

## **Enterprise Resource Planning (ERP), the least used ICT tool by SMEs: FICCI Study**

*Marketing & Sales, Finance, Research main beneficiaries*

**NEW DELHI, June 22, 2012:** The use of ICT tools for an effective integration of the supply chain by Small and Medium Enterprises (SMEs) is minimum. However, most of the SMEs use the ICT tools like emails, internet, mobiles, social networking sites like facebook, twitter and softwares like tally, MS Access, MS office etc. for sales and marketing, finance and market research related operations.

This is revealed by a FICCI survey on 'Usage of ICT tools by Indian SMEs and its impact on their business'. The survey elicited responses from SMEs across the country to gauge the level of awareness of ICT amongst these enterprises and its impact on the productivity of their businesses.

The survey assumes significance in view of the imperative need for SMEs to have access to ICT tools for facilitating the production processes, market access, supply chain integration and customer feedback which will help them gain better outreach and eventually result in reducing their business costs and thereby reap higher profit margins. Therefore, the study aims at understanding the awareness of ICT amongst MSMEs and its impact in their business productivity.

Ninety five (95%) per cent of businesses which use ICT tools in their day-to-day business find them beneficial; only 5 per cent respondents feel that there has been no noticeable impact in their business.

As many as 67 per cent of the respondents, feel that the use of ICT tools has considerably reduced time of business operations across business verticals (sales and marketing, finance, market research etc).

According to **Mr. Sanjay Bhatia, Chairman, FICCI MSME Committee**, "ICT is surely a miraculous tool for business as well as social empowerment. It has empowered people as well as the industry to cross the digital divide."

The study notes that as many as 88 per cent respondents do not use ERP in their business. In spite of 58 per cent people being aware about ERP, only 12 per cent actually use it in their business. Majority of the people know about ERP but still do not use it.

Some of the reasons cited by the respondents for not using ERP are that it is very expensive. Substitutes such as Tally, MS Access and MS Office are available which serves their purpose to a large extent. Although there is awareness about ERP, but SMEs do not possess an in-depth knowledge on how it can prove to be a great source for easing their day-to-day business operations. Further, many SMEs do not have business operations large enough which requires the need of sophisticated software or ICT tools like ERP.

The FICCI survey also revealed that 60 per cent of SMEs feel that there has been an improvement in the business partner and customer relationship after use of ICT tools like internet, B2B portals, social media like Facebook, Twitter etc.

Out of 21 per cent respondents who do not use ICT tools in their business activities, 68 per cent do not use because of lack of knowledge about ICT or they do not possess sufficient knowledge on various kinds of ICT tools available and how it can benefit them, 23 per cent people do not use as they do not possess sufficient funds to afford ICT tools and 32 per cent say that they do not use ICT tools because they do not feel the need of ICT in their business activities.

Out of 79 per cent people who use ICT tools in their day-to-day business operations, maximum usage of ICT tools is done for promoting sales and marketing (79 per cent) by different companies (SMEs), followed by finance (67 per cent) and market research (53 per cent). Very few companies (21 per cent) use ICT tools in their supply chain activities.

**Note: Detailed Study Link (<http://ficci.com/publication-page.asp?spid=20135>)**

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