



ERP Finance

Business processes and functions



ERP

- Enterprise resource planning
- Software used by organisations to manage day to day business activities such as accounting, procurement, project management, risk management and compliance
- Key benefits of ERP include enhanced business reporting, improved customer service, boosted cash flow, greater cost savings and more streamlined supply chain management



ERP finance

- Focuses on the primary accounting and financial management functions of an ERP
- Maintains standard accounting records, such as the general ledger and balance sheet; generates financial reports; and handles related transactions, such as invoicing and expense reporting
- Prominent in driving profitability analysis and revenue management



Processes of ERP finance

- Profit tracking
- General ledger
- Accounts payables
- Accounts receivables
- Fixed asset management
- Purchasing
- Risk management
- Reporting
- Tax management



Profit tracking

- Outlines business's overall financial health and an overview of how it is using its financial resources
- visibility into where most of its profits come from
- Some profit trackers will also forecast an organization's return on investment (ROI) from all channels based on historical sales transactions and expense data



General ledger

- a comprehensive record of all of a company's financial transactions
- tracks such things as income and expenses, capital accounts, assets and liabilities
- Optimised general ledger use through ERP's financial module enables business to have a coherent understanding of its financial position and performance at any given time
- Comprehensive statistical data is sourced which can aid business in making strategic plans regarding its finances



Accounts payables

- to manage the money it owes vendors and other creditors
- Cost savings and minimise human error through AP automation
- can quickly process a large number of invoices and other financial transactions between an organization and its vendors
- integrates an organization's payables data with its purchasing system, enabling better cash flow



Accounts receivables

- tracks payments and manages cash and invoices
- generating recurring invoices, financial statements and payment reminders can be automated
- The automation of the accounts receivables process can accelerate collections and make it easier for customers to pay, thereby improving cash flow and customer satisfaction.



Fixed asset management

- Aids in track and manage tangible assets, such as computers, factory equipment and vehicles
- lets an organization take into consideration depreciation calculations, compliance requirements and tax implications
- better visibility into how it uses its fixed assets, along with the associated costs and maintenance



Purchasing

- a company needs for basic purchasing of supplies and services, including generating the required paperwork, such as requisitions and purchase orders
- This feature provides the necessary handling of invoices



Risk management

- enterprise risk management features enable an organization to predict, analyze and manage risks to its operations and financial stability
- Risk management features can also help companies deal with issues related to security, legal liabilities, compliance and reputational risks



Reporting

- Basic reporting features provide access to financial data, often in real time, and help a company to prepare financial reports typically for internal use, though some products can produce reports and audit trails needed for regulatory requirements.
- Extended visibility provided helps an organization make data-driven decisions and predictions about its finances
- Business intelligence (BI) and analytics features give a company a clearer view of its revenue picture



Tax management

- stores the ERP system's tax settings and provides tax reporting and audit functions
- enables an organization to collect tax information from all of its financial documents into a single repository
- Additionally, it generates the reports a company needs to file its taxes



Functions of ERP finance

- Speed up business' financial processes and improve communication channels
- Enhance financial transparency
- Improve productivity
- Reduce human errors
- Better-informed planning and budgeting
- Tracking and organizing financial documents
- No missed payments
- Greater business centralisation and integration



Functions of ERP finance

Faster financial processes and better communication channels:

- Quicker financial processes achieved through the provision of auditable revenue management and expense management
- Further stimulated through streamlined communication of financial information to external parties

Enhance financial transparency

- General ledger and analytics dashboard give authorized users the information they need to understand their company's financials



Functions of ERP finance

Improve productivity

- Once a company automates its manual and time-consuming finance processes, productivity will improve
- Automation allows human resources to be diverted to more value adding processes of the businesses

Reduce human errors

- Accounting errors, including data entry mistakes, are easier to detect and avoid
- Allows expanded levels of efficiency to be achieved



Functions of ERP finance

Better informed planning and budgeting

- ERP finance tool's analytics and reporting functions help a company to forecast costs and revenue and produce more accurate budgets

Tracking and organising financial documents

- digital format means an organization is less likely to misplace or lose documents
- Furthermore, documents are usually filed in the proper place automatically



Functions of ERP finance

No missed payments

- Accounts payables process notifies company of upcoming payments

Greater business centralisation and integration

- company can access its financial information in one place
- integration with other ERP modules and business systems, an organization has access to key data, such as sales figures and marketing budgets



ERP Finance tools

- Oracle ERP - Financials
 - global financial platform connecting and automating business' financial management processes, including payables, receivables, fixed assets, expenses, and reporting, for a clear view into its total financial health
- SAP Financial Management Software
 - Versatile tool covering financial planning and analysis; accounting and financial close; treasury management; revenue management; governance, risk and compliance(GRC); and cybersecurity
- Microsoft Dynamics 365
 - Enhances financial decision making tools; unifying and automating business processes; enabling cost savings without compromising progress towards strategic goal; focalised goal geared towards mitigating global financial complexity and risk