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Importance of Business Intelligent (BI) Modules in the Enterprise Resource Planning (ERP) System

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Abstract:

Information management is a powerful concept of business performance and balanced administrative growth. Increased globalization has forced firms worldwide to face uncertain levels of competition and operate in a changing business environment.

Business firms are investing heavily in information technology (IT) systems to smoothly organize and coordinate their business activities across their supply chains conduct their business effectively.

The performance of the organisation depends on the decision making of the executives, leaders, team and all levels of the management. Decision is based on the data available from the various department of the organisation. These data can be access from the company's Enterprise resource Planning (ERP) system

Nowadays every organisation is trying to adopt ERP System, which has several modules like Finance, Human Resource, Manufacturing, Sales, Customer Relationship Management, Project management etc. The data available from these modules in an organisation is huge, it will be difficult to streamline the data and as a result, most of the organisation have been forced to make critical business decisions based on basic, immature anticipations, intuition and experience rather than on skeptical data analysis. This slows down the decision making process and increases the cost and risk involved in the business at a much higher level.

In such a scenario ERP system analytics or Business Intelligence Tool (BI) tools allow users to access, analyse and share the data that the ERP application modules collect from various department of the organisation from a unified repository.

This helps in accurate decision making by all the professionals from executives to line managers to human-resources professionals to accountants in the organisation.

With the implementation of the BI module in an ERP system and the automated reporting and analyses tools, the operations in the organisation can be streamlined and thus improve the business performance. The data access, sharing, control visibility across the various department in the organisation can help business managers and leaders in aligning the operations of the organisation with its important strategic goals.

Keywords: ERP System, Business Intelligence tool, Decision Making

1. Introduction

The performance of the organisation depends on the decision making of the executives, leaders, team and all levels of the management. Decision-making is a vital part of the business world. From a low-level supervisor to the senior managers makes several decisions in a work day. The business owner is largely responsible for the ultimate outcome of all decisions with regard to his/her company.

Decision making is defined as the selection of choice of one best alternative. Before making decisions all alternatives should be evaluated from the data available along with advantages and disadvantages of the variables. It helps to make the best decisions. It is also one of the important functions of management. Decision is based on the data available from the various department of the organisation. These data can be access from the company's Enterprise resource Planning (ERP) system

ERP (Enterprise Resource Planning) is a software solution to integrate the data and functions of an organization into one single automated system. ERP main object is to implement all the business data and functions from all departments of the organization simplify it and provide easy access to the data for the smooth work flow of all the departments. (3)

Enterprise resource planning (ERP) is business process management software that allows an organization to use a system of integrated applications to manage the business and automate many back office functions related to technology, human resources and services. ERP software integrates all operations, including product planning, development, manufacturing, sales and marketing. (3)

Nowadays every organisation is trying to adopt ERP System which has several modules like Finance, Human Resource, Manufacturing, Sales, Customer Relationship Management, Project management etc. The data available from these modules in an organisation is huge, it will be difficult to streamline the data and as a result, most of the organisation have been forced to make critical business decisions based on basic, immature anticipations, intuition and experience rather than on skeptical data analysis. This slows down the decision making process and increases the cost and risk involved in the business at a much higher level. (3)

In such a scenario ERP suite's analytics or Business Intelligence Tool (BI) tools allow users to share and analyze the data that the ERP applications collect from across the enterprise from a unified repository.

The end result is more informed decision making by everyone from executives to line managers to human-resources professionals to accountants.

A BI automated reporting and analysis tools can help streamline operations, as well as improve an organization's business performance. With greater control and visibility of data across the enterprise, business leaders can better align the company's operations with its overarching strategic goals.

2. The Essentials for Making Sound Business Decisions

(6) Intelligent decision making is very important to any organisation. The decisions are based on the data available from the various departments of the organisation. These data can be accessed from the company's Enterprise resource Planning (ERP) system. The essentials of sound business decisions are:

- Accurate, real time and comprehensive business data. (6)
- Software or applications like BI tools that operate on the same data sets and that generate and share new business data continuously. (6)
- Optimize the business operations, to generate important data, analyze that data in order to make decisions for the organisations. (6)
- Business intelligence tools that can analyse both historical and real-time data to spot trends, threats and business opportunities. (6)
- BI dashboards and reports that can visualize and present key performance indicators, trends and other meaningful data in an easy-to-grasp graphics, Easy-to-learn and easy-to-use business analytics capabilities that are available to every employee whose role requires data analysis and reporting; the ability to generate dashboards and reports without involving IT. (6)
- Easy-to-design and easy-to-execute "what-if" analyses. (6)
- Alerts and notifications that enable employees to focus on exceptions as well as on routine or steady-state operations (6)

3. Business Intelligence Module in ERP

ERP systems have become very important for making data acquisition and related managerial operations more systematically. But simply having an ERP system installed will be of no use if the data available is not real and accurate for decision making process. This has developed a need to take advantage of business intelligence tools to make the data work.

There is a huge amount of data available at all the levels in the Organizations. Although the majority of financial data lies in ERP applications, executives often require data from other systems as well, such as sales, inventory, and customer relationship management (CRM). For an executive to examine and analyse the business activities, these diverse information sources need to be combined and synthesized. With these combined data sets the executives can with easily navigate across different modules and then slice and dice the information across multiple dimensions to analyse the data and make a decision.

(4) BI modules in ERP system help the organizations to make improved business decisions. BI tools enable users throughout the organisation to access the company's information. The BI module helps in analysing the critical data in an efficient and simplified manner. It helps in generating reports to the executives at levels of the organisation from a data warehouse. It provides the reports to large numbers of users, executives, analysts, customers, partners and to all the people who needs it. BI tools help these people in securing and accessing the right and accurate information so they can make better decisions. The BI module helps the employees to improve their productivity while maintaining a high degree of autonomy. (4)

4. Importance of Business Intelligence Module in ERP System

- Data warehousing: All the modules of ERP system generate a huge amount of data every day. If this data is not analysed and synthesized on a daily basis, a huge amount of data will accumulate in the data warehouse. This accumulated data will be not a real-time data and hence of no use. This develops a need of synthesized and a real time data warehousing. In this scenario BI Modules helps to generate accurate and real time data and provided the reports to everyone who needs it and helps in a decision making process.
- Legacy data: A lots of data is accumulated from previous software or organisation's operations. This left over data is called Legacy data. While companies know the importance of legacy data, they are usually at a loss when it comes to extracting the accurate information from it. BI Module in ERP System help in making an accurate analysis of the data for decision making process and enhances the company's performance.

- Assumption and intuition exclusion: BI modules in ERP systems exclude all pre-assumptions and intuitions in the decision making process and thus the company can make an accurate decision from the accurate and real time data.

5. Why an organisation needs BI module

(7) Business intelligence in ERP system is not only associated with big companies, but also to small organisation. The Price of the IT infrastructure like hardware and data storage is declining and so it has become easy for the small scale industries to implement the BI module in their ERP systems. So the question arises whether a company needs a BI module? (7)

- **The Organisation has data but not accurate information.**

It is important for the organisation to know that data is not same as the Information. Information is data that has been converted into a meaningful and useful context ready for the users who needs it. If there is a lack of information, then the company will end up in aggregating and analysing data into actionable information, and this is where the BI tool is needed. (7)

- **IT has become a hindrance when a non IT user needs a report repeatedly.**

If the company's data is controlled by IT Department, then it will be difficult to generate the reports every time. It is difficult to generate critical reports and dashboard without a BI module. It will require skilled personnel with technical background and thus forces non IT users to depend on IT Department for the critical reports.

It becomes hindrance, when the users need to repeatedly return to IT departments to pull and edit reports, this decrease the performance of the users and the organisation in the decision making process and meet organisation strategic goals.

BI Module with a user friendly graphics helps business users to build their own reports. They can even have the flexibility to add and modify the reports on any BI Dashboard. (7)

- **Organisation relies on Excel spreadsheets and data is BIG**

Most of the company saves their data in Excel sheet, but Excel can become slow and laid-back when reports contain more data than Excel was designed to handle. With the growing business, the accumulated data is beyond the Excel's capacity and become difficult to manage it. It becomes difficult to manage the spreadsheets and unable to maintain, update and share real-time data.

BI modules can very fast get any amount of accurate data from multiple modules in the ERP system. BI modules help in creating company's objective, vision and plans very easily. Collecting and sharing information from different executives at all levels in the organisation, centralizing multiple spreadsheets, and repairing broken macros and formulas will become an easy task. (7)

6. Advantages Business Intelligence Module

- **Time savings**-In the Business Intelligence Module most of the business operations, process and task are automated, thus savings both in time and costs and enhance productivity of the organisation. (8)
- **Easier and quicker access to information**- With the growth of the organisation, the data is also increasing day by day. The Business Intelligence module provides easy access to the information across the various department of the organisation and thus helps in decision making process. (8)
- **Correct and relevant decisions**-The organisation should be able to make intelligent decision to withstand the tough competition in the market and thus reducing the cost and increase Company's profit. To make intelligent decisions, the company must have accurate data and this is where traditional methods begin to fail. To help Companies leverage the profits and bridge the gap, BI modules tools provide quick access to data to make the best possible decisions. (8)

7. BI Modules Can Empower the Organization by

- Transform and process the requests quickly and efficiently.
- Allowing organisation employees, users and customers to access to powerful interactive reports and dashboards.
- Enhancing the performance of the employee by responding faster and more efficiently to changing conditions affecting your organization
- Customizing employee's dashboards and apps based on their specific needs
- Making Information as the greatest asset of the company.
- Transforming raw data into intuitive, illustrative enterprise reports and charts quickly and easily
- Enhancing reporting systems by incorporating transactional forms, as well as data maintenance and update capabilities

8. Conclusion

Decision is based on the data available from the various department of the organisation. These data can be access from the company's Enterprise resource Planning (ERP) system. If the data is inaccurate and not up-to-date, it will slowly hamper the company's performance and the company will eventually come to an end. So it is necessary to implement Business Intelligent Module in ERP system so as to make intelligent decision for the company to fulfill its goal and thereby increases its profits.

Every modern, data-driven organization needs some type of BI tool to help shift from running business on assumptions, to running it with intelligence. If we recognize difficulty in making decisions then, it's time to investigate how BI can help transform your data into information and help in making critical decision to fulfill company's strategic goals. It is important to know that when organisation invests in a BI tool, organization should surely prepares its BI strategy, executes a full Proof-of-Concept (POC), and chooses a tool that fits their organization's need today and in the future.

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