Integrating Business Management Applications to Improve Business Performance

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Most organizations use multiple business management applications to run their business. If you are a manufacturer you use applications to manage inventory, engineering, production, distribution and accounting. As your company has grown over time, you have added the applications that get the job done but don't necessarily talk to each other.

While an integrated ERP system may manage most of your activity, rarely will it handle the industry specific operations. The integration of multiple systems creates challenges for organizations. This section reviews the most common integration challenges that cause organizations to reassess and replace their financial management systems.

Legacy systems that need to talk to each other

Functional applications, such as accounting, human resources, etc., are installed on different platforms that must be purchased, maintained, and serviced. Organizations will either purchase software from an external vendor or the internal information technology staff will develop it. These systems are typically not open and not able to integrate with each other. The result is inefficiencies and redundancies in the processing and storage of data.

Solution: Financial management software developed in current technology provides the opportunity for applications to run on the same platform. These systems are also more open and therefore can be easily integrated to each other. This integration supports the reduction or elimination of the process and system redundancies. The software industry is becoming

more standardized in terms of technology and the platform its applications run on. In addition, vendors are providing the opportunity for their applications to run across multiple platforms so users can leverage, where possible, on existing technology investments.

Rekeying data into multiple systems

Users are required to enter data manually into multiple systems. The redundancy can be costly, time-consuming, and inefficient to all departments throughout the organization.

Solution: Financial management solutions now offer a broader footprint of modules that are tightly integrated. The software vendors understand the importance and perceived value by users of tightly integrated modules or applications. In addition, vendors offer toolsets that empower the users to enhance the integration between their primary financial modules and their more specialized applications required by the organization.

User create their own because the system does not address their needs

Users are maintaining individual systems that create islands of redundant data. Due to the limited module offering or ability to integrate applications, users routinely create their own databases of information outside of the primary financial management system. This allows them to analyze the data and create the required reports of this information. The most common tools used by organizations to create these sidebar systems are spreadsheets and non-relational databases. The result is redundancy of data, duplicate data entry, a requirement to reconcile the data, as well as the increased possibility of incorrect or disparate information used to manage the organization.

Solution: Financial management vendors offer more complete solutions that minimize or eliminate the requirement for data to be stored outside of the primary systems. Vendors also offer a tighter integration with these desktop productivity tools so users can continue to utilize the tools where it makes sense. Data from the financial software suite can be easily exported into the tools, massaged and formatted to meet specific

requirements, and then imported back into the financial solution.

Line of business requirements

Following a best of breed strategy for the procurement of software increases and adds complexity to the integration required to connect the applications. Organizations have traditionally taken a best-of-breed approach when purchasing software. They selected a different application or vendor for each functional area. This best-of-breed philosophy has led to applications that are not or cannot be integrated without a significant investment of resources to the creation, maintenance, and support of the integrations.

Solution: There are various opinions on what offers a better solution: best-of-breed or an integrated (ERP) system. Best-of-breed vendors can sometimes provide the user with more specific functionality required for their industry. The user must then purchase modules or a subset of modules from multiple vendors and create the integration between the applications.

With ERP systems, the modules are inherently integrated. However, the argument against ERP solutions is often made that the functionality cannot sufficiently meet the requirements of the user organization. Both strategies have strengths and limitations and should be reviewed by each individual organization.

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