

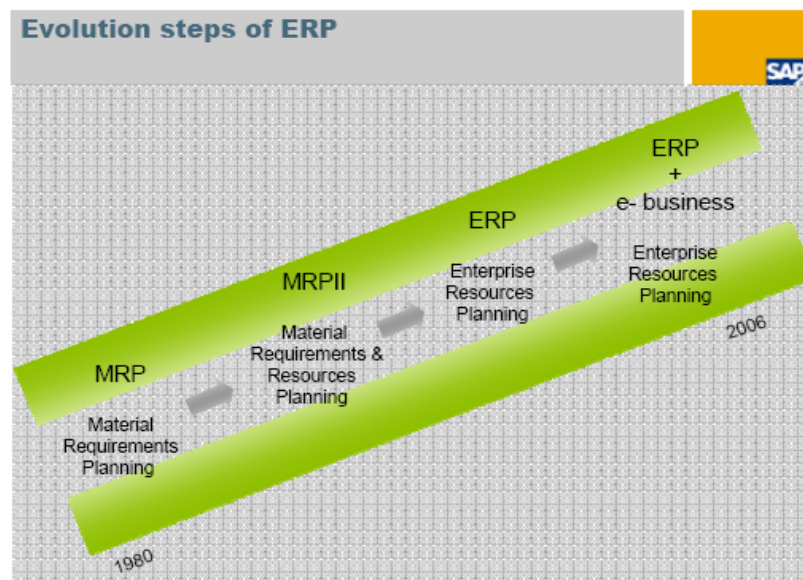
INTRODUCTION

I am going to explain Enterprise Resource Planning on a business point of view and the reasons companies use SAP ERP.

WHAT IS ERP

Enterprise Resource Planning (ERP) is the planning of how business resources (materials, employees, customers etc.) are acquired and moved from one state to another, a process by which a company (often a manufacturer) manages and integrates the important parts of its business i.e. integrating areas such as planning, purchasing, inventory, sales, marketing, finance, human resources, etc so as to function as one system despite different departments using different specialized systems (www.answers.com 2008, www.en.wikipedia.org 2008).

SAP ERP is a system designed by SAP AG (a major European Software Enterprise Company with its headquarters in Walldorf, Germany). It was originally known as MRP (Materials Requirements Planning) and later on it changed its name to MRPII (materials Requirements and Resource Planning), then ERP and finally ERP + e-business as indicated by the diagram below (www.en.wikipedia.org 2008, Kai Nylén Presentations).



Since SAP AG targets business software requirements of midsize and large organizations in all industries and sectors it has four specialized individual solutions that support key functional area such as Financials, Human Capital Management, Operations and Corporate Services working along SAP ERP (www.en.wikipedia.org 2008, Kai Nylén Presentations).

ADVANTAGES OF SAP ERP

The SAP ERP Financials solution is a comprehensive financial management solution engineered for the most complex, multinational companies across a broad range of industries. As the leading enterprise software solution, SAP ERP Financials enables companies to thrive in a business environment characterized by intensified competition, uncertain market conditions, and increased regulatory oversight as it combines core accounting and reporting capabilities with financial supply chain, treasury, compliance, and performance management applications.

These applications help organizations to streamline financial business processes, reduce operating costs, manage risk, ensure compliance and provide robust and timely business insight and also supports global financial reporting standards, multiple currencies, and languages with over 45 country specific versions and supporting a broad range of industry specific processes (www.sap.com).

SAP ERP HCM (Human Capital Management) solution is a complete and integrated human capital management solution that delivers unmatched global capability as it gives organizations in all industries worldwide the tools needed to manage their most important asset: people. The solution equips executives, HR professionals, and line managers to hire the best talent, as well as train and cultivate the skills of their workforce. Using one unified software suite for all talent management processes, organizations can readily understand where their workforce's talents lie so as to align the goals of employees with an organization's overarching business strategy (www.sap.com).

To best serve customers, organizations are focusing more on the ability and speed of delivering products and services. The efficiency of the entire operational process chain impacts an organization's ability to serve its customers well. Operational excellence is the ability of an organization to achieve a high level of customer service, while reducing operating costs an organization can then run its business at the speed of change with more suppleness, from its suppliers to its customers, no matter what changes occur in the market and in demand as with SAP ERP Operations organizations can Automate and streamline operational processes with greater adaptability, Increase productivity in your operations with a role-based solution and centralized information, extend collaboration to all value chain partners and Improve operations performance with strategic business insight (www.sap.com).

With the SAP ERP Corporate Services solution, organizations can manage real estate; enterprise assets, project portfolios, corporate travel, environment, health and safety compliance, quality and global trade services more effectively as it supports the administration of commercial and residential real estate, enabling automation and process control to help you avoid vacancies and reduce the costs associated with real estate development, rentals and property management.

Under enterprise asset management it supports preventive and predictive maintenance, maintenance cost budgeting, maintenance execution and work clearance management. Areas such as Project and portfolio management SAP ERP provides a flexible and comprehensive solution for managing a portfolio of projects such as strategic portfolio management to project planning, execution and accounting.

For Travel management it helps to reduce costs, streamline travel administration processes, monitor compliance with travel policies and manage changes in compensation and pricing models from suppliers, global distribution systems and travel agencies. Finally under Quality Management it enables a unified approach to total quality management, delivering efficiencies that result from fewer product returns and improved asset utilization (www.sap.com).

CONCLUSION

From the information above you will notice that many organizations that uses SAP have experienced greater benefits such as integration of information from different branches and also be able to view information created on different applications.

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