

The ABC's of ERP

ERP software is being utilized by thousands of companies to streamline their business processes. Sharing information between the various departments in your company has never been simpler. Learn more about how ERP systems are helping companies drive their business forward.

Enterprise Resource Planning, or ERP, software is an application that manages the information of your entire business — from sales to finance to the warehouse. ERP systems enable the people within your company to view and share information in real time. When you have a customer service representative speaking to a customer, your employee can see the customer's order history, their credit score, and can check inventory levels to ensure the customer's requested items are in stock. Information is no longer hidden in silos within each department. The goal of an ERP system is to have transparency of data throughout all departments in your company. Duplicate data entry and paper-based processes can be eliminated or, at the very least, minimized. Data is only entered once in a single system, rather than multiple times in multiple systems — reducing overhead costs associated with data entry and decreasing errors.

Many different ERP options are available to interested companies. Microsoft Dynamics™ AX, for example, is an ERP system designed for mid-market companies of all industries. Functionality within the system includes:

- Manufacturing/Distribution
- Supply Chain Management
- Project Finance
- Financial Management
- Customer Relationship Management
- Human Resource Management
- Business Analysis

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Software vendors have realized that some companies need additional functionality in certain core areas of their business, such as warehouse management, customer relationship management, or finance. In an effort to meet customers' needs, many vendors have built additional applications that easily integrate into the ERP systems as either an embedded or "bolt-on" solution. These applications provide companies with enhanced capabilities within their most important and complex departments.

In addition to system options, multiple delivery methods are also available. The two most popular of these delivery methods are traditional, on-premises implementation and Software as a Service, or subscription-based, implementation. Both implementation models have their benefits; therefore, when making your ERP decision, you must consider which type of implementation best fits your company and its processes.

Overall, ERP systems are mature in their functionality and benefits. With many different ERP options available, you must analyze what the important functions and processes are within your business and ensure that the ERP system you choose supports them. In addition to functionality, finding a vendor who knows the business processes within your industry is critical in receiving the most benefit from a very useful software system.