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**Why Do Companies Adopt ERP ?**

1. **Business can be managed with one system**

When businesses manage several functions separately, many issues can arise like data errors, duplication of functions or records, lack of visibility into the business as a whole or lack of communication between different areas of the business.

An ERP solution integrates all of these disparate business functions into a single system and allows them to communicate with each other. E.g. When the sales team confirms an order, the ERP system will automatically generate a transaction for the finance department, produce a work order for the production floor, update the inventory, and notify the purchasing department to replenish the appropriate stock.

If a company has one system of record to manage its information and processes, then all the functional areas can base their decisions and actions on the same set of data. This means all departments run the business using the same information, resulting in a single version of the truth.

1. **ERP Systems Streamline Business Processes**

One of the benefits of using the ERP system is that, through automation and integration, the system increases the organization’s productivity while reducing time and labor costs. An ERP system helps meet the demands of the business partners and external stakeholders, and it can keep the employees happy and productive by freeing them from mundane, repetitive tasks.

1. **Better Analytics**

Since an ERP records and stores all the data users input, it makes for an excellent business intelligence tool. ERP software makes it easier and faster to generate various reports in just a matter of minutes which could take days of research and compilation without an ERP. These reports may include everything from income and expense statements to custom KPIs that offer insight into certain functions. The ability to have access to these reports instantly enables organizations to make better decisions more quickly.

1. **Meeting Customer Expectations**

The best way to improve customer satisfaction is to provide client-centered goods and services.Most ERP are equipped with a customer relationship management (CRM) tool or can be easily integrated with one. With an ERP, the CRM has access to data across business functions. Along with contact information, an integrated CRM can show details such as order history and billing information. This enables organizations to see their clients more holistically to gain a better understanding of their wants and needs. The increased customer visibility helps them formulate their sales strategy for improved lead generation.

### **Simplified Compliance and Risk Management**

### As companies grow and do business in different countries, it can be difficult to keep track of all the different regulations imposed on the business. Companies need to worry about various environmental, information security and human resources regulations.Many ERP offerings are built with these regulations in mind to help maintain compliance at every stage. Moreover, ERP software provides built-in auditing tools to assist with documenting things like chemical use and tax provisions. This makes it incredibly easy to formulate reports and send them over to the relevant governing body. Additionally, ERP often provides tools to manage risk. This solution’s enhanced reliability and accuracy improve overall financial management since there’s less chance for errors during accounting. Forecasting tools also allow users to predict events when it comes to demand, labor and budget. With this information in hand, organizations can create more secure budgets, schedules and product development plans.

1. **Improved Inventory Monitoring**

A major challenge for growing companies is tracking and monitoring their expanding inventory levels. ERP utilizes barcoding, RFID tags and serial numbers to keep tabs on inventory at every stage during the supply chain. These tools help to keep track of inventory levels at different warehouses, which items are in transportation and which items are on the shelves ready for consumers. The increased warehouse visibility optimizes the pick, pack and ship process greatly, removing all the guesswork. Inventory monitoring also bolsters reporting, as tracking technologies provide more accurate numbers. With the greater precision provided by ERP, warehouse managers can get real-time data on their inventory to make more accurate business decisions.

1. **Improved Production Planning and Resource Management**

ERP provides insight into all manufacturing operations including the shop floor. This enables users to optimize production schedules, equipment and labor to maximize capacity. ERP manages your Bill of Materials (BOM) and fixed assets. With this software, users can easily create and edit BOMs along with keeping track of all previous changes. Fixed asset management allows users to schedule equipment maintenance to reduce unexpected downtime, improving the profitability and supply chain relationships.