i95 Dev

Passionate about eCommerce

6 Common Mistakes To Avoid When Integrating ERP With E-commerce

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Introduction

In a competitive marketplace where prices are low and margins lower, innovation is crucial to reduce the cost of running a business as well as improve customer service. With customers having easy access to lower prices, e-commerce retailers need to find ways to manage the business well. But no one system alone can achieve this, as they were all designed to manage specific areas. For instance, ERP systems were designed to streamline backend processes, CRM systems were designed to manage your interaction with customers, and e-commerce systems were designed to make it easy for customers to buy your products. To enable businesses to run effectively and efficiently, these systems have to communicate with each other.

One way to achieve this is through integrated IT solutions. Such solutions can not only reduce costs and administrative overhead by streamlining business processes, but also can enable you to better serve your customers. While integration seems to be the most logical solution, businesses often overlook the complexities involved in integrating these systems. If not properly understood and addressed, the result can be a disastrous implementation. This document highlights some of the potential pitfalls for different stakeholders in understanding the intricacies of integrating an ERP with e-commerce.

Not Understanding the Requirements

- Understand Requirements and document them
- Understand the impact of integration on business workflows
- Build the right team with important stakeholders
- Read product

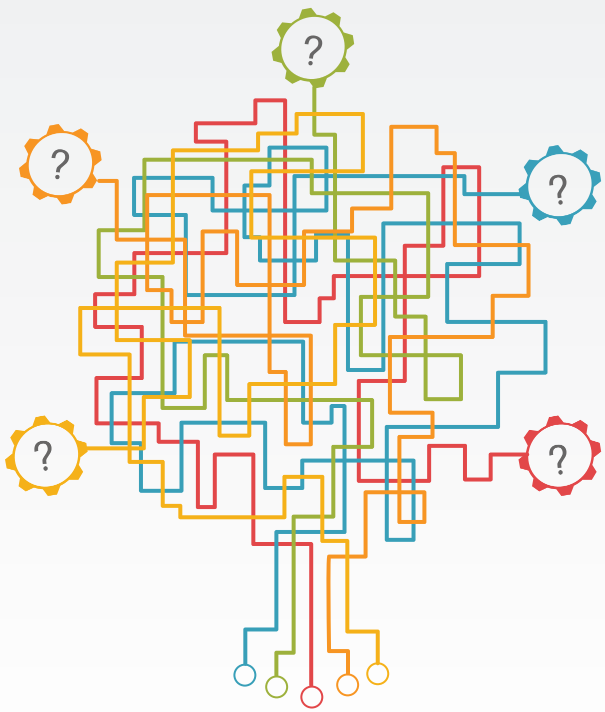
This is perhaps the most crucial step in the process of integration. **Misunderstanding the requirements can be disastrous** and can not only lead to cost and time overruns but also complicate the process further. Companies need to be clear about the requirements and so should the clients.

An example of how things can go wrong due to a lack of understanding of requirements might involve a situation wherein a retail business, with an online e-commerce store and ERP in the backend, is looking for a connector to connect both the systems to sync inventory and product information. Their immediate goal is to sync only inventory and product information – not orders and customer information. They find a solution to do just that. But it is important to understand that syncing only inventory and product information might not serve their purpose as inventory levels are affected by the orders, and not syncing customer information will restrict them from generating meaningful reports (like item movement, daily sales, etc.). Hence, because of lack of a complete understanding of requirements, though they have a system which does exactly what they wanted, they will not completely benefit from the integration.

Hence it is important to completely understand the requirements and the impact of the integration on their business. This is true for both businesses offering a solution and clients looking for solutions. For this it is important to involve all the stakeholders (e-commerce, ERP, finance, marketing, admin, management, etc.) and have the **right team in place from the start**. It is always recommended to invest a few bucks more in understanding the functionalities rather than junking an entire effort in the end.

Integrating Wrong Systems

Integration is not a solution unless the right systems are included



Not many businesses think of scalability of their systems, ERP and e-commerce, when they begin operations. They start with basic systems and, as business grows and order volume increases, they integrate the existing systems to meet the increase in demand. While integration will definitely help them in streamlining the processes, it is limited by the end systems it connects. Hence, before investing in integrating your existing systems, it is important to understand if your end systems are scalable and will be able to meet the increase in demand. Investing in integrating the wrong systems will never get you the desired benefit. It is important to understand that.

Two Key Considerations

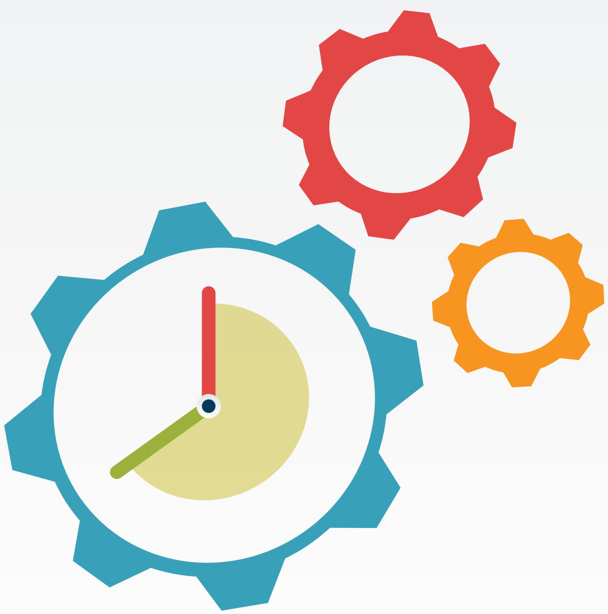
Reduce Data Migration - Companies that invest early have less data to migrate into a new system thereby reducing costs. Businesses that have been around for a little bit longer can prioritize the data that needs to be transferred.

Have a Proper Mindset - Implementing a proper back-end software system for your business can be an expensive undertaking. It is crucial, however, to understand the importance of such an investment and to treat it like an acquisition of any other significant business asset – such as a truck, person, machine or piece of equipment. Software that saves you from hiring one or more people very quickly pays for itself.

In addition, businesses that use a third-party warehouse for fulfillment have a major misconception that information can flow from the e-commerce store to the warehouse, bypassing the need for a back-end system. Some storefronts provide inventory capabilities, however, because they are not designed for inventory management, relying on these systems may lead to issues as your business grows. Hence, investing in the right systems and then integrating them is crucial to get the desired benefits.

Unrealistic Timeline for Integration Projects

- True integration is not a data mapping task and takes time
- Every business is unique and might require some customization



Estimating a realistic timeline for integration of ERP with e-commerce is highly important. Such a time frame for backend implementation is around 2-3 months at a minimum, plus the time it takes to evaluate vendors. Moreover, every business has unique needs and the way they use their ERP system is different. This calls for customization, and customization, depending on customer requirements, takes time.

Miscalculation of a project's timeframe can cause both provider and customer undue stress, thereby making processes more complex, which in turn yield errors. It is highly recommended for both sides to have a realistic timeline approach to avoid unwanted blunders in later stages.

Expecting Ecommerce to Replace ERP system

- Ecommerce is not an ERP system online.
- Integration cannot make either system redundant

ERP and e-commerce are two very different systems which were designed to meet very specific requirements. With integration, we are enabling the two alien systems to talk to each other but we cannot expect one system to replace or replicate the functionality of the other. The businesses must understand the intricacies of each system, limitations of each system and what can be achieved with integration. Ample attention is required to the unique processes of these two foreign systems to mitigate the risk of failures.

For example consider how the following are treated in ERP (Dynamics GP) and the e-commerce system (Magento):

- **Taxes** – e-commerce store sells online and ships to different geographical locations. So regional taxes should be mapped and controlled from a single point.
- **Payment** – Dynamics GP can accept multiple payment methods for a single order, while in Magento, the payment has to happen through a single method.
- **Net terms and Credit Limits** – These are supported in Dynamics GP and not in Magento.
- Even basic details like decimal point round-off are completely different in the two systems.

Bottom line, these are two very different systems and integration is only an effort to find a common language to communicate.

Not giving Integration its due Attention

There exists a wrong idea that the task of integration is not as important as ERP or e-commerce implementations. Many even believe that once the e-commerce store and the ERP are in place, integration should not take time. Often this leads to disaster during the project phase since integration is considered as a least priority task. It is easier said than done. A customer who has invested a lot of time in developing an e-commerce store and a state-of-the-art backend ERP system but who fails to accommodate and understand the scope of an integration is making a grave error. Such a situation leaves the entire effort in disarray since an improper integration would never let the users to enjoy the features of both systems. What is the point in investing so much effort in building a website and having a backend ERP if both are not integrated properly and information is not synchronizing as desired? Considering integration as a least priority task has always backfired as this is the most important step to allow information flow.

Not Training your Employees

Change is often met with a lot of resistance; this is especially true when it comes to using systems and following processes. While integration promises multiple benefits for business and employees, it is important to educate all the stakeholders involved about the benefits of the integration and train them to adopt the new systems. Failing to do the same might lead to reduced adoption of the new solution, which will only make all the effort fruitless.

Conclusion

E-commerce and ERP integration is crucial to get more out of the investment in each of these systems. Integration will not only streamline your businesses processes, reduce operational costs and help you scale your business but also help you in improving your customer experience and take you one step closer to providing them with a true Omni-channel experience. But all this will only become a myth if you don't take care of some of the pitfalls identified above from correctly identifying your requirements to having realistic expectations from the integrated system to training your employees.

i95 Dev

Passionate about eCommerce

New Jersey

33 Wood Avenue South, Suite 600,
Iselin, New Jersey, 08830
Ph: (301) 760.7499, Fax: (301) 576.3655

New York

1430 Broadway,
7th Floor New York NY 10018.
Ph: (646) 688.3662

Los Angeles

303 North Glenoaks Blvd.,
Suite 200, Burbank, CA – 91502

Australia

Sydney, NSW – 2145, Ph: (02) 8015 5446

Hyderabad

Level 1 – Wing 2, Block 'C',
Cyber Gateway,HITEC City,
Madhapur, Hyderabad – 500 081,
Telangana, India. Ph: +91(40) 66710711

info@i95Dev.com

www.i95Dev.com

About i95Dev

i95Dev is an end-to-end eCommerce product and services company specializing in designing, developing, and maintaining B2B/B2C ERP integrated omni-channel eCommerce solutions. i95Dev's eCommerce solutions are powered by industry leading shopping carts such as Adobe Magento, BigCommerce, and Shopify.

We are a leading systems integrator supporting complex eCommerce integrations with various ERPs, POS, CRM, Mobile, and Social Applications. Our integration products for Magento and Microsoft Dynamics (Dynamics 365, Business Central, GP, AX, and NAV), SAP, and SAGE ERPs are globally recognized.

i95Dev's products and solutions enable retailers, distributors, and manufacturers to utilize current and emerging technologies such as mobile, social media and marketplaces, to reach more clients efficiently.

With a strong workforce of 300+ eCommerce enthusiasts, spread across Australia, India, and USA, i95Dev has helped energize digital commerce initiatives of clients across 25+ industries and 15+ countries.

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