ERP vs. CRM

The differences between CRM and ERP.

About

By 2022, the Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) software markets are expected to earn $47 billion and $37 billion in revenue, respectively. These are the 2 largest software markets in the world for a reason — they are mission-critical software system for running a business.

In this article, we'll breakdown the differences between CRM and ERP, whether or not they should be integrated, and in what order.

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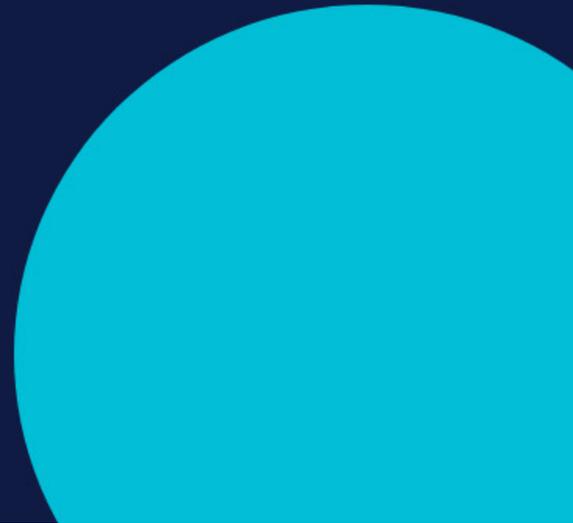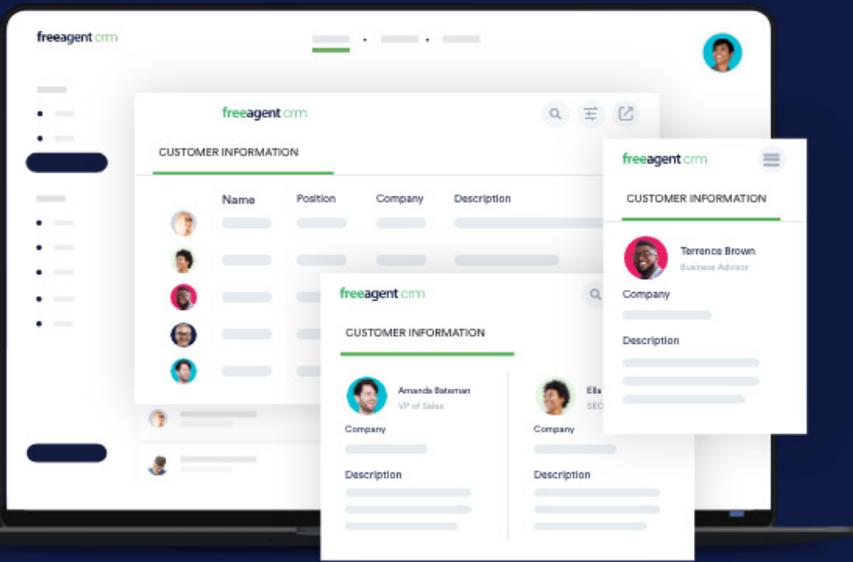
What's the difference between ERP and CRM?

The ERP system streamlines the business functions of your back office's organization, such as payroll, HR, and supply chain management, to reduce costs. CRM systems focus on streamlining customer-facing, front office functions of a business, such as Sales, Marketing, and Customer Support, to grow revenues and ensure customers have a positive experience.

FRONT OFFICE (CRM)	BACK OFFICE (ERP)
• Lead Management • Opportunity Management • Account Management • Task Management	• Accounting & Financial Management • HR & Payroll Management • Supply Chain Management • Inventory Management

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Do I need 2 separate software systems?

Yes. At the surface, it seems very logical to combine the Accounting and CRM systems. Why not have everything in one place? Traditionally, however, ERP and CRM have remained separate solutions, largely due to the complex architecture inherent in any financial system. They also serve very different purposes.

ERPs are designed for brutally operational tasks. For example, ERPs must produce your financial statements with 0% error or CFO's get fired. Out-of-date inventories put orders in jeopardy. Your employees must be paid on-time.

So, by nature, ERP systems are rigid and inflexible which can suffocate your customer-facing teams. CRMs are under far more pressure to provide a superior end-user experience. Without this, user adoption drops so reports are stale/inaccurate and productivity falters.

Be cautious about top ERP vendors that claim to have CRM. They'll use this as a tactic to capture your ERP business by "throwing in" a CRM module for cheap (or free).

Okay, but they need to be integrated…right?

The historically high cost of integration has been driven down sharply with cloud computing, making it way easier to integrate CRM and ERP to streamline your business.

The inflection point between the 2 systems revolve around data integrity and visibility. By allowing salespeople in the front office to send orders directly to the fulfillment office, or facilitating your finance department to see the revenue coming into your pipeline in real-time, you can remove friction in your business and create a better end-to-end experience for your customer.

CRM They complemented each other ERP

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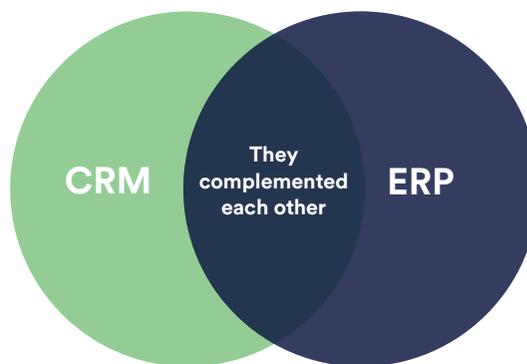
Here are some common integration use cases:

Accurate Quotes

Never worry about your reps quoting a price or quantity your business or warehouse can't support. By integrating your CRM and ERP, reps can communicate with and have visibility into your company's inventory and costs.

Reduced duplication and increase knowledge sharing

Have trouble with your sales team duplicating reports finance has already created? Kiss redundant information goodbye and welcome a little more time and a lot more collaboration into your employees workflows.

Better forecasting

Speaking of sales, make sure your sales reps can access vital financial information stored in your ERP while they're forecasting. Integrating your ERP and CRM can lead to more accurate planning.

Should ERP and CRM be implemented at the same time or separately?

It's a common misconception that the ERP must be in place prior to CRM. This, by itself, is counter-intuitive as CRM is the front-end of any customer journey – its where the customer record is created. What good is an ERP if we're not selling?

Think carefully before re-implementing or adopting a new ERP prior to investing in CRM.
The truth is that, while integration can be very helpful, the 2 systems are not always mutually exclusive.
At least in the short term.

- We advise all of our clients to CRM first or, if absolutely necessary, run the implementations in parallel. Why?

- A large majority of the value a CRM delivers does not require an ERP integration

- Decisions made in your CRM implementation will drive a more efficient ERP setup

- ERP implementations can drag on for months or even years

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What ERP system would you recommend for my business?

Below you'll find our perspective on the top 5 ERP vendors in the marketplace. The first three are generally designed for more sizable businesses (400+ employees) with complex processes like large inventories or multi-national operations.

1. NetSuite

Price: Available upon request

About: NetSuite boasts the impressive ability to reduce manual and spreadsheet-based processes by up to 70%. Financials, fulfillment, inventory, and sales are a few of the business areas you can manage efficiently using this system. Real-time scorecards make tracking daily cash flow easy. And anytime access means you can monitor your business from anywhere, 24-hours a day.

2. SAP BusinessByDesign

Price: Base package, $1,673/month; Self-service user, $17/user/month; Team user, $88/user/month; Enterprise user, $148/user/month

About: Financial and managerial accounting, cash flow management, CRM, human resources, and project management are just a few of the business areas SAP promises to streamline. Geared toward mid-market businesses with skyrocketing growth, SAP is a premium solution for scaling your business "without the complexity."

3. Microsoft Dynamics 365

Price: Unified Operations Plan, $190/user/month; Dynamics 365 Plan, $210/user/month

About: Microsoft's ERP allows you to optimize any type of manufacturing and the parameters for each product. It also allows you to streamline scheduling, accelerate product delivery, and even improve product quality using real-time insights and predictive intelligence.

4. QuickBooks Online

Price: Small Business Plus Plan, $35/user/month base price

About: QuickBooks online is the most popular and cost-effective ERP for small businesses. It's easy to setup and use for product-based businesses but as your business expands you may grow out of the platform.

5. Odoo ERP Self Hosted

Price: $20/user/month base price; Additional app pricing varies

About: Odoo is an open-source ERP, which means the code is available to anyone, allowing developers anywhere to modify or improve it. Odoo has had thousands of developers work on its apps. It's user-friendly and allows customers to build e commerce websites, manage projects and timesheets, run inventory, and more.

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Thank You!

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