Four Ways Integrated CRM-ERP Solutions Improve Productivity

sage

Table of Contents

Executive Summary

While the economy is once again growing, uncertainty remains. As a result, even as organizations make investments to grow their business, they continue to look for ways to squeeze greater efficiency from their operations while minimizing costs. They recognize that technology plays a huge role in these efforts and are ramping up their IT investments.

One important area where organizations can use technology to improve productivity is by integrating the applications they use in their front-office and back-office operations. Such integration allows organizations to access accurate and comprehensive information that delivers a full customer view from all areas of the organization. It also allows organizations to automate "straight-through" end-to-end business processes, such as the quote-to-cash cycle.

This white paper describes why CRM-ERP integration is necessary and how it drives improved productivity by:

- Reducing duplication of data-entry tasks.
- Empowering employees with the right information at the right time.
- Streamlining business processes through automated workflow.
- Improving organizational task management.

Organizations Look to Technology to Improve Productivity

With the economy growing fitfully, organizations are looking to expand their top-line revenues while optimizing their operations to enhance efficiency and improve cost management. Organizations realize that technology and timely information are critical to achieving these business objectives, according to research from IBM.[1] *CIO Magazine*[2] concurs, reporting that after two years of IT spending cutbacks due to the Great Recession, organizations are once again investing in technology. These organizations are increasingly using technology to automate and bring complete information to every business process—from marketing and sales lead management to order fulfillment and collections. This automation allows organizations to standardize processes and make information visible throughout their operations.

In 2011, the most commonly cited business goals for companies investing in IT projects, according to the same CIO study,[3] are to improve staff productivity, make business processes more efficient, and promote innovation. CIO reports that 67 percent of CIOs say that improving workforce productivity will be a top business accomplishment. While enabling employees to be more productive has topped IT leaders' lists of expected accomplishments for the third year running, even more CIOs cite its importance today. In 2010, 63 percent of CIOs saw end-user productivity as a key contribution, and in 2009 that number was 49 percent.

The Need to Integrate CRM and ERP Solutions

One important area where organizations can use technology to improve productivity is by removing data silos and integrating Customer Relationship Management (CRM) with their Enterprise Resource Planning (ERP) solution. Many small-to-midsized organizations use CRM and ERP solutions to automate and improve the management of their operations. CRM is a front-office system that centralizes all information about external marketing, manages the sales pipeline, automates customer service, tracks information about customers, as well as creates dashboards and reports on this data. ERP systems automate and manage back-office business activities, such as accounting, purchasing, collections, human resources, payroll, manufacturing, distribution, and more.

Sage ERP

Benefits of CRM

With CRM, businesses are able to collect and analyze customer information and then use that data to meet—even exceed—expectations.

CRM helps businesses:

- Increase productivity.
- Empower employees with the right information at the right time.
- Streamline business processes through automated workflow.
- Bridge information gaps between departments.
- Tie ERP information with CRM so customer-facing employees have a complete view of customers.

[1] "The New Voice of the CIO: Insights from the Global Chief Information Officer Study" by IBM, October 2009.
[2] "2011 State of the CIO: IT Departments are Fueling Company Growth through Strategic Technology Investments" By Kim S. Nash, CIP, January 1, 2011.
[3] "2011 State of the CIO: IT Departments are Fueling Company Growth through Strategic Technology Investments" By Kim S. Nash, CIP, January 1, 2011.

Traditionally, it has been difficult to integrate CRM and ERP systems because of the vastly different architectures and the lack of standards for exchanging data between the systems. Older, point-to-point integration methods can be costly, complex, and risky. Even when a company does integrate these systems, future CRM or ERP upgrades can easily render the integration inoperable. As a result, many companies operate CRM and ERP as standalone systems.

- Inability to track customer interactions—because information is stored in two systems, no one single point of reference or single version of the truth exists for information about customers' interactions with the organization. This increases the likelihood of errors that can be time consuming to correct; for example, when entering a customer order, the sales representative using a standalone CRM system won't have access to customer credit information and will be unaware of any credit holds. The sales representative may, therefore, spend time taking the order only to have to cancel it once the accounting department discovers the credit hold. The end result is lower productivity for both the sales and accounting departments.

- No single point of customer information—employees who want access to complete information about the customer's interactions with the company must turn to two entirely different systems—the CRM system and the ERP system—to answer customer questions about, for example, order status or to access a customer's credit history. Employees must spend time learning two systems and then take extra time to toggle between them. The organization must also purchase licenses for two solutions for these users, rather than a single license for a system that enables users to access data from the other system. Purchasing additional licenses increases total cost of ownership. If end users don't use both systems themselves, they must telephone or email someone from a different department and ask them to look up the necessary information, which lowers productivity in that department.

- No centralized data warehouse—when different departments use different IT systems that don't share a single, centralized data warehouse to store information, information must be manually reentered into each system, resulting in wasted time and potential rekeying errors. Alternatively, organizations must set up a separate "data mart" to take data from the different systems in use and "normalize" that data so that it appears in a common format.

- No control over forecasting and sales reporting—because no one version of the truth exists, it's difficult to pull together information from across the organization to use in forecasting and to create sales reports. Employees spend nonproductive time manually looking for information in different systems and reconciling the data.

- Inability to target customers effectively—target marketing is generally recognized as a way to reach the right customers with the right offers, often for purposes of up-selling and cross-selling, in a highly efficient manner. In order to perform target marketing, organizations need information about their customers, the products they've purchased in the past, the amounts they've spent, and so on. When information is spread across different applications, organizations are either unable to perform target marketing at all or must use time-consuming manual processes to obtain the necessary information.

Integrating CRM and ERP "Out of the Box"

Solutions are now available that integrate CRM and ERP systems out of the box. These integrated solutions eliminate the need to perform complex, time-consuming and costly point-to-point integrations—and the challenges of upgrading systems integrated in this manner.

Using integrated CRM-ERP solutions, organizations gain access to comprehensive and consistent data about customers from throughout the organization using their accustomed application. This integrated information enables users to view combined financial and nonfinancial information about customers from within the CRM application, regardless of where the data is generated or stored.

These combined solutions also bring together previously disconnected business processes by automating complex, multistage processes in an end-to-end manner. In other words, these integrated systems provide "straight through" processing. They employ workflow management and can automatically trigger the appropriate downstream business process, passing data seamlessly from one application to the next without manual intervention. For example, integrated solutions can tie together the quote-to-order and order-to-cash processes into a comprehensive quote-to-cash process that eliminates the need to rekey information. The next sections describe exactly how these integrated systems and processes improve productivity throughout the organization.

How CRM–ERP Integration Improves Productivity

Integrating ERP and CRM solutions out of the box improves productivity by reducing duplication of data entry tasks, empowering employees with the right information at the right time, streamlining business processes through automated workflow, and improving organizational task management.

Reduce Duplication of Data Entry Tasks

Without an integrated system that shares data across the enterprise, significant rekeying of information is necessary into both the CRM and ERP systems for a number of business processes. For example, sales will take an order, enter it into the CRM, and also email the order to someone, who will then rekey it into a back-office system, where the order is processed and shipped.

An integrated CRM-ERP system drastically reduces the duplication of data entry tasks. For instance, with an integrated CRM-ERP system, quotes and orders can all be created in a single system along with financials for one integrated quote-to-cash function. Information is captured once at the source and then automatically propagated to all relevant fields throughout the CRM and ERP environments without the need for rekeying and revalidation as it passes from one system to the next.

Not only does reducing duplication improve productivity, it also eliminates errors, conflicting data, and administrative costs. In addition, entering data once means that the most accurate and up-to-date customer information is available to front-office and back-office employees at the same time—this improves productivity by reducing the need to redo work due to erroneous information. As an illustration, if a salesperson entered price information into an order in error because he did not have access to the latest pricing information from the ERP, he would have to redo the order—an integrated system eliminates this type of error.

Empower Employees With the Right Information at the Right Time

In the past, without a single point of customer information, employees were unable to answer all questions about a customer from one system. Take the case of a customer asking a sales rep about the status of an order; that sales rep would have to go to a different system or email someone to get the answer.

An integrated solution delivers a complete view of customers to all employees, allowing them to answer questions promptly and accurately. Account managers using a CRM have complete access to a customer's purchase history, the status of an order, and much more. Sales reps can book orders correctly the first time, every time because they have access to the account, customer-specific pricing, and stock information they need to do their jobs effectively. Marketers have complete customer information to create highly targeted marketing campaigns and driving cross-selling or up-selling opportunities. Managers and executives also have the ability to easily report on information about prospects for use in forecasting or to perform sales and other business reporting.

In addition, because users can access back-office information from the front-office application, they don't need to learn a second application so less time is spent training employees.

Streamline Business Processes Through Automated Workflow

Workflow management capabilities of today's ERP and CRM applications allow organizations to automate business steps and processes that were previously manual, significantly improving employee productivity. Powerful workflow tools in the CRM enable organizations to automate and embed best practices for sales, service, and marketing, while workflow tools in the ERP do the same for back-office functions. Organizations can design and modify their business processes, define business rules, and automate their execution. Exception monitoring with triggers and alarms allows employees to focus on the most urgent events, rather than performing all tasks manually.

The automation in CRM and ERP systems individually, however, does not fully address end-to-end business processes, such as the quote-to-cash business cycle. If a member of the sales team, for example, generates a quote based on out-of-date pricing information or stock availability and subsequently converts this quote into a customer order, this error will likely only be identified later at the order approval or shipping stage. The order will need to be passed back to the salesperson for correction and then reprocessed by the finance department. These unnecessary steps delay order completion for the customer, increase administrative cost for the company, and duplicate workload unnecessarily for sales and finance staff.

By developing automated workflows that span both CRM and ERP applications, organizations can expand on the individual capabilities of their ERP and CRM systems to enable straight-through processing. A user can then initiate a transaction, automatically triggering all related business processes as appropriate and passing the transaction seamlessly from one application to the next without the need for extensive manual intervention.

Allowing your staff to use proven, repeatable processes improves productivity by eliminating time-intensive manual activities. Straight-through processing further improves productivity by reducing or removing the need to rekey information from one system to the next, as orders generated within the CRM system are passed automatically through to the ERP system for processing and fulfillment.

Improve Organizational Task Management

An organization's calendar capabilities are typically provided by the CRM system. By integrating those functions across the organization and with the ERP system, the entire organization can share calendar information to quickly and easily schedule group meetings or to give the company an overview of individuals' tasks. This integrated task management functionality allows organizations and individuals to automate follow-up tasks, review where they are in completing tasks, and prioritize tasks in order to improve accountability and perform tasks more productively. If one group delegates a task to another, this group calendar makes it easy to make sure that person completes the task as promised.

Take the collections management process as an example. Using calendar and task management capabilities, an employee in the collections department places a note on a customer record or has a communication with a customer about a past-due invoice. That person then creates a task for the appropriate account manager to make a call and start the collections process. As part of this task, a workflow could then kick off an additional task once the account manager has followed up that sends the accounting team a message with an update.

Summary

As organizations look to improve the efficiency of their operations, they are turning to technology for a solution. One critical technology solution is to integrate CRM and ERP solutions to facilitate the sharing of accurate and timely customer data throughout the organization and to automate end-to-end business processes. When this integration occurs "out of the box," organizations eliminate the need for complex, costly integrations and simplify future upgrades. Using CRM-ERP solutions that are integrated "out of the box" dramatically improves productivity by reducing duplication of data entry tasks, empowering employees with the right information at the right time, streamlining business processes through automated workflow, and improving organizational task management.
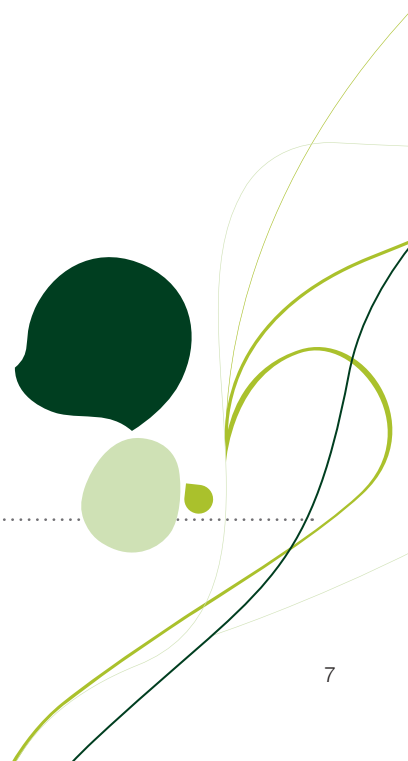
About Sage

Sage North America is part of The Sage Group plc, a leading global supplier of business management software and services. At Sage, we live and breathe business every day. We are passionate about helping our customers achieve their ambitions. Our range of business software and services is continually evolving as we innovate to answer our customers' needs. Our solutions support accounting, operations, customer relationship management, human resources, time tracking, merchant services, and the specialized needs of the construction, distribution, manufacturing, nonprofit, and real estate industries. The Sage Group plc, formed in 1981, was floated on the London Stock Exchange in 1989 and now employs 12,600 people and supports more than 6 million customers worldwide. For more information, please visit the website at www.NA.Sage.com or call 866-996-7243. Follow Sage North America on Facebook at: http://www.facebook.com/SageNorthAmerica and Twitter at: http://twitter.com/#!/sagenamerica.