

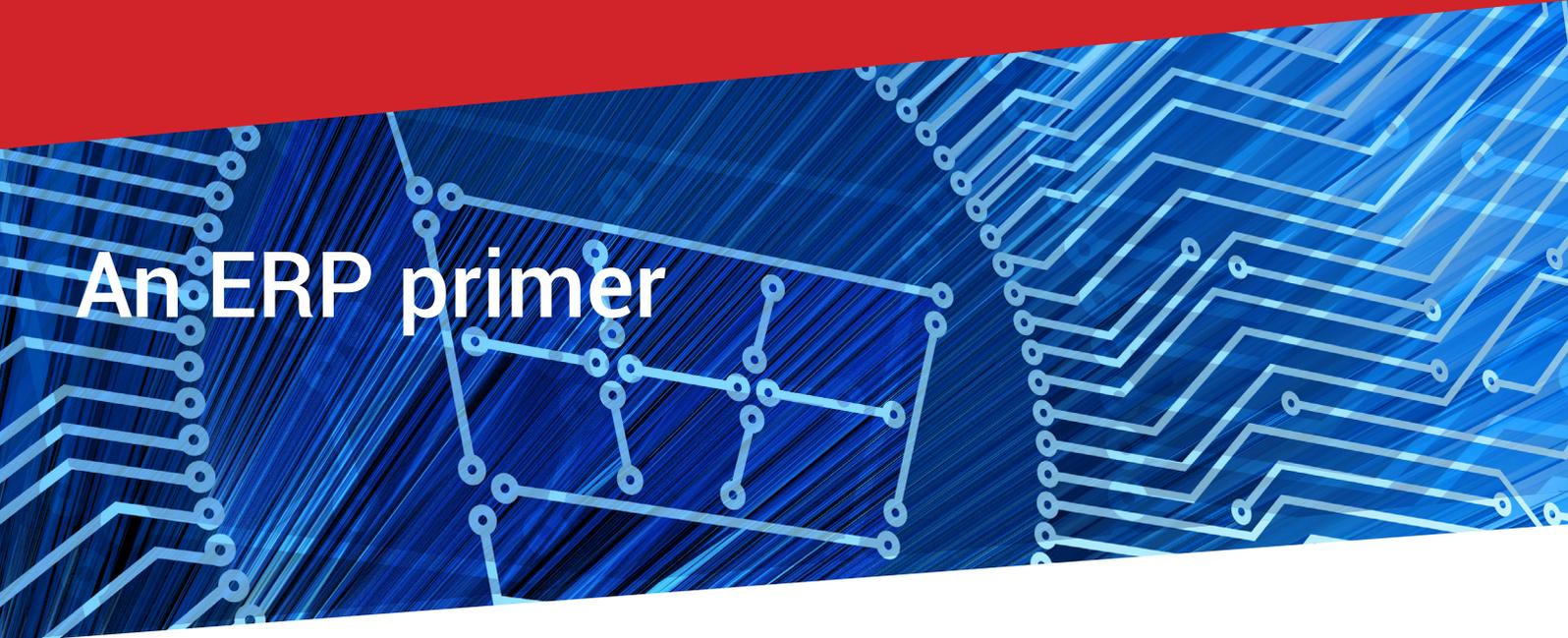


How ERP is improves ecommerce profitability

Introduction

Profitability is the holy grail for any business. Growth in sales, revenue, product range, markets – all of these mean little without profitability. As for how to achieve it – on the one hand, it is very simple. Ensure that your business's costs come to less than its revenue. On the other hand, it is very complex. Myriad different factors work together to build a company's profit or loss.

When it comes to the ecommerce sector in particular, the picture is no different. One of the many factors through which ecommerce businesses can enhance their profitability is by integrating an Enterprise Resource Planning (ERP) system with their ecommerce platform – and in this guide we're going to explore why, and how.



An ERP primer

First, a quick reminder of what an ERP system actually is. The range of different solutions out there can be bewildering – and they can focus on a wide variety of different functions – but ultimately the goal of an ERP system is to provide a single source of truth for multiple different business departments. In turn, this automates manual processes, improves information-sharing and reduces errors, and enables departments which previously operated in siloes to integrate together more smoothly.

A typical ERP deployment might cover a range of accounting and finance, stock management and customer relationship management functions. Integrate that with an ecommerce platform and, when a customer places an order online, inventory levels are automatically updated, meaning an alert can be triggered when stock gets too low. The customer's record is also automatically updated, meaning that future communications with them are better informed and can be personalised more easily.

Now let's take a closer look at some of the ways in which ERP can improve ecommerce profitability.

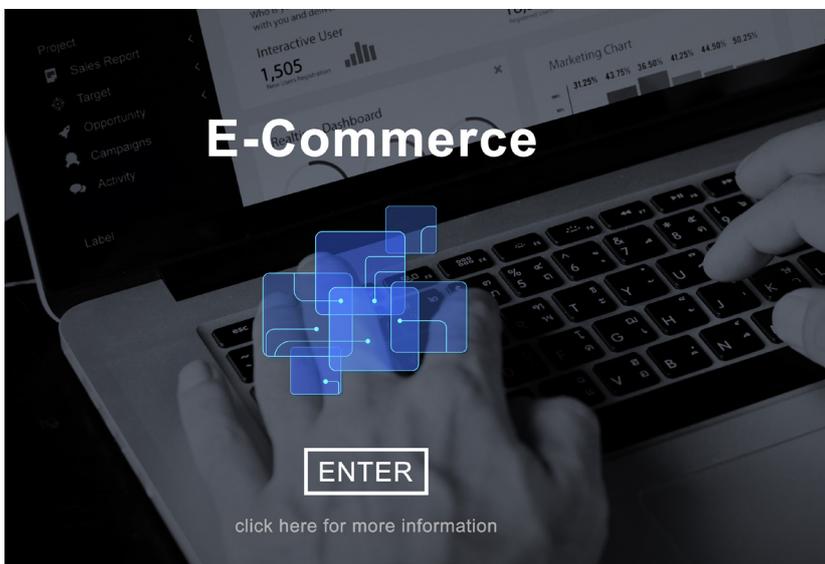
ERP drives business efficiency

One of the most effective ways of improving profitability – in any business sector – is by making businesses processes more efficient. This can, at a stroke, reduce costs and enhance profitability. It can free up human resource from cumbersome or repetitive tasks, enabling it to be put to better use on strategic or creative tasks. It can reduce or prevent manual errors which end up costing more further down the line.

ERP makes ecommerce businesses more efficient by bringing together previously disparate functions, such as inventory management, customer relationship management, procurement, shipping and tracking, under a single consolidated system. This eliminates huge swathes of manual data entry, importing and exporting, and means that key business information is automatically updated across all relevant functions. This is particularly valuable for multichannel ecommerce retailers, or those which also have physical stores, because it ensures the seamless sharing of data across all channels. This kind of integration also stops ecommerce businesses from having to manually compare different shipping and carrier costs.

ERP improves business intelligence

Making ecommerce businesses more profitable depends on being able to make strategic, informed decisions on everything from hiring, to product development, to third party suppliers. The more reliable, detailed and sophisticated the information those decisions are based on, the more impactful those decisions are likely to be.



ERP systems can be truly transformative enabling ecommerce businesses to consolidate information from all across the operation and make it available to all stakeholders.

ERP systems can be truly transformative on this front, enabling ecommerce businesses to automatically consolidate information from all across operations, and make it available for multiple different stakeholders. This could mean, for example, integrating accounting information with the online store, generating much more granular business analysis and the ability to generate cash flow status, profit and loss statements and balance sheets according to up-to-the-minute online sales figures.

ERP systems can even automate the actual analysis of that information, such as, for example, automatically comparing different shipping estimates. From there, ecommerce businesses can batch orders together and make the most efficient choices for their own

ERP enhances the customer experience

The ecommerce landscape is fast-moving and highly competitive, with tales of good – or bad – customer experience rapidly disseminated via social media. As such, profitability in this sector is particularly dependent on reliably achieving a top-quality customer experience.

By integrating an ERP system with the ecommerce platform, retailers in this space can ensure the seamless and automated flow of information from sales, through order fulfilment, through shipping and logistics, right the way through to aftersales and customer care. A single source of information follows each customer from beginning to end, meaning that any communication they then have with the business – across multiple channels – is better-informed and recorded for future communication also.

ERP integration also reduces manual errors which can lead to poor customer service – such as incorrect shipping information entered after a customer has placed an order, or a customer ordering an item which has actually sold out. By leveraging historic information when a customer revisits the website, it avoids the tedious task of customers entering in the same information over and over again.

All of these factors add up to a smarter, more efficient and more customer-centric experience – precisely what is needed to achieve and maintain profitability in today's complex ecommerce landscape.

ERP makes compliance easier

Ecommerce businesses need to meet an array of legal and financial compliance frameworks, particularly if they sell to customers internationally. ERP systems can make these requirements much easier to manage, whether they relate to separating off sensitive datasets from each other, protecting financial and personal information with appropriate processes, or undertaking accurate product tracing and producing shopping documentation.

If a modular ERP system is chosen, then specialist modules can typically allow ecommerce businesses to manage these regulations on a state-by-state or country-by-country basis, making for smoother and simpler international expansion.

All this generates great peace of mind for business managers, ensuring that compliance can be demonstrated at the click of a button, and also contributes to profitability by reducing the likelihood of costly fines, or compliance failures which damage reputation in the marketplace.

ERP powers business growth

Achieving sustainable business growth is a key pillar of ecommerce profitability, and an ERP solution integrated with the ecommerce platform can be invaluable in supporting this.



ERP systems can be truly transformative enabling ecommerce businesses to consolidate information from all across the operation and make it available to all stakeholders.

As outlined above, such an integration enables ecommerce organisations to harness richer business intelligence, to build stronger customer relationships and to manage their complex legal and regulatory requirements – all with less human intervention and a smarter use of resources. There can be no more powerful platform for growth and success in today's competitive ecommerce landscape.



The optimum route

How, then, can businesses best harness all these ERP benefits, with minimal disruption and cost? How can they make the very process of implementing an ERP system as painless as possible?

We think the best option is to choose an off-the-shelf, modular, cloud-based ERP system, like Odoo. This gives you:

- Outstanding functionality straight out of the box, with no need to do any complicated customisations – unless you want to!
- A scalable approach, enabling you to add new modules and functions as your business grows or your needs change – or enabling you to start with a simpler deployment and gradually make it more sophisticated
- The flexibility of an open source solution, with new modules continually being developed and even the opportunity to create your own
- A web-based delivery model, enabling seamless access via web browsers and management support for multiple users without any disturbance

Odoo will give your ecommerce a flexible, cost-effective and highly functional platform for harnessing the myriad benefits of ecommerce-ERP integration. To learn more, get in touch with us today.

Take the next step

Want to know how to move your business to an integrated ERP and ecommerce solution with Odoo— a cost-effective, flexible and highly functional platform? [Get in touch today and talk to an expert.](#)

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