



# What is the difference between ERP and CRM?



# introduction

---

**We believe it is important to understand a few basic concepts, therefore we will discuss the most important features of CRM (Customer Relationship Management) and ERP (Enterprise Resource Planning) softwares in this article. What is the difference between ERP and CRM? What will a CRM or an ERP software contribute to the operations of a business? How will each of them facilitate administration, work organisation, or the automation of business processes? What are exactly the functionalities of such softwares? Where do they provide support? And what solutions will a company need over its lifecycle and when?**

Businesses looking to automate core business processes typically focus on two main software solutions, seeking platforms that support enterprise resource planning (**ERP**) and customer relationship management (**CRM**).

ERP helps them conduct their business successfully by providing integrated and constantly updated insights into core business processes via shared databases maintained by a database management

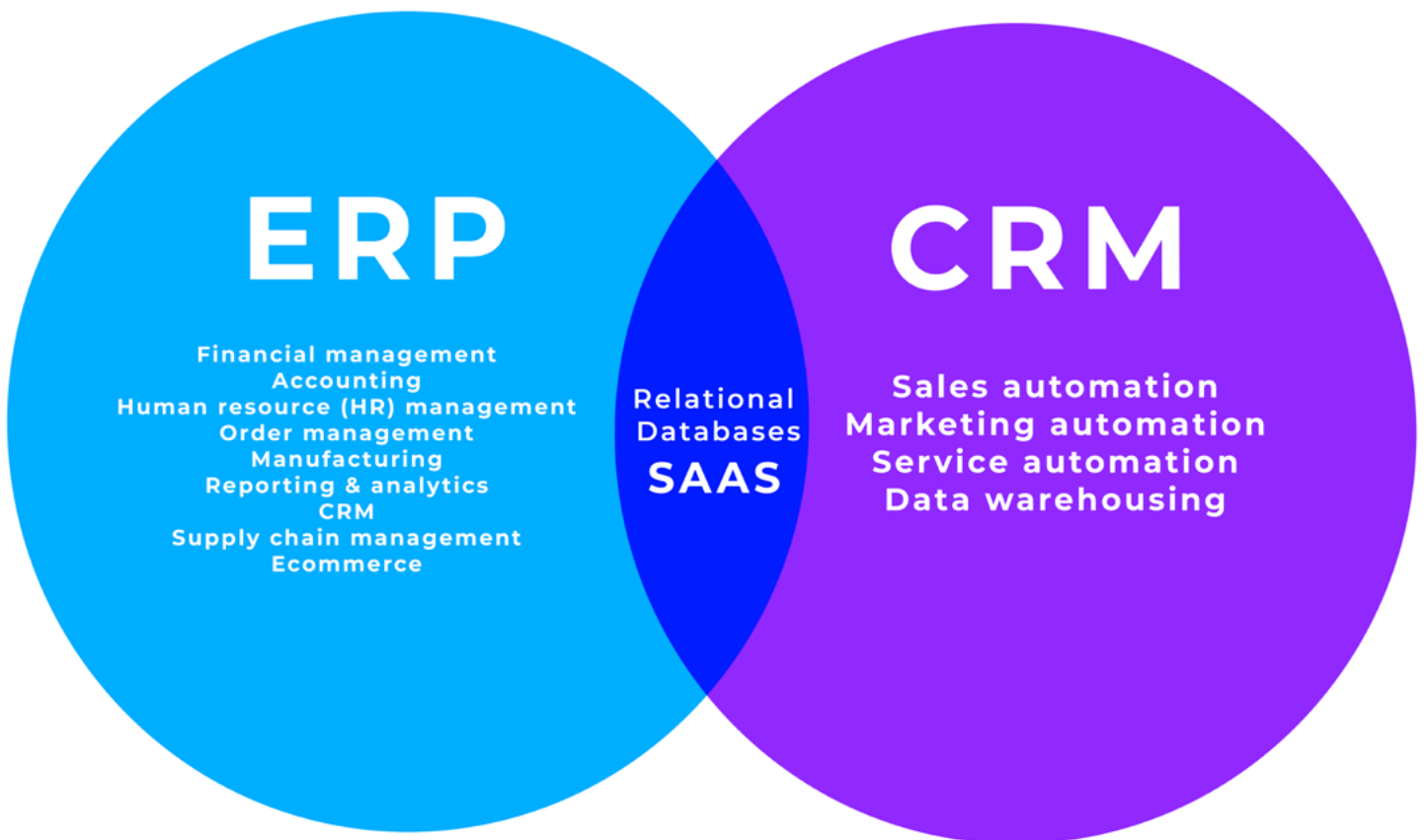
system, while CRM helps customers contact the company. Both are vital to the operation of a company. Both involve multiple departments, and although they are sometimes built on the same platform, these systems are often purchased separately and integrated as needed. In most cases, customers can use both as Software-as-a-Service (SaaS). This way, the service provider controls the software in its own data centre, and customers access it via the World Wide Web (the ,cloud').

Cloud-based operation is implemented on a network of servers connected via the Internet. The benefit of working in the cloud is that you can access to any files or data from any authorized device, allowing to manage customer lifecycle in a flexible and personalized way.

Now let us take a deeper dive into the details!

# the difference between ERP and CRM

---



Source: <https://fitsmallbusiness.com/erp-vs-crm/>

# what is CRM?

---

The primary goal of CRM systems is to integrate and automate sales, marketing and customer service. Initially, CRM services were developed for sales departments mostly to offer solutions to sales process automation challenges. Other systems were soon developed for the management of customer service interactions and marketing. While developing aligned to the emerging needs, software vendors started to combine these areas (sales, customer service, marketing) under one umbrella to offer companies a more comprehensive management of their customer relationships.

We have many types of modern CRM systems today.

## **Strategic CRM focuses on building a customer-centric business culture.**

The fact that a business is customer focused is reflected by the design and implementation of its CRM strategy, and the increased customer lifecycle value, which is a forecast of the profit achievable from the entire future relationship with the customer.

## **The primary goal of Operational CRM systems is to integrate and automate sales, marketing and customer service.**

Sales automation works with each stage of the sales cycle, from the initial entry of contact information to the conversion of a prospective customer to an actual customer. It automates the follow-up of customer activity when recurring or future sales are made. It enables the consolidation of sales, marketing, call centres and retail units.

# what is CRM?

---

Marketing automation focuses on facilitating the overall marketing process to make it more effective. CRM tools with advanced marketing management capabilities automate repetitive tasks such as sending newsletters, emails to customers at certain times, or posting marketing information on social media. The goal of marketing automation is to turn a potential customer into a full-fledged customer. Nowadays, CRM systems also help engage customers through social media.

Service automation is the part of a CRM system that focuses on direct customer service technology. By automating services, customers may be supported via multiple channels, such as phone, email, knowledge bases, ticketing portals, FAQs, and more.

**The role of analytical CRM systems is to analyse and present customer data collected from multiple sources to enable managers to make more informed decisions.**

They use techniques to analyse customer data, such as data mining, correlation, pattern recognition or artificial intelligence. These analytics help improve customer service performance by identifying even minor issues that can be addressed with different marketing tools tailored to different segments of the consumer audience.

# what are the benefits or a CRM system?

---

The promise of CRM comprises providing your business with a central repository of all customer data and tracking all customer interactions. With this information and analytics, businesses can make more informed decisions about which potential customers to approach with what offers. With a CRM system, the management and, via the decentralization of information, associates concerned may get accurate and up-to-date insights of how they can serve existing customers more efficiently and appropriately. And for the management, it is easy to track how sales teams are performing.

For example, with a central CRM system, sales representatives will know if customers they have visited had ever contacted the company, and can shape relationships and offers accordingly. On the other hand, it is a solution for the customer service, where it is a basic requirement for 'front-end' associates to always know exactly which partner or customer they have contacted – and it is also important to have access to all previous interactions. Accurate database management eliminates administrative errors, all information is captu-

red, and precision and accuracy support the efficiency of work.

Suppose that a customer service representative immediately sees if the caller is (or can be) a significant strategic partner, a high-revenue customer, and handles the situation accordingly.

CRM is a solution designed to support sales, marketing, and customer relationship strategies. It focuses on increasing sales by identifying best practices, protects the company's confidential information, and even has great development potential by relying on customer feedback. By analyzing incoming data, the company can also improve its services or products and the quality of service. CRM support the sharing of data. The availability of information makes teams more prepared and organized within the company.

# what is ERP?

---

Enterprise Resource Planning (ERP) evolved from Material Resource Planning (MRP), which enabled manufacturers to understand and manage all the resources needed to run a successful business. ERP serves as a modular database for all parts of the organisation.

Basically, this means finances, including the general ledger (GL), invoices, accounts receivable, payroll, and financial reporting, however, it also covers inventory management, order management, supply chain management and supplier data. ERP also has sourcing, manufacturing, distribution, and performance aspects. Some ERP systems function as a human resource management system (HRMS) too.

Thus, in contrast with CRM, the main goal of an ERP system is not to provide fully integrated and automated customer relationships management, but to enable the planning and monitoring of the company's financial and human resources, and provide a comprehensive process management for these. For example, an ERP system enables to track accounting, invoicing, payroll management, while making a huge contribution in manufacturing and production management too, by ensuring the availability of all manufacturing process, product lifecycle monitoring, stocks management and inventory data in one place.



# the benefits of an ERP system

---

The benefits of an ERP system arise from its single, shared database for all financial and operational areas. It provides organised storage of all data related to the day-to-day operations and finances in one place, manages these in an integrated manner based on internationally standardised processes, and makes them simultaneously available to multiple people or departments.

Data processing takes place in real time, enabling the follow-up of the company's internal processes. This also means that data querying and business reporting can be done without in-depth IT or financial knowledge. Thereby, businesses can make faster, data-driven decisions with diverse implications from profitability through new growth opportunities to efficiencies.

Another benefit of implementing an ERP system often claimed by companies is that it significantly accelerates periodic financial closures. The collection, aggregation, processing and presentation of such data is merely impossible without such an integrated system. A centralised system and role-based authorization ensure that only people having appropriate privileges can access sensitive data, which improves control and reducing financial risks.





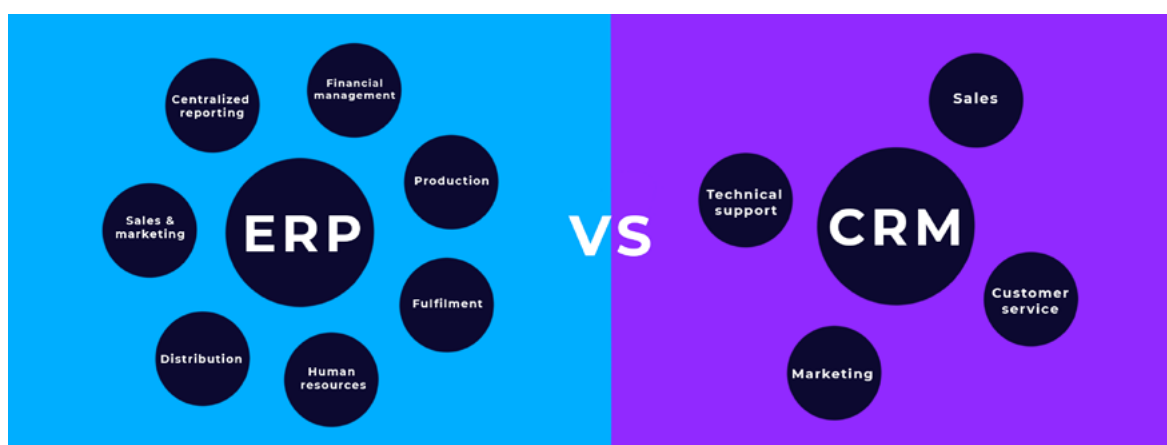
# essential differences between CRM and ERP

Basically, CRM focuses on the administration of the relationship between customers and the organisation, while ERP focuses primarily on the ideal use of the company's resources and financial assets.

As regards their functionality, the primary objective of a CRM system is to expand the company's customer base, and manage the data and orders of existing customers, while ERP focuses more on cost efficiency and cost reduction.

Thus, ERP is essentially a corporate governance system supporting the alignment of functional areas, while CRM focuses on customer relationship management, sales and new customer acquisition processes.

**ERP is a so-called back-office, while CRM primarily supports front-office functions.**



Forrás: <https://www.priority-software.com/blog/the-abcs-of-erp-and-crm-how-theyre-alike-and-how-theyre-not/>

# how to choose between ERP and CRM?

---

When choosing between ERP and CRM software, key factors include the opportunities linked to the business's lifecycle, and the size and activity of the business. Free versions of business softwares can make breaking changes for a start-up business with a limited budget. However, when a company has left the initial stage and cannot be labelled as a 'start-up' anymore, it absolutely has to move on. Almost every company with growing prospects, from small and medium-sized businesses (SMBs) to large enterprises, will eventually need an ERP or CRM system, or both.

The same holds for businesses whose sales representatives try to track their customer relationships using emails, shared spreadsheets or other basic contact management systems. The business model can also influence whether a company invests in CRM or ERP first.

Both can promote the creation and growth of a successful business. These are solutions often deployed independently, due to their complexity, although when integrated, they may form an even more efficient resource, as they provide a wealth of information concerning all aspects of the company's operations.

The integration of the two systems may help by creating links between the purchasing history, shipping and billing data and other financial information, the supply chain, and inventory and delivery data. Such integration involves the linking and synchronisation of ERP with CRM to allow automatic and consistent information sharing between the two systems. This creates what we know as the 'single source of truth' (e.g. your customers see on your website exactly what you have on stock, in real time).

# how to choose between ERP and CRM?

---

## **The right decision for small companies, SMBs**

For a company with a small number of large customers and complex financial background, it may be a good choice to invest in an ERP system first, while a CRM system is more likely to drive a company with a relatively simple finances system and large customer base, or with the need to frequently contact customers.

## **Circumstances clearly suggesting the need for a CRM system**

- You can't keep pace with Leads management.
- You have difficulties finding and managing customer data.
- Your management cannot see what the sales team is up to or working on.
- Disrupted customer service operations, administrative errors, lack of organisation.
- Complaints management is not accurate and thorough enough.
- There are long-term processes and collaborations in sales, which should be followed and administered.
- Reporting takes too long

## **Salesforce CRM in practice - Key functions**

If your company needs a complex solution in the area of customer service, sales, or marketing, and you are ready to step up, you may want to consider Salesforce. Let us take a look at the key Salesforce CRM features and their day-to-day use.

### **Data recording and administration**

Salesforce is a secure platform for storing customer or potential customer data and capturing company information. Above a certain company size, you cannot afford to look up information about orders and purchases in mails, as data becomes untraceable after a while, which can lead to administrative errors, and ultimately, to the deterioration of the customer experience.

# how to choose between ERP or CRM?

## Organizing and documenting activities, calendars and meetings

The calendar includes all reserved and completed appointments, and one can access notes of past meetings even. This gives everybody 24/7 access to the relevant information, and if one employee takes over a project from another due to any leave, this will not cause any problem either with all the data being available to get the picture.

## Managing and tracking tasks

In order to get 360° view of the company's marketing and sales activities, you need to administer all email and even SMS communications.

This will allow you to measure and assess the effectiveness of all advertising and communication tools.

## Customer relationships, complaints management

This module is designed to support the customer service. A customer service employee (or anybody having the right privileges) can access all customer complaints and the documentation of former communications, thereby having the best possible insight into past processes. This is just another driver of customer experience.



Source: <https://galvintech.com/wp-content/uploads/2017/04/team-dashboard>.

# how to choose a CRM system

---

1. Define the needs of your company
2. Check for CRM features and tools
3. Test your CRM

We hope the above summary will help you understand the differences between CRM and ERP systems and make the right decision. Both CRM and ERP software should be considered as smart investment for a company. After all, no matter what type of business you have, to stand out in the market and achieve healthy growth, it needs to develop strategies, implement practices to support business and sales processes that improve your sales team's performance and ensure financial control.

*The innovative cloud-based Salesforce solutions are diverse and customisable down to the smallest detail. Our goal is to provide an ideal tool, an easy-to-use platform to communicate with your partners, customers and buyers, and to administer corporate internal communications and work organisation and track corporate processes.*



## how can we help you?

---

More customers? Yes. More efficient process management? Yes. Growing profits? Yes. More new contracts signed in the meanwhile? Yes. Automation for all of the above, where possible, eliminate errors? Exactly. Minimum manual data entry? Exactly!

**DO NOT HESITATE TO CONTACT US, SHOULD YOU HAVE ANY QUESTIONS IN THIS TOPIC.**

**WE WOULD LOVE TO TALK TO YOU!**



### **contact us**

Tarcali u. 2/b  
1113 Budapest  
Hungary

hello@bitmist.com  
+36 1 755 5645