

The acronym ERP stands for enterprise resource planning. It refers to the systems and software packages used by organizations to manage day-to-day business activities, such as accounting, procurement, project management and manufacturing. ERP systems tie together and define a plethora of business processes and enable the flow of data between them. By collecting an organization's shared transactional data from multiple sources, ERP systems eliminate data duplication and provide data integrity with a "single source of truth."

There are various processes that are essential to running a business, including inventory and order management, accounting, human resources, customer relationship management (CRM), and beyond. At its most basic level, ERP software integrates these various functions into one complete system to streamline processes and information across the entire organization.

The central feature of all ERP systems is a shared database that supports multiple functions used by different business units. In practice, this means that employees in different divisions—for example, accounting and sales—can rely on the same information for their specific needs.

ERP software also offers some degree of synchronized reporting and automation. Instead of forcing employees to maintain separate databases and spreadsheets that have to be manually merged to generate reports, some ERP solutions allow staff to pull reports from one system. For instance, with sales orders automatically flowing into the financial system without any manual re-keying, the order management department can process orders more quickly and accurately, and the finance department can close the books faster. Other common ERP features include a portal or dashboard to enable employees to quickly understand the business' performance on key metrics.