http://searchsap.techtarget.com/definition/ERP

Enterprise resource planning (ERP) is an industry term for the broad set of activities that helps an organization manage its business.

An important goal of ERP is to facilitate the flow of information so business decisions can be [data-driven](http://whatis.techtarget.com/definition/data-driven-decision-management-DDDM). ERP software suites are built to collect and organize data from various levels of an organization to provide management with insight into key performance indicators ([KPIs](http://searchcrm.techtarget.com/definition/key-performance-indicator)) in [real time](http://whatis.techtarget.com/definition/real-time).

ERP software modules can help an organization's administrators monitor and manage [supply chain](http://whatis.techtarget.com/definition/supply-chain), [procurement](http://searchfinancialapplications.techtarget.com/definition/procurement-software), [inventory](http://searchmanufacturingerp.techtarget.com/definition/Inventory-management), [finance](http://searchfinancialapplications.techtarget.com/definition/ERP-finance-module), [product lifecycle](http://whatis.techtarget.com/definition/product-lifecycle), [projects](http://searchcio.techtarget.com/definition/project-management), [human resources](http://searchcio.techtarget.com/definition/human-resource-management-HRM) and other mission-critical components of a business through a series of interconnected [executive dashboards](http://searchcio.techtarget.com/definition/executive-dashboard). In order for an ERP software deployment to be useful, however, it needs to be integrated with other software systems the organization uses. For this reason, deployment of a new ERP system in-house can involve considerable [business process reengineering](http://searchcio.techtarget.com/definition/business-process-reengineering), employee retraining and back-end information technology ([IT](http://searchdatacenter.techtarget.com/definition/IT)) support for [database](http://searchsqlserver.techtarget.com/definition/database) [integration](http://searchcrm.techtarget.com/definition/integration), [data analytics](http://searchdatamanagement.techtarget.com/definition/data-analytics) and [ad hoc](http://whatis.techtarget.com/definition/ad-hoc) reporting.

Legacy ERP systems tend to be architected as large, complex homogeneous systems which do not lend themselves easily to a software-as-a-service ([SaaS ERP](http://searchmanufacturingerp.techtarget.com/definition/SaaS-ERP)) delivery model. As more companies begin to store data in the cloud, however, ERP vendors are responding with [cloud-based services](http://searchcloudprovider.techtarget.com/definition/cloud-services) to perform some functions of ERP -- particularly those relied upon by [mobile](http://searchcio.techtarget.com/definition/mobile-IT-mobile-information-technology) users. An ERP implementation that uses both on-premises ERP software and cloud ERP services is called [two-tiered ERP](http://searchmanufacturingerp.techtarget.com/definition/Two-tier-ERP).

http://www.webopedia.com/TERM/E/ERP.html

**ERP** is short for **e**nterprise ***r***esource ***p***lanning.

Enterprise resource planning (ERP) is [business process](http://www.webopedia.com/TERM/B/business_process.html) management [software](http://www.webopedia.com/TERM/S/software.html) that allows an organization to use a system of [integrated](http://www.webopedia.com/TERM/I/integrated.html) applications to manage the business and automate many [back office](http://www.webopedia.com/TERM/B/back_office.html) functions related to technology, services and human resources. ERP software integrates all facets of an operation, including product planning, development, manufacturing, sales and marketing.

ERP software is considered an [enterprise application](http://www.webopedia.com/TERM/E/enterprise_application.html) as it is designed to be used by larger businesses and often requires dedicated teams to customize and analyze the data and to handle upgrades and deployment. In contrast, [Small business ERP](http://www.webopedia.com/TERM/S/small_business_erp.html) applications are lightweight business management software solutions, customized for the business industry you work in.

**ERP Software Modules**

ERP software typically consists of multiple [enterprise software](http://www.webopedia.com/TERM/E/enterprise_application.html) modules that are individually purchased, based on what best meets the specific needs and technical capabilities of the organization. Each ERP module is focused on one area of business processes, such as product development or marketing. A business can use ERP software to manage back-office activities and tasks including the following:

Distribution process management, supply chain management, services knowledge base, configure, prices, improve accuracy of financial data, facilitate better project planning, automate employee life-cycle, standardize critical business procedures, reduce redundant tasks, assess business needs, accounting and financial applications, lower purchasing costs, manage human resources and payroll.

Some of the most common ERP modules include those for product planning, material purchasing, inventory control, distribution, accounting, marketing, finance and HR.

As the ERP methodology has become more popular, [software applications](http://www.webopedia.com/TERM/A/application.html) have emerged to help business managers implement ERP in to other business activities and may incorporate modules for [CRM](http://www.webopedia.com/TERM/C/CRM.html) and [business intelligence](http://www.webopedia.com/TERM/B/Business_Intelligence.html), presenting it as a single [unified](http://www.webopedia.com/TERM/U/unified.html) package.

The basic goal of using an enterprise resource planning system is to provide one central repository for all information that is shared by all the various ERP facets to improve the flow of data across the organization.