RheinBrücke

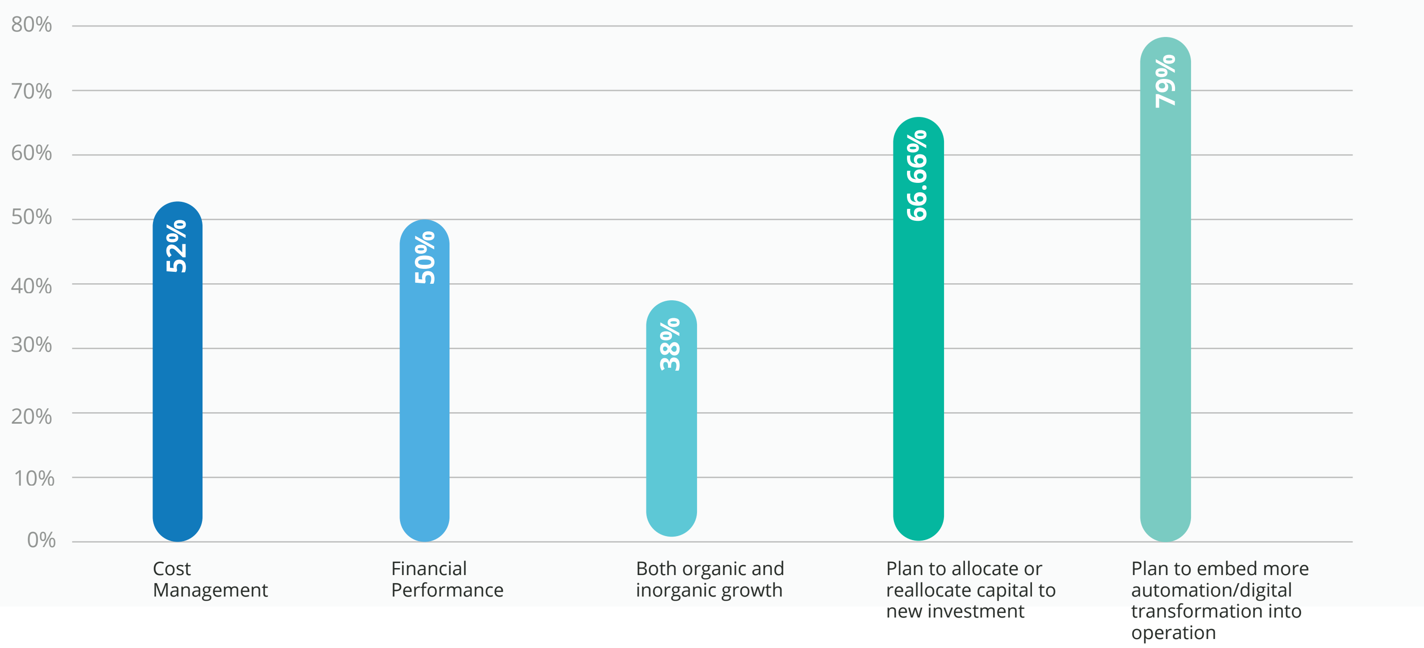
3 Reasons
why ERP Software is must for Financial Management

Effective financial management is crucial for any business. Monitoring the finances of your company enables major stakeholders to accurately assess how policies could affect revenues, cash flows, and the financial stability of your business to make informed business decisions. However, majority of businesses unfortunately rely on their workforce to manage their financial data manually. This gives rise to frequent errors, incorrect findings, and reduced efficiency of operations.

An integrated ERP financial management solution can automate various workflows that otherwise have to navigate several siloed systems. It eliminates many of the manual inputs and human-centric processes that are typical for spreadsheets and stand-alone finance and accounting applications. An ERP system can handle all aspects of accounting, profit tracking and financial reporting, making ERP implementation a popular starting point for SMBs in their digital transformation journey. According to a recent study by Gartner, by 2024, 60% of organizations will select integrated financial management capabilities as their preferred approach to process automation. Similarly, according to a Deloitte survey, majority of the CFOs reported their companies want to incorporate more automation/digital transformation into operations:

Source: Deloitte

CFO's Top Priorities for 2023



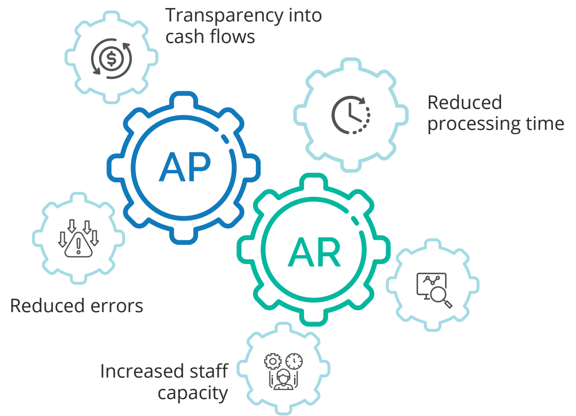
ERP solutions help companies to streamline the accounting process through data integration, providing a clear 360-degree view of the business to enable cost management and financial performance monitoring for quicker decision-making. The following are the top three reasons why ERP software is essential for financial management:

01 Simplified Accounts Payable (AP), Accounts Receivable (AR) & General Ledger (GL)

Accounts Payable (AP) management refers to the amount business owes to its distributors/suppliers for the purchase of products or services and involves a variety of time-consuming processes, including the creation and approval of purchase orders (PO), ordering from vendors, receiving goods and bills, and payments following the approval of invoices.

On the other hand, the **Accounts Receivable (AR)** process is associated with collecting the amount that consumers or customers owe to the business. Managing these manually involves a lot of paperwork and time consuming and mundane processes which are error prone. According to reports by highradius and Ardent Partners Metrics, some of the biggest challenges faced by organizations in managing AR and AP processes include scaling for growth (44%), slow manual process (42%), invoice/payment approvals taking too long (57%), and high percentage of exceptions

When both these processes are integrated with an ERP, it can readily automate and manage laborious activities such as periodic invoicing, updating financial statements, monitoring agreements, discounts, tax calculations, etc. Some of the major benefits of AP/AR automation using an ERP are improved working capital management, improved transparency into cash flows, reduced errors, reduced processing time, increased staff capacity and the data analytics capability.



The **General Ledger (GL)** is the basic accounting document that keeps track of all financial activities for the company, such as the chart of accounts, income statement, balance sheet, fixed assets, inventory etc. However, generating a thorough financial report (GL) necessitates financial information from each department of a business. An ERP flawlessly integrates the accounts department with company's different business units enabling a continuous flow of financial data across the business. This allows for more precise information and simpler and more accurate ledgers.

02 Seamless Financial Reporting

According to the **Future of Planning, Budgeting, Forecasting and Reporting Global Survey report**, 34% of organizations have made substantial changes in their financial reporting in the recent years. Which means most organisations still rely on standalone accounting systems that produce simple financial reporting, including income statements and balance sheets.

However, once an ERP is integrated, organizations get access to a wide range of automated reports with customized dashboards that help them gain deep real-time insights into the data and operational health of the business. For instance, companies can do budget forecasting based on accounts receivable overlaid with client order channels or calculate estimates based on inventories.

03 Improved Security, Risk & Compliance Management

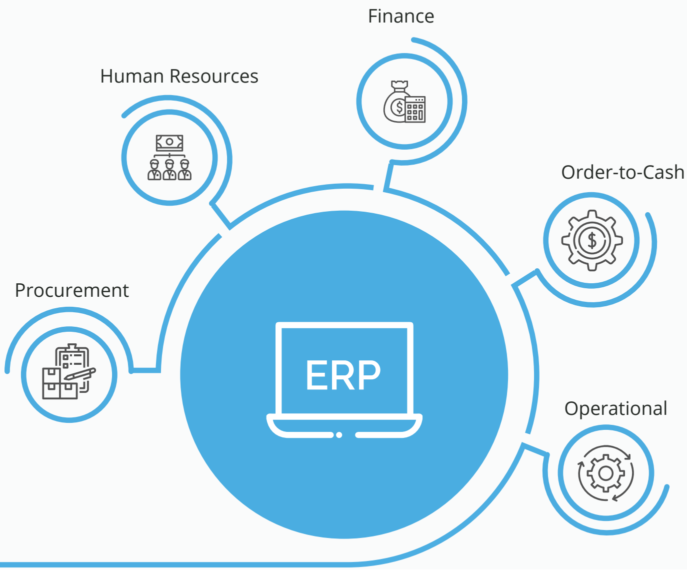
In the 2023 Outlook CFO survey, more than 50% respondents stated that increasing risk exposures such as regulatory compliance, cybersecurity and data privacy is a significant challenge. Another advantage of the ERP financial module is compliance maintenance. By integrating an ERP for financial management, accounting professionals may rapidly identify potential financial issues and potential risks, exceptions and problems when resolving account balances and matching transactions.

Generally Accepted Accounting Principles (GAAP) and Generally Accepted Auditing Standards (GAAS) compliance is supported by most ERP finance modules. ERPs enable businesses to improve their data security as well as organization-wide visibility, think making them better placed to handle risks.

Conclusion

Organizations in the growth path need to ensure that their IT investments can support their growth by incorporating solutions that can automate and streamline their finance and other business processes as well.

A recent Gartner study revealed that by 2026, 40% of businesses will have combined their operational, order-to-cash, finance, human resources, and procurement solutions into a single ERP package.
In conclusion, an ERP for financial management provides a comprehensive view of the company's financial situation, allowing the company to make decisions based on the insights provided by the finance module.



RheinBrücke IT Consulting EMEA FZE
PO Box: 342060,
234 & 235, Technohub-2,Dubai Silicon Oasis,
Dubai, UAE

RheinBrücke Middle East Infrastructure LLC
Tanvi Business Center
Airport Road, Deira, Port Saeed
Dubai, UAE

marketing@rheincs.com
+971 4 3330366
www.rheincs.com