

The Difference between ERP Customization and ERP Configuration

When you integrate an enterprise resource planning (ERP) system into your company's operations, you become familiar with the terms customization and configuration. The terms seem similar, so what's the difference?

ERP systems are designed to be flexible, helping meet the need of the companies or businesses that use them. Each company is different, and so each ERP system is different. Based on the needs of the company, there will be many choices for configuring the system and customizing how it operates.

ERP Customization vs. ERP Configuration

ERP customization and configuration work in conjunction to make the solution more efficient, but there are differences between the two terms. Generally, customization refers to optimizing the software's settings to meet a company's specific needs, while configuration refers to optimizing system components to meet specific business needs.

Customization

Definitions of customization include the following:

- Modification or extension of a software feature;
- Requires custom coding;
- Custom code must be written to integrate with the existing ERP system;
- Enhances the features and functionality of the existing ERP system;
- Allows you to include task management processes specific to company needs; and
- Enables the expansion of third-party software functions.

Even after meeting with your vendor and expressing your business needs and wants, you may still need to make changes to your ERP system. For these changes, you must look to ERP customization. Again, begin by contacting your vendor and expressing your business needs and how

you want the ERP solution to perform. The vendor will work with you to determine which process to customize as well as the time and cost. Most ERP systems require some type of customization to meet the needs of the business in which they're installed.

When you've decided on the customizations your business needs, the vendor will alter the application to ensure that it functions and has the features you desire.

Configuration

Configuration is the process of changing your ERP system's components so that they function properly within in your environment and business situations, such as time zones, languages, currencies, and platforms. In addition, configuration allows you to choose options for basic or standard applications, such as email programs or business productivity, making them function in the manner you need.

Examples of tools and features that can be configured include:

- Email templates;
- Various page layouts;
- Security roles and labels;
- Portal forms;
- Membership types;
- Security roles;
- Revenue recognition schedules;
- Custom fields and objects;
- Revenue specifications; and
- Geographical units.

Things to Remember

Here are a few things to remember when considering the differences between customization and configuration:

- Most ERP implementations require some level of customized programming.
- Older ERP programs may have up to 75 percent customized code.
- When it comes to customization, more isn't always better.
- Many feature extensions that were once customized can now be completed during configuration.
- Configuring is similar to choosing from a menu or preset lists.
- Configuration is the most important step in ERP implementation and installation.
- Configuration is a well-defined method of system installation, but it's limited in what it will let you do.
- Most configurations will survive software updates, but certain customization will not.

When you integrate an ERP solution into your company's infrastructure, you do so with the intention of making it your own. When configuration of your ERP system is complete, you may still need additional customization to create the tools and features that meet your business needs and help you succeed.

[Contact us for a more in-depth discussion](#)