits of ERP Systems

- ## Reduced Operational Costs

  ERP systems allow you to merge processes across departments, so you can more easily identify and anticipate problems.

  This also means you’ll be able to come up with ways to resolve those issues faster, so any disruptions or delays in your business do less damage to your company reputation and minimize losses.

- ## Improved Productivity and Efficiency

  ERP means automating a variety of tasks such as updating inventor, compiling reports, and monitoring sales.

  This automation saves time, allowing you to focus on other areas of your business, while also reducing human error.

- ## More Accurate Reporting

  Data is critical to businesses as it shows you where you are, where you've been, and can project where you could be if you remain on the current path or make adjustments.

  The business intelligence and analytics areas of ERP can provide insights to help you keep your business on the right track, making adjustments where necessary so you can optimize business performance.

- ## Streamlined Regulatory Compliance

  Industry standards change and remaining compliant can be an issue for businesses across a number of industries.

  Many ERP systems include compliance reporting features to keep track of changes in compliance protocols and update you in real-time.

ERP systems can become highly complex because customization and flexibility mean no two implementations will be exactly the same.

Choosing the right ERP solution isn't a decision to take lightly or make quickly. Implementing the system takes time, effort, and money.

Mistakes during ERP implementation can cost you more in the short-term, so hiring a team of professionals to help you get it right the first time is a worthy investment.

Many ERP vendors can assist with requirements planning and implementation to ensure your core business processes continue to run smoothly as you switch to the new system.

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