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5 ERP Integration Challenges Your HCM System Could Help Overcome

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Financial leaders at successful organizations know that data is at the core of smart business decisions and that, in particular, assessing the full breadth of your employee data is an essential component.

A wealth of relevant information about your people exists at the intersection of your enterprise resource planning (ERP) platform for your business operations and your **human capital management (HCM) system** for your HR and talent administration. However, that intersection can be complex when ERP integration problems impede data sharing.

Research from ADP[1] reveals that 55 percent of finance teams juggle three or more unique systems to incorporate HR data into their financial decisions. Those legacy systems can also present frustrating issues like outages, performance lags and glitches, which can disrupt daily operations and even lead to data loss. It's so disruptive that 83 percent of finance executives say they're in the market for new finance and HR tech investments and plan to replace up to half of their legacy systems.

How ERP integration solves technical challenges

The lack of ERP integration with HCM systems decreases your organization's operational efficiency and can result in inaccurate data or analyses informing your strategic decisions. Modern HCM systems, however, can play well with your ERP and are designed to let data flow without technological impediments.

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Reduces system complexity

Businesses often operate with a patchwork of ERP and HCM systems. Research shows that 40% of finance teams use three technology systems for HR and finance, with 15% using four or more.[1] Often, this situation arises as organizations grow and scale through acquisitions, winding up with multiple ERP and HCM systems, each with unique interfaces and functionalities. This complexity can lead to confusion, inefficiency and errors.

The right HCM solution provides simplification — a unified platform that works seamlessly with existing ERP systems. Following investment in integrations, 34% of CFOs reported improved data integrity and accuracy, while 31% reported increased data flow speed and more collaborative decision making.[1]

A smooth integration reduces the learning curve, streamlines processes and improves data handling and reporting consistency, enabling leadership to make better-informed decisions.

Eliminates heavy manual processes

Manual data entry and analysis are time-consuming and prone to human error. Many organizations rely on spreadsheets for compiling and managing data, which can be both inefficient and insecure. In fact, 39% of finance executives[1] list automating manual tasks as one of their main objectives for making an ERP investment. If you have several people handling the data with noncollaborative software or isolated files, it can also lead to data silos and inconsistencies.

An advanced HCM system automates data entry, import and export. This centralization ensures data integrity and consistency, which are crucial for accurate reporting. It also frees up valuable time for finance teams to focus more energy on formulating strategy.

Supplies relevant data and a single source of truth

Separately, ERP and HCM are like puzzle pieces. Business leaders get value from each, but the complete picture is best viewed when everything is properly connected.

A robust HCM system provides real-time access to comprehensive data, including payroll, performance and growth forecasts. It's not surprising that 55% of surveyed CFOs said access to improved data and insights is necessary.[1] They know real-time, clean and consistent data helps them, as well as HR and other executives, identify trends and opportunities. Plus, an integrated HCM system also acts as a single source of truth for all, making it easier to align strategic planning decisions across the organization.

A modern HCM solution can offer enhanced reliability and uptime, ensuring that finance teams and other executives have at-the-ready access to the data they need. Having a system you can count on is crucial for maintaining operational continuity.

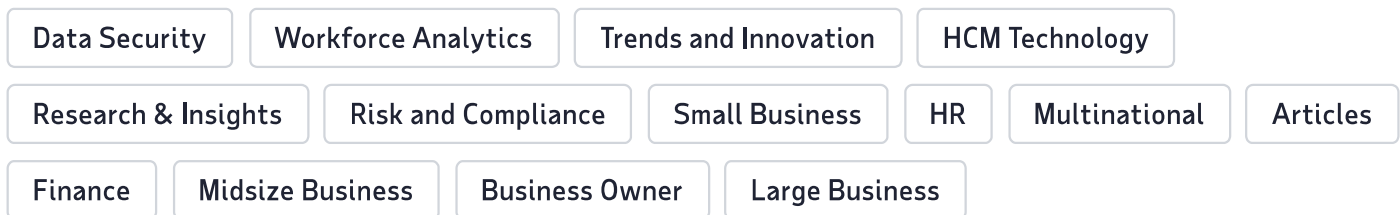## Invest in your organization's future

When agility and foresight are strategic imperatives, an integrated and reliable HCM solution is a pivotal tool for future-proofing your organization — and can address challenges and ensure adaptability, scalability and compatibility with various ERP systems. By providing real-time data insights and fostering a more cohesive operational approach, these systems enable employees at all levels to focus on higher-value activities that drive business growth and innovation.

Choosing an HCM system is more than a technological decision; it's a strategic move toward building a resilient, agile and forward-looking enterprise.

ADP offers solutions for seamless data integration between your ERP system and HR, payroll and HCM systems. [Learn more about ERP integration](#).

1 March 2023, CFO Dive/ADP "How Are CFOs & Finance Teams Tackling Today's Challenges Through Technology?"

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