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Q.5 Advantages & Disadvantages of ERP:

The advantages of the ERP are -

- 1) Helps in optimizing business processes
- 2) Accurate and timely access to reliable information
- 3) The ability to share information between all components of the organization.
- 4) Elimination of unnecessary operations and data
- 5) Reduction of time and costs in litigation
- 6) No duplicate records or playback operations. So, redundancy is avoided.
- 7) The performance of all work units is increased because of better use time.
- 8) Reduced costs for the company in the long run.
- 9) Response time is reduced, so better customer service.
- 10) Company with ERP system is more competitive in the environment in which it operates.
- 11) Better reporting tools with real-time information which enhances business reporting.

- 12) Increased control of invoicing and payment processing
- 13) Improves timeliness of information.
- 14) Improved internal communication
- 15) Greater accuracy of information

Disadvantages of the ERP are -

- 1) Costs of ERP softwares are high. These costs include third party software add-ins, implementation costs, maintenance, initial and continuous training costs.
- 2) Complex Data Conversion - Developing a solid data conversion strategy can be difficult and bad data conversion may cause delays and increased costs.
- 3) Requires thorough training. ERP training sessions need to be in line with business processes.
- 4) The success of the ERP depends on the skills and experience of the workforce including education and how to make the system work properly.

- 5) ERP systems can be difficult to use.
- 6) ERP system does not guarantee the total success of the company.
- 7) The effectiveness of the ERP system may decrease if there is resistance to share information between business units or departments.
- 8) Change of staff and administrators further increases the costs of training.
- 9) The implementation and maintenance of ERP solutions involve larger expenditures.
- 10) Successful implementation of ERP software requires thorough and precise adjustment, from extensive customization to fine-tuning.