

# WHAT IS THE DIFFERENCE BETWEEN AN ERP AND A CRM?

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# WHAT IS THE DIFFERENCE BETWEEN AN ERP AND A CRM?



The advent of the digital revolution has empowered businesses with innovative technology solutions to effectively manage end-to-end business procedures. Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) are two inevitable tools found on the software shelves of every business. At the outset, ERP and CRM solutions seem to overlap each other. However, there is a stark difference between these tools.

# AN OVERVIEW OF ERP BUSINESS SOLUTIONS

Enterprise Resource Planning (ERP) is a software framework that offers end to end resource management solutions for businesses of all sizes. Right from product inventory and accounting to project management, compliance and supply chain management, an ERP solution efficiently integrates and automates day-to-day business activities for simplified, performing and cost-effective business management. The latest ERP solutions come with analytics, intelligence and visibility solutions too. ERP was first designed for the manufacturing industry which is now extended to all sectors.



# HOW DOES AN ERP SOLUTION HELP BUSINESSES?

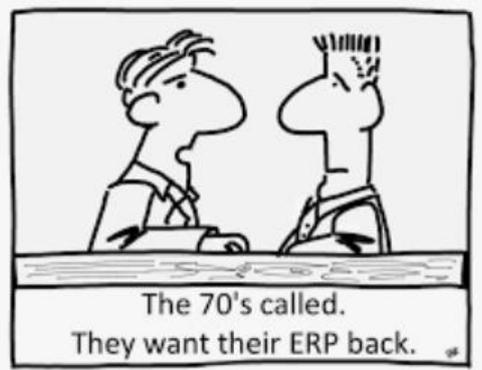
ERP is a comprehensive software system that deals with multiple tasks within an organisation. Firstly, it consolidates resource management tasks. Right from order bookings and inventory to distribution and accounting, the tool integrates everything into a single entity. It means business processes become efficient while processing errors are reduced.



Secondly, it consolidates all financial processes across the organisation which means all employees can seamlessly access the information at all times. Thirdly, it standardises and automates manufacturing and procurement tasks. Fourthly, it consolidates HR information to give clear insights into employee performance and skills which means the right people can be assigned with the right tasks. Fifthly, it provides customer relation management services wherein businesses can monitor and manage customer interactions in a better way. By matching customer details with orders, businesses can manage a 360° customer view. Sixthly, ERP solutions integrate business processes and make it easy to comply with government regulations.

Simply put, it integrates processes across the enterprise with common data enabling real-time operations and consistent branding and experience.

## THE EVOLUTION OF ERP



ERP solutions have a market age of 40 years. Initially, they were called Materials Requirements Planning (MRP) and Manufacturing Resource Planning (MRP 2) and were mainly used by the manufacturing industry. Later, these solutions were extended to other segments such as HR and Finance. In the 90s, Gartner termed these solutions as Enterprise Resource Planning (ERP). Y2K and the advent of the EURO were two driving factors of the rapid growth of ERP solutions in the 90s and 2000s. Today, ERP has become a necessity for businesses of all natures and sizes.

## HOW BUSINESSES CAN LEVERAGE ERP SOLUTIONS?

From being an option, ERP systems have become a necessity for every business. Here are some of the amazing benefits offered by an ERP solution to businesses of all sizes.

### 1. Automated Orchestration of Business Processes

ERP solutions seamlessly integrate business processes wherein businesses can monitor and manage data

from a single dashboard. As data is centrally visible to all functions, business can automate and orchestrate operations while monitoring them in real-time. By tracking inventory movement, you can make informed decisions.

### 2. Optimised Costs

By rightly automating and orchestrating processes, businesses can optimise operational costs. It reduces waste and increases inventory efficiency. In addition, a comprehensive ERP solution eliminates the need to operate multiple applications across multiple departments. As such, consolidation of financial processes is achieved.

### 3. Better Supply Chain Management

Most ERP solutions offer end-to-end supply chain management services. As such, you get clear insights into supply chain processes to take quick decisions in real-time. Product scheduling becomes better. Especially in highly regulated industries, detection and allocation of product inventory is critical. With a powerful ERP, you have better control of change management as you can track product movement, identify defect items and quickly recall defective products and re-evaluate operations.

### 4. Proactively respond to market conditions

With proper analytics and tracking services, you can analyse market trends in real-time and be the first to respond to changing market requirements. With realistic forecasts, you can gain faster time to market while making informed decisions.

The current ERP solutions offer scalable, agile and compliant business solutions. As such, the ERP system scales up to meet your growing business too.

# THE STATE OF THE ERP MARKET



The 40-year-old ERP market is still delivering results and is rapidly innovating. According to [KBV Research](#), the global ERP market is expected to touch £56.45 billion, growing at a Compound Annual Growth Rate (CAGR) of 10.5% between 2019 and 2025.

Manufacturing, retail and healthcare are the leading segments for ERP usage. [Statista](#) reports that the global value of ERP was £73.17 billion in 2018. This value is projected to touch £77.68 by 2023.

SAP is the leader in the ERP segment with a market revenue of £6.19 billion that is followed by Oracle and Workday with £3.13 million and £1.87 million respectively, according to [Gartner](#) 2018 report.



# AN OVERVIEW OF CRM SOLUTIONS

A Customer Relationship Management (CRM) software is a tool that enables businesses to effectively build and manage relationships with customers in a way that delivers better customer satisfaction and improved retention and conversion rates.

CRM tools offer a single dashboard that gives you a 360° view of every customer, right from the time they contacted your business, purchased products and services to the entire customer life cycle. You can quickly pick up what they like and dislike, what they share and talk about your products etc. Sales, marketing and customer service are the three important segments of a business that greatly benefit from a CRM system. Simply put, it turns your product-oriented model into a customer-centric approach.



## THE EVOLUTION OF CRM SYSTEMS

CRM solutions have a history of more than 70 years. In 1950s, businesses used paper, notebooks and files to store and organise customer data. Later Rolodex

introduced a rotating file device that enabled businesses to store customer contact information.



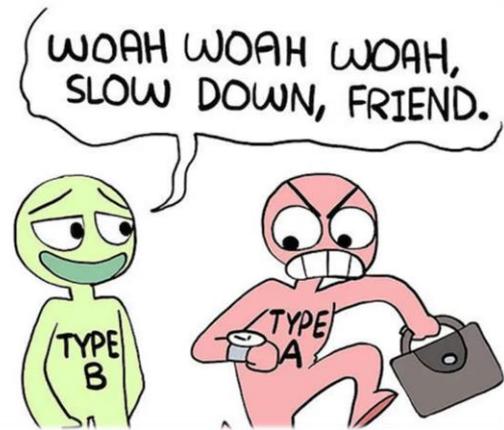
Owing to the digital revolution, CRM systems moved into the digital space. In the 1980's, databases were used to store customer data. Statistics were used to analyse and present data. The 90s saw large scale sales automation tools enter the market. Siebel Systems introduced the first CRM tool in 1993. Siebel also introduced the first mobile CRM tool in 1999 which is now owned by Oracle. The first cloud-based CRM was released by Salesforce in 1999. Microsoft introduced MS Dynamics in 2003. The first open-source CRM was released in 2004 by SugarCRM. Today, cloud-based CRM have taken over the CRM market.

## THE NEED FOR CRM



In the business world, Customer is the King. The real wealth of any business is its customer base. Loyalty and trust are the two things that attach a customer to a business. It is easy to manually keep track of business interactions of a handful of customers. As customers grow, it is not feasible to manually track

them. Not all customers are equal. Each customer comes with a different personality. Identifying



customer personality and delivering a personalised experience is the key to success of any business.

Initially, businesses used a spreadsheet or an email list to store customer details. As customers grew, managing this data became cumbersome. Moreover, data resided in multiple places. The email accounts stored customer list, the accounts program stored the revenues generated and the spreadsheet stored customer details. All this data had to be properly integrated. Tracking marketing engagements was a big challenge historically.

Consider another instance wherein a marketing representative is at the customers' offices detailing a product. This information has to be passed to the sales department to get the right quote and then provide the details to the customer. When you use a CRM, the customer data is stored in a central database that is accessible to the marketing representative in real time. They can dynamically analyse customer purchasing trends, price ranges, interests and pitch the right strategy.



Moreover, the quote offered to the customer is instantly updated in the central dashboard. As such, the entire business team will be aligned when dealing with that customer. As such, the customer receives a consistent response from everyone in the team, which builds a greater level of trust and loyalty.

CRM solutions enable marketing teams to perfectly sync with the sales team while delivering clear insights into customer profiles. Similarly, sales team are at an advantage of better understanding prospect and customer behaviour and thereby effectively manage their sales pipelines. In addition, CRM analytics and research tools allow them to proactively monitor industry trends and make changes to sales strategies accordingly. Not only does it improve their work efficiencies, it also automates daily activities to improve performance too. Similarly, customer service teams work on the same lines as they have access to customer interactions, behaviour patterns and intelligently engage with customers to improve retention rates and increase customer satisfaction.



CRM is useful for B2B companies that can derive insights from long sales cycles as well as B2C companies that sell products.

## HOW DOES CRM SYSTEMS HELP BUSINESSES?

Here are some of the key benefits offered by CRM systems to businesses:

### 1. Automation of processes

A CRM tool automates repetitive tasks such as filling forms, sending email and mobile messages, capturing prospects details etc. As such, data entry is minimised which means employees can focus on offering a better customer experience to users.

### 2. Consistent customer experience across all channels

A CRM tool creates customer profiles across the entire sales journey right from being a prospect to a loyal customer and stores these profiles in a central dashboard. As such, the customer profile is accessible to everyone in the company. The result is that customers get a consistent experience across all channels. When you offer a personalised quote offline or online, the same data is referenced. So, marketing can quickly identify customer needs immediately and pitch a sale at the optimal price.

### 3. Increased revenues

With a 360° view of customer profiles, businesses can proactively upsell and cross sell to each customer. With



consistent and greater customer experience, trust and loyalty increases which retains existing customers while bringing newer ones. This in turn, increases business revenues.

## 4. Seamless co-ordination between teams

With a centralised dashboard to monitor and manage customer related tasks, CRMs enable sales, marketing and customer service teams to seamlessly co-ordinate and work in tandem. With perfect collaboration between different teams, businesses processes run smoothly and productively while customers get a better user experience.

## THE STATE OF THE CRM MARKET



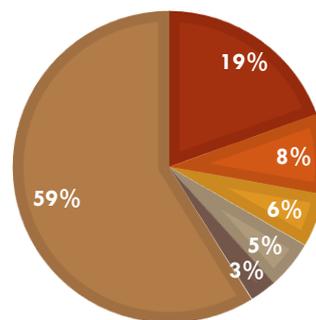
The CRM global market is rising at a steady pace. It holds the largest market in the enterprise application segment.

[Gartner](#) reports that the global CRM market earned a revenue of £38.6 billion in 2018. With a market share of 19.5% and revenues of £7,543.56 million, Salesforce holds the largest CRM market share. It is followed by SAP and Oracle with market shares of 8.3% and 5.5% and revenues of £3,212.81 million and £2161.25 million respectively.



## GLOBAL REVENUE IN 2018 (IN MILLIONS)

■ Salesforce ■ SAP ■ Oracle ■ Adobe ■ Microsoft ■ Others



Data Source: [Gartner](#)

When it comes to the UK market, the CRM solutions are valued at £903 million with 127 operating businesses, as reported by [IBIS World](#). Microsoft, Salesforce, SAP and Oracle are the leading providers of CRM solutions in the UK.

## CHOOSING THE RIGHT CRM TOOL

While CRM solutions offer amazing benefits to businesses, the key to leveraging these benefits lies in choosing the right CRM tool for your company. Some of the CRM tools offer central databases that are empty. You just have to fill them with details and customise your solutions. Some other ones come with complicated features that require time and effort to learn and customise the tool. Either way, it can be cumbersome and may not offer high ROI. So, choose a CRM that is comprehensive, easy to use, automates features, delivers clear business insights and is flexible to meet changing business needs.

## CHOOSING BETWEEN CRM & ERP TOOLS

The primary goal of both CRM and ERP systems is to streamline and automate business processes to



improve efficiency and increase revenues. As such, they overlap each other in multiple segments such as marketing automation and sales force automation.

However, they differ in their core features, functionality and architecture. CRM systems are customer-oriented models that increase revenue by increasing sales. ERP systems follow a business-oriented approach and offer a wider feature range. They increase the revenues by streamlining the workflow and optimising resources.

Choosing between an ERP and a CRM is a tricky task. ERP systems normally come with CRM solutions as well. So, businesses can easily manage CRM tasks with a regular ERP solution. However, businesses that rely heavily on customer experience and service level require a standalone CRM system. Companies that focus on growth require increased sales. However, without an ERP solution, the earned profits might end up in operational expenses. As such, an ERP system is needed to optimise costs. The best choice is to choose a solution that combines both ERP and CRM solutions. A notable example is Microsoft Dynamics 365.

## The Bottom Line

Choosing the best CRM and an ERP tool is a tricky task. Hiring the right talent to work on ERP and CRM solutions is equally tricky. Employees who clearly

understand the difference between these two solutions can leverage each solution to the core. This is where Brightred's team of expert consultants can help.

Whether you need a CRM or an ERP solution, Brightred is here to help. With many years' experience in offering the right talent to the right task, Brightred takes pride in offering highly qualified personnel to work on your CRM and ERP systems.

Contact us right now to optimise your business resources while increasing your sales!

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