# **What is ERP?**

Enterprise resource planning (ERP) is a type of software system that helps organizations automate and manage core business processes for optimal performance. ERP software coordinates the flow of data between a company’s business processes, providing a single source of truth and streamlining operations across the enterprise. It’s capable of linking a company’s financials, supply chain, operations, commerce, reporting, manufacturing and human resources activities on one platform.

Most companies have a finance and operational system in place, but siloed systems can’t go beyond everyday business processes or help with future business growth. As companies expand and their needs change, their systems should keep up with them. In this article, you’ll learn what ERP is and why having software in place that keeps up with your needs can help run a more agile and efficient business.

## **Modern ERP software systems**

Historically, ERP systems were suites that worked separately and didn’t talk with other systems. Each system required expensive, complex, and customised code to meet unique business requirements which slowed—or even prevented—the adoption of new technology or process optimisation.

What makes today’s [ERP software](https://dynamics.microsoft.com/en-za/erp/erp-software/) different is that it brings all these different processes together in one fluid system. It doesn’t just offer data connectivity within your ERP system, but also within your productivity tools, e-commerce, and even customer engagement solutions. It enables you to connect all your data for better insights that help you to optimise your processes across your entire business.

In addition, a modern ERP solution offers flexible deployment options, improved security and privacy, sustainability, and low-code customisation. But most importantly, it builds continuity and resiliency into your business and processes through insights that help you innovate at a rapid rate today while preparing your business for what’s next.

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## **Why is ERP important for business?**

While there’s no all-up solution for every business process, ERP technology is getting better and better at bringing processes together. After your processes, systems, and data are connected, you’ll get the business intelligence, acceleration, and adaptability you need to start optimizing your operations.

**Here are three ways an ERP system can improve your business:**

1. **Drive optimal performance**. With solutions that use AI, you’ll access insights that enhance your decision making and reveal ways to improve operational performance going forward.
2. **Accelerate operational impact**. By connecting processes and data, you’ll bring more visibility and flexibility to employees, helping them take action quickly and deliver more value across the business.
3. **Ensure business agility**. Many ERP solutions are built to adapt to your needs and grow with you, helping you proactively prepare for—and readily respond to—any operational disruption or market change.

## **What business functions can be optimized with ERP?**

An ERP system can cover many core functions across your organisation—helping break down the barriers between the front office and back office while offering the ability to adapt your solution to new business priorities. Some of the key business functions include:

### **Commerce**

Today’s retailers face many challenges, and an ERP system can deliver a complete, [omnichannel commerce solution](https://dynamics.microsoft.com/en-za/digital-commerce-solution/) that unifies back-office, in-store, and digital experiences. Customers get a more personalised and seamless shopping experience through AI recommendations, while retailers increase employee productivity, help reduce fraud, and grow their business.

### **Finance**

Modern ERP increases profitability while driving compliance. It offers dashboards and AI-driven insights that give an overview of your [finances](https://dynamics.microsoft.com/en-za/financial-and-operating-models/) to help you tap into the real-time information anytime and anywhere. It should also cut down on entering information manually by automating daily tasks and include tracking abilities that help with your business’s regulatory compliance.

### **Human resources**

Modern solutions offer ways to manage company data and streamline employee management tasks like payroll, hiring, and other duties. You’ll be in a better position to help retain, recruit, and empower employees while also tracking employee performance and to help you identify HR problems before they happen.

### **Manufacturing**

This ERP capability improves business communication, automates daily processes through robotic process automation, and offers manufacturers the ability to fulfil customer needs and manage resources by accessing real-time data. It also optimises project management, cost management, and production planning.

### **Supply chain**

If your company is still entering information by hand and trying to track down stock in your warehouse, you can save time and money by automating these processes with ERP. Modern [supply chain solutions](https://dynamics.microsoft.com/en-za/digital-supply-chain/) also offer dashboards, business intelligence, and even Internet of Things (IoT) technology to help you get a handle on your stock management.

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# **What is supply chain management?**

Supply chain management (SCM) helps product-based businesses better control the flow of goods and services, encompassing everything from logistics, to product development and production, to SCM software and systems.

## **What is a supply chain?**

At a fundamental level, a supply chain is the process you undertake to get your product or service to the customer, and supply chain management is the management of this process. A simple version of a supply chain includes you, your suppliers, and your customers. Here’s an example of a supply chain:

* Raw materials producer
* Manufacturer
* Distributor
* Retail store
* Customer

While this may look simple, when you need to produce and sell products across multiple continents and time zones, stay compliant with international rules and regulations, and keep up with rapidly changing market demands, this process can become complicated and challenging.

## **Three advantages of SCM software**

While you might already have a supply chain management system in place, you may find it can’t keep pace with the common supply chain challenges your growing organization faces. You need the latest SCM software—featuring AI, mixed reality, and Internet of Things capabilities—that grows with you and gives you competitive advantages.

### **1- Connected experience**

When your business’s supply chain spans multiple countries and time zones, you can’t afford to have your supply chain management system out of sync. SCM software offers a connected, cohesive experience that gives you visibility into every aspect of your supply chain, including sales, purchasing, logistics, production, and warehouse management.

### **2- Reduced costs**

Help reduce the costs of managing a global supply chain with software that streamlines the procurement process with automated procure-to-pay processes. You’ll also be able to reduce costs by optimizing your fulfillment process through synchronizing logistics across sites, warehouses, and transportation modes.

### **3- Reduced risk**

Integrated SCM software helps you stay compliant with regulations and stay up to date with frequently changing legal requirements for regulatory reports, electronic invoices, payment formats, and tax rules. In addition, you’ll typically get built-in security features like identity and access management, encrypted connections, and data centers that provide security and data privacy.

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## **Three challenges of supply chain management :**

### **1- Globalization**

Despite the increased complexity, the pressure remains to maintain fast delivery lead times to customers who want to receive their products worldwide and on schedule.

To help ensure you have the right inventory at the right time at the right place around the world—and help eliminate overstock and stockouts—your company needs to optimize its supply chain and increase inventory turns. And thus, increase cash flow and reduce costs.

Your supply chain managers should also have detailed risk management plans in place, since they are at greater risk of being affected by global events.

### **2-Fast-changing markets**

Another challenge is the rapidly-changing preferences of your customers. You’re under pressure to keep up with the latest trends and introduce new, innovative products, while still keeping your total manufacturing costs down.

These fast-changing market demands lead to shorter product life cycles and a need for constant innovation. In addition, the pressure is on to regularly and rapidly update existing products with new features. All of these trends require your business to have a flexible supply chain that can adapt well to fluctuating demand and production needs.

### **3-Compliance**

Finally, in addition to addressing globalization and rapidly-changing customer trends, you also need to produce safe, high-quality products that clear a host of regulatory hurdles before they make it to market.

You need to ensure that your products comply with various regional, national, and international regulatory standards in the manufacturing, packaging, handling, and shipping of your products. These include safety laws, environmental protection laws, and inclusivity and accessibility guidelines.

To meet these requirements, you’ll need to pass a variety of quality control and safety tests, and complete numerous compliance documents such as permits, licenses, and certification. All of this can quickly overwhelm your supply chain management system.

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**References :**

**ERP =>** [**https://dynamics.microsoft.com/en-za/erp/what-is-erp/**](https://dynamics.microsoft.com/en-za/erp/what-is-erp/)

**SCM=>**[**https://dynamics.microsoft.com/en-us/supply-chain-management/what-is-supply-chain-management-scm/**](https://dynamics.microsoft.com/en-us/supply-chain-management/what-is-supply-chain-management-scm/)