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## **RESEARCH NOTE** TECHNOLOGY VALUE MATRIX SECOND HALF 2013: ERP

### **THE BOTTOM LINE**

The dynamics of the enterprise resource planning (ERP) market are shifting. The incumbent vendors must show compelling reasons to upgrade or risk diminishing revenue streams from their customer base, through attrition, lack of expansion, or maintenance contract resistance. There are smaller players with compelling value propositions, but they must prove their staying power to attract conservative, risk averse buyers.

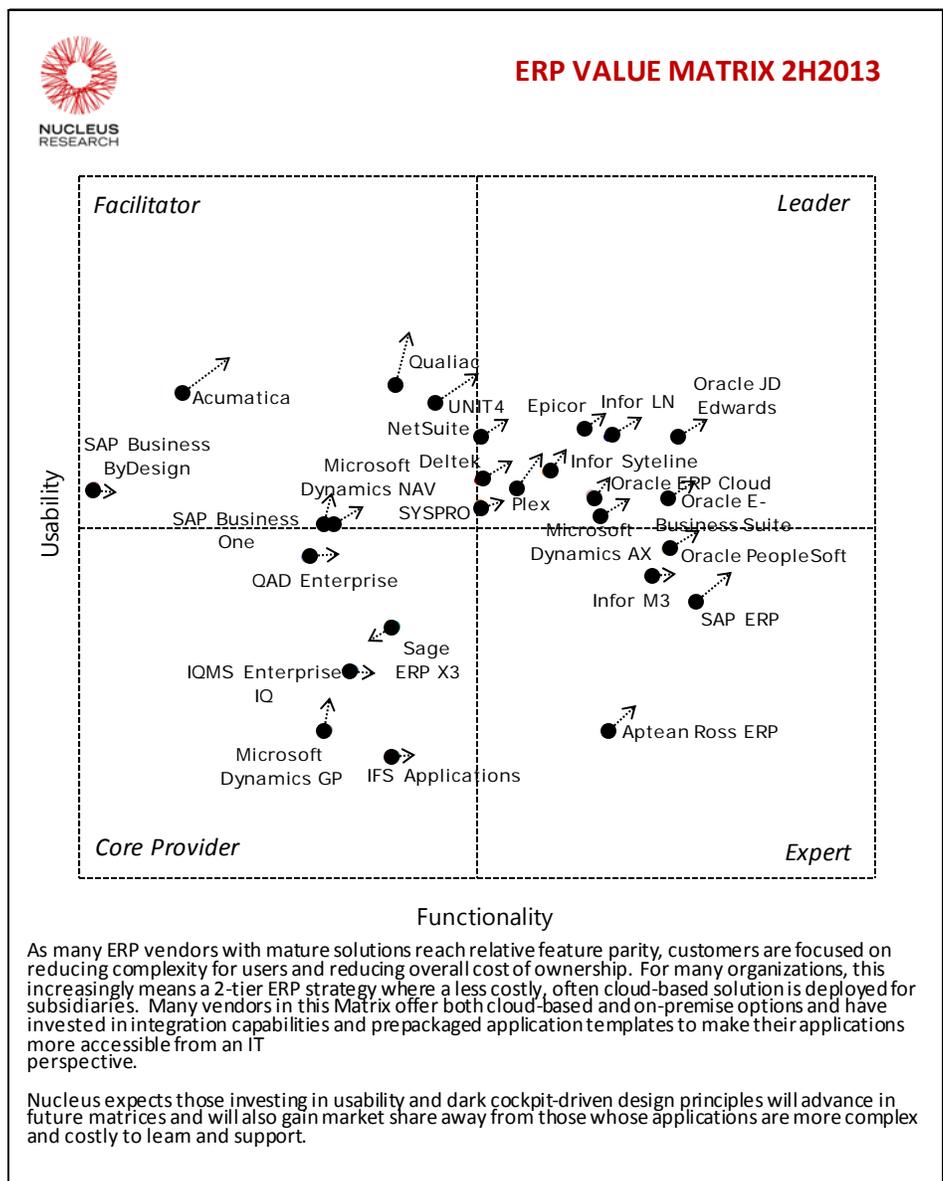
### **MARKET OVERVIEW**

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There is no doubt that the pace of product releases and upgrades is accelerating in the enterprise resource planning (ERP) market, as most major vendors push cloud ERP options and more embedded analytics as reasons for clients to upgrade and stay current. Many vendors have made product upgrades or releases since the last Value Matrix was published, producing some significant adjustments in position. There are four main groups of ERP buyers today:

- **Maintainers.** Companies that made their initial ERP investment in the early part of the last decade are now focused on reducing cost and complexity and taking advantage of edge applications such as analytics to deliver more value from their transactional systems. In this group, there are two core strategies. Some customers are embracing the existing vendor and leveraging the vendor's investments in areas like in-memory computing, usability, and performance management and diagnostics to reduce overall technology management costs and deliver more value to users. Others are taking a maintain-to-retire strategy that includes slowing the overall upgrade path, turning to third-party vendors for less costly maintenance, and beginning to explore phasing in new transactional and financial management systems.
- **Diversifiers.** Companies that have grown through merger and acquisition, or those that invested in core ERP at headquarters but let subsidiaries choose their own solution, are taking advantage of innovations in integration and analytics to tie multiple systems together. They are, in many cases, willing to consider a tier-2 ERP strategy that embraces new cloud-based, often less costly solutions to support subsidiary operations that didn't fall under the original ERP investment footprint because it was too costly or beyond their support capabilities.

- Consolidators. Companies that have grown through merger and acquisition or let individual subsidiaries select and deploy their own systems are now seeking to rationalize systems and are look to a vendor that can provide them with a streamlined path to consolidation and lower overall cost of ownership.
- New buyers. Although net new ERP buyers are largely at the midmarket level, Nucleus expects we will see more larger companies emerging with a similar “net new” buyer profile as they reach end of life with the existing ERP solution. For both groups, phased deployment approaches, industry best-practice templates and tools to reduce risk and time of deployment, and cloud options will be important factors for shortlist vendors.



## LEADERS

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Leaders in the ERP Value Matrix include Deltek, Epicor, Infor LN, Infor Syteline, Microsoft Dynamics AX, NetSuite, Oracle E-Business Suite, Oracle ERP Cloud, Oracle JD Edwards, Plex, and SYSPRO.

### DELTEK

Deltek provides enterprise resource planning (ERP) applications for professional services firms, government contractors, and other project-oriented businesses. Although Deltek doesn't provide functionality for all verticals, its capabilities in the core sectors it covers such as professional services, architecture, and engineering are deep and broad.

Deltek's offerings include Costpoint, Vision, Maconomy, and the cloud-delivered Deltek First. Nucleus's positioning of a single dot in the Matrix for Deltek reflects both the common experiences in usability and functionality Nucleus has seen across the customer base as well as Deltek's move toward a more unified product suite. Following the acquisition of Acumen in July 2013 that expanded Deltek's project management ERP capabilities, Deltek released version 7.1 in October 2013. The upgrade introduced the vision navigator for simplified task assessment, a new invoice approval system for tighter control, and an improved business intelligence experience through a redesigned vision performance management dashboard.

### EPICOR

Epicor differentiates its Epicor 9 solution as one that has been built on service-oriented architecture (SOA), with embedded tools for a stable and flexible ERP solution that can be extended to meet the needs of manufacturers. Epicor's ICE business architecture supports the social and technical aspects of Web 2.0. Because the Epicor Everywhere Framework stores all client business logic as XML metadata, Epicor applications can run as smart clients or Web clients or on mobile devices, driving further usability without the need for additional code.

Over the past few quarters, Epicor has continued to announce enhancements to areas such as mobile and e-commerce that can enable further extension of the Epicor platform. In recent deals, manufacturers have cited support for end-to-end business management and the ability to manage multiple pillars of business (such as CRM and finance) within the same application as a major reason for selecting Epicor.

### INFOR LN

Infor LN targets enterprise and mid-market businesses with a solution that combines global financials and compliance as well as deep operational support across manufacturing, supply chain management, project management, and service lifecycle management. Infor LN targets industries including industrial machinery and equipment, general manufacturing and distribution, high tech, automotive, and aerospace and

defense. LN has been a popular choice for customers seeking a single instance, global ERP strategy or a 2-tier ERP approach because of its extensive global capabilities (multi-country, multi-site, multicurrency, multi-language), low TCO, and flexibility.

In the past 12 months, LN has taken advantages of Infor's investments in user experience, social collaboration and mobile applications, micro-vertical functionality, and embedded analytics to significantly improve its positioning in the Value Matrix. In October 2013, Infor announced that Infor Business Intelligence certified Amazon Redshift as a data repository building on Infor's SkyVault initiative. In October 2013, Infor also announced UpgradeX, a path for existing customers to upgrade their existing Infor applications to the Infor Business Cloud (Nucleus Research *n160 – Infor announces UpgradeX*, October 2013).

### **INFOR SYTELINE**

Infor SyteLine moves into the Leaders quadrant in this Matrix for the first time, largely based on its advances in usability driven by SyteLine 9's adoption of the Infor Ming.le user experience, which extends SyteLine with embedded social collaboration and analytics.

In October 2013, Infor announced UpgradeX, a path for existing customers to upgrade their existing Infor applications to the Infor Business Cloud. Customers will be able to upgrade their existing on-premise application to the 10X-enabled version of their application to take advantage of usability improvements and the economies of the cloud with limited disruption (Nucleus Research *n160 – Infor announces UpgradeX*, October 2013).

Infor released SyteLine 9, a significant upgrade to its SyteLine ERP offering which includes support for single-instance or multi-site database functionality, enhanced support for cloud development and deployment, and a new user interface that leverages Infor 10x, in November 2013. The upgrade also includes new features for compliance, multiple sets of books in financials, functionality to support promotional pricing and rebates, and support for managing commodity surcharges. The new user interface (UI) is likely to make SyteLine more attractive to new and existing customers; however, those wishing to take advantage of the new capabilities without a UI change have the option to maintain the classic SyteLine UI for all or some users, reducing disruption and training requirements (Nucleus Research *n177 – Infor releases SyteLine 9*, November 2013).

### **MICROSOFT DYNAMICS AX**

Microsoft has continued to position AX as a competitive enterprise application with multi-language, multi-currency enterprise resource planning capabilities with features for financial, human resources, and operations management. Microsoft has also continued to deliver industry capabilities for retailers, professional service industries, financial service businesses, manufacturers, and public sector organizations. Microsoft recently delivered expense management and reconciliations, timesheets, and approvals applications for

Dynamics AX, as well as an update to the AX Business Analyzer app for in-context business analytics.

In November, Microsoft announced plans for Dynamics AX R3 with new warehouse and transportation management capabilities as well as new life cycle services to help customers streamline implementations. The announcement also included plans for deployment on Windows Azure. Nucleus expects its release in April 2014 will improve AX's positioning in the Matrix.

### **NETSUITE**

NetSuite's continued investments in usability and functionality moved it into the Leaders Quadrant of the Value Matrix for the first time in this edition. NetSuite was an early proponent of the two-tier ERP approach and has been broadly adopted by e-commerce, wholesale and distribution, professional services, software, and manufacturing firms. Key differentiators for NetSuite continue to be its single database and cloud delivery model.

NetSuite has also been investing in building out its partner ecosystem and providing partners with the tools they need to be more successful. The Built for NetSuite program announced in May 2013 helps partners to verify that their applications meet the SuiteCloud Platform's development standards and best practices.

In May 2013, NetSuite announced new functionality for manufacturing customers including availability to promise, standard cost, work in process, and routings, as well as partnerships with design and PLM partners. In June 2013, NetSuite announced a number of advances in its support for e-commerce including NetSuite Order Management for Magento and Demandware, a cloud-based order management applications that will enable Magento and Demandware users to streamline order management. In October 2013, NetSuite announced the acquisition of Tribe HR, adding to its functional capabilities in human capital management.

### **ORACLE E-BUSINESS SUITE**

Nucleus has seen Oracle continue to invest in E-Business Suite as the core ERP application of existing customers, and customers continue to upgrade their deployments to take advantage of new capabilities. Major announcements driving E-Business Suite's positioning in this Matrix include:

- In October 2013, Oracle announced Oracle In-Memory Cost Management to build on the existing E-Business Suite capabilities and better enable organizations to view, analyze, and visualize the impact of cost changes. Leveraging Oracle's investments in in-memory analytics and engineered systems, these capabilities enable users to more quickly perform what-if analyses and visualize the impact on inventory valuations and profit margins.
- In October 2013, Oracle also announced E-Business Suite 12.2. From an administrative perspective, the latest release introduced Online Patching to reduce

planned maintenance downtime and improve performance. Other functionality enhancements included Oracle Contract Lifecycle Management for Public Sector; integration with Oracle Fusion Accounting Hub and Data Relationship management; improved projects, purchasing, and supplier life cycle management features; and other supply chain management and asset management enhancements. Finally, simplified payroll and time and labor management capabilities support reduced project costs and streamlined workforce management.

### **ORACLE ERP CLOUD**

Oracle ERP Cloud, based on Oracle Fusion Applications, continues to deliver functionality across core ERP areas. In September 2013, Oracle announced enhancements in key areas including:

- Financials. Oracle announced a multi-dimensional reporting platform, spreadsheet and imaging integration to reduce errors and data processing costs, and role-based dashboards and work areas to enable users to better manage activities.
- Procurement. Oracle announced further automation of workflows to streamline source-to-settle processes, support for strategic sourcing and contracts, self-service procurement capabilities, and a supplier portal for supplier collaboration.
- Project portfolio management. Oracle announced enhancements in financial management and execution management, and the integration of native social communication tools.
- Supply chain management. Oracle announced new capabilities including global inventory control with end-to-end inventory management, flexible product cost management capabilities, and enterprise product master data management capabilities,

In November, Oracle also announced further investment in its global cloud capabilities to support Oracle ERP Cloud deployments, with four new cloud data centers.

### **ORACLE JD EDWARDS**

Nucleus continues to see both new customer wins in specific verticals and expanding footprints of JD Edwards in accounts that have been impacted by mergers and acquisitions. JD Edwards's continued focus on articulating the roadmap for future investment and in providing guidance for how existing customers can leverage more returns from their existing investment leads more and more customers to upgrade. Like other Oracle ERP offerings, JD Edwards has benefited from Oracle's investment in in-memory applications and other edge capabilities.

### **PLEX**

The Plex Manufacturing Cloud is focused on plant-floor ERP for manufacturers. Plex includes core capabilities for accounting and finance, business intelligence, customer and sales management, human resources management, inventory management, inventory

management, product and program management, production management, quality management, and supply chain management.

Plex's June user conference included a number of announcements highlighting how Plex's additional funding (received in January 2013) is being invested to meet key demands of ERP customers around enhanced analytics, community support for collaboration and problem solving, education services, and a new user interface.

### **SYSPRO**

SYSPRO ERP is targeted for lower midmarket companies as well as divisions of larger companies and provides industry-specific functionality for a broad range of manufacturing verticals. Nucleus has found that SYSPRO's growth, particularly in North America, has been largely driven by SYSPRO's hands-on approach to customer service and proactive efforts to resolve customer issues both during and after deployment.

SYSPRO's position in the Value Matrix continues to improve on the heels of its general availability release of Version 7 in April 2013. The new release focused on usability with a new tile-based user interface, enhanced mobile capabilities, and support for streamlined enterprisewide customization and configuration. SYSPRO also delivered investments in rapid deployment with Version 7, including one-click remote installation capabilities.

## **EXPERTS**

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Experts in the Value Matrix include Aptean Ross ERP, Infor M3, Oracle PeopleSoft, and SAP ERP.

### **APTEAN ROSS ERP**

Aptean Ross ERP is focused on process manufacturers. It includes capabilities for manufacturing and distribution management, financial management, traceability, and contracts and chargebacks. The solution also provides data collection, mobile access, and customer management and portal capabilities. Aptean has taken the approach of building in best practices for process manufacturers within the software to help them manage process complexity and variability as well as account for raw materials and finished products. Aptean has particular strengths in process manufacturing for food and beverage.

Aptean announced Ross ERP version 7.0.3 in November 2013. The solution upgrade builds on the original 7.0 platform while improving functionality to better unify the user interface and achieve improved compliance. 7.0.3 also builds on the 7.0 introduction of Ross Document Connect and Ross Mobile to include allergen management, inventory back-flush, tank management, SEPA (Single Euro Payment Area) controls, product lifecycle management integration, centralized pricing, deals and promotions, and reporting services.

### INFOR M3

Infor M3 support multi-lingual, multi-company, multi-site organizations that make, move, or maintain products. M3 has also benefited from Infor's investments in areas such as Ming.le for social collaboration, ION for integration, and a new native HTML5 client. Other announcements impacting M3's current and future positioning in the Matrix include:

- In May 2013, Infor announced its first 10x-certified version of M3 with the release of M3 13.1, with more than 800 improvements for all M3's focus industries.
- In October 2013, Infor announced a new M3 application with specific micro-vertical functionality to support the planning process for fresh food manufacturers.
- In October 2013, Infor also announced UpgradeX, a path for existing customers to upgrade their existing Infor applications to the Infor Business Cloud (Nucleus Research *n160 – Infor announces UpgradeX, October 2013*).
- Infor also plans to deliver more industry-focused improvements to M3 in February 2014 with the release of M3 13.2.

### ORACLE PEOPLESOFT

Oracle PeopleSoft announced the PeopleSoft 9.2 release in March 2013 and PeopleTools 8.53 release in February 2013. Version 9.2 included user interface improvements including global search capabilities, activity guides, WorkCenters, and pivot grids to help users be more productive and effective. These improvements, as well as functionality improvements, particularly around mobile, advanced PeopleSoft's position in the spring edition of the Value Matrix.

In August, Oracle introduced PeopleSoft In-Memory Project Discovery to help customers have greater visibility into projects and resources. Project Discovery is another example of how Oracle is helping existing PeopleSoft customers achieve more returns from their PeopleSoft investment by taking advantage of Oracle Engineered Systems and the new Oracle In-Memory Application to have greater, faster, and more granular visibility into transactional data.

### SAP ERP

SAP ERP supports more than 25 industries, 37 languages and 45 localizations and offers modules that span financials, HCM (building out a stronger HCM solution with the acquisition of SuccessFactors), procurement and logistics, manufacturing, product and portfolio management (PPM), and asset management. Key focus areas for SAP moving forward in its investments include:

- HANA. SAP has now shipped ERP on HANA to 52 countries. The SAP ERP Foundation Extension, which provides a different set combination of preassembled products including mobile, business intelligence (BI) and analytics, access control, single sign-on, and process integration running on the SAP HANA Platform, is designed to accelerate adoption and leverage a single platform for analytics and transactions.

- **Rapid Deployment Solutions.** RDSs are designed to accelerate the time to deployment, reduce cost, and increase the predictability of deployment by leveraging industry and line-of-business best practices. Most recently, SAP released three new RDSs that enable innovations like SAP HANA to be more accessible to enterprise customers looking to boost their ERP operations with real-time analytics.
- **Mobile.** SAP has released to date 25 Fiori HTML5-based applications, which are designed to provide access to the most commonly-used SAP functions on a mobile device, and plans quarterly shipments of new Fiori applications on an ongoing basis.
- **Deployment flexibility.** SAP has continued to evolve its deployment model strategy, supporting hosting, private cloud, public cloud, and new cloud options including SAP HANA Enterprise Cloud and the Rapid Deployment Appliance.

SAP also continues to make investments in its partner ecosystem to deliver capabilities to customers. Moving forward, SAP's focus areas of development in the next six months include mobile applications and leveraging HANA's analytics capabilities, as well as enhanced functionality for electronic processes such as procure to pay and order to cash.

## **FACILITATORS**

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Facilitators in the Value Matrix include Acumatica, Microsoft Dynamics NAV, Qualiac, SAP BusinessByDesign, SAP Business One, and Unit 4.

### **ACUMATICA**

Acumatica provides a cloud-based ERP solution for small and medium-sized businesses. Its solution includes capabilities for financial management, distribution management, customer management, and project accounting. Acumatica's platform also includes reporting and dashboard capabilities and content management and workflow. The Acumatica platform enables users to add buttons, customize fields, alter business logic, add new screens, and extend existing screens using a Web browser, which drives its high usability. Acumatica follows a partner-led model, with a complete set of modules so partners can extend and customize the solution to meet specific customer needs.

In August 2013, Acumatica launched Acumatica 4.1, which included CRM enhancements, advanced column and parametric filtering, optimized data entry with suggestion and auto-completion capabilities, real-time connectivity with Excel, the ability to add and secure highlighted import scenarios in the drop-down menus, improved reporting layouts and forms, simplified scheduling for general ledger, accounts payable, and accounts receivable, expanded developer documentation, and drag-and-drop capabilities.

In November 2013, Acumatica announced it had raised \$10 million in a Series C funding round led by Runa Capital and Almaz Capital, which will enable the company to further research development, branding, and partner channel development efforts.

Acumatica release 5.0, scheduled for early next year, includes advances for collaboration and mobile access. A mobile framework will enable running Acumatica and any Acumatica-powered ISV solution as a single iOS application. Also included in the release are additional dashboards and KPIs, advances in business process management, improved integration capabilities with applications such as Microsoft Office 365, and portal capabilities for different views of Acumatica data.

### **MICROSOFT DYNAMICS NAV**

Microsoft Dynamics NAV is one of Microsoft's products focused on small and medium-sized businesses. Microsoft announced availability of Dynamics NAV R2 in October 2013. The original version was launched in 2012 and hosted on the Azure cloud as of June 2013, giving customers more deployment options for the application. R2 is designed to provide better compatibility with Office 365 and cloud-based SharePoint sites with single sign-on features for both. The upgrade also introduces enhanced cash management resources for risk management with features such as automatic and manual payment processing, bank reconciliation tools, and support for SEPA direct debit and credit transfers.

### **QUALIAC**

Qualiac, founded in 1979 in France, has a long history in the European ERP market. With more than 500 deployment sites and 50,000 users, Qualiac lists reference clients in the finance and banking, insurance, real estate, health care, manufacturing, chemicals and pharmaceuticals, media and publishing, nongovernmental organization, and public sectors. Qualiac is available both in the cloud and on-premise.

Because the solution takes a configuration rather than customization approach, Nucleus has found this enables companies to more rapidly deploy Qualiac and take advantage of knowledge transfer during the deployment process so business analysts and managers can make changes in the application based on changing business needs without additional consulting costs or expertise. In looking at Cegedim's deployment for example, Nucleus found that internal Cegedim staff were able to gain enough knowledge through a limited initial Cegedim services contract at headquarters to continue to deploy and configure the application to meet various subsidiaries' needs without additional technical support (Nucleus Research *n128 - Qualiac ROI case study - Cegedim*, September 2013). This architectural approach provides companies with greater flexibility to make changes as business dynamics or regulatory requirements change, and also enables greater flexibility across divisions: subsidiaries can configure components and modules to meet their specific characteristics while maintaining a common core data model for enterprisewide visibility.

In 2012, Qualiac established its American subsidiary, Qualiac Corporation, to further its US presence. Qualiac reinvests approximately 25 percent of its annual revenues in research and development.

Qualiac has always offered in-application analytics and dashboards as core usability features of its solution. In 2012, Qualiac enhanced its RIA Web 2.0 interface with integrated instant messaging and content management capabilities. Qualiac Mobilité extends the RIA interface to provide tablet and smartphone users with interactive dashboards and greater visibility into day-to-day transactions and trending.

### **SAP BUSINESS ONE**

SAP Business One is an integrated ERP solution for small and medium-sized businesses with modules to support financial management, warehouse and production management, customer relationship management, and purchasing. The solution also includes reporting and business intelligence through integration with Crystal Reports and iOS support for iPad and iPhone access.

In May 2013, SAP announced general availability of version 9.0 of Business One running on Microsoft SQL, which can be deployed on premise or in the cloud (Business One has been available as a cloud option for some time). The version release included integration with the Ariba Network, new features including a central location for implementation and configuration tools, and new integrated development environments for industry and company-specific functionality development. SAP also delivered Business One natively running on HANA, which will enable Business One customers to take advantage of both the speed and analytics capabilities as well as the investments made by SAP and its partner ecosystem in HANA as a development platform.

### **SAP BUSINESS BYDESIGN**

SAP Business ByDesign is SAP's original cloud ERP offering, with modules to support customer relationship management, financial management, project management, supply chain management, supplier relationship management, human resources management, and compliance management. The solution also includes an analytics module for management decision

SAP will extend the current version of SAP Business ByDesign with new features, including the upcoming 14.02 release. From 14.02 onwards, SAP will provide smaller extensions via hot fix collections rather than full feature packs, and SAP will publish its 2014 roadmap in mid-December. SAP expects its partner ecosystem to continue to develop application functionality on top of Business ByDesign, and SAP is accelerating its move of BusinessByDesign to the SAP HANA Cloud Platform to give customers the speed, performance, and enhanced analytics of HANA. This replatforming will also mean Business ByDesign will share the same data model, reporting, and business process layer as other solutions running on HANA.

### **UNIT4**

UNIT4's ERP solution is focused on people-centric companies in the mid to upper-midmarket. A key differentiator of UNIT4's approach is support for business users to make

configuration changes within the application with a drag-and-drop interface, enabling companies to more rapidly make changes to respond to changing business dynamics or market developments without IT intervention.

## **CORE PROVIDERS**

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Core providers in the Value Matrix include IFS, IQMS Enterprise IQ, Microsoft Dynamics GP, Sage ERP X3, and QAD.

### **IFS**

IFS provides a component-based ERP suite built on a standards-oriented architecture with a focus on service and asset management, manufacturing, supply chain management, and projects. IFS announced compatibility of its apps with Windows Azure in October 2013.

Other significant announcements from IFS in the second half of 2013 included expansion of its mobile applications capabilities including IFS Mobile Work Order and IFS Warehouse Data Collection, building on IFS's Touch Apps, and expansion of its corporate performance management capabilities.

### **IQMS ENTERPRISE IQ**

IQMS provides ERP and MES solutions for small and medium-sized manufacturing companies. Its broad solution targets a number of industries including aerospace and defense, automotive, medical devices, and plastics. Its flagship solution, EnterpriseIQ, offers functionality specific to manufacturing. IQMS also offers customer relationship management, supply chain management, warehouse management, and human resources management capabilities.

In June 2013 IQMS announced the availability of six new mobile applications: carton builder; inventory transactions and locations; maintenance, repair, and overhaul, opportunity central; Scan ID; and Signature Capture. In July 2013, IQMS introduces a new PLC (Programmable Logic Controller) to provide better process variable monitoring and enhance its shop floor solutions.

### **MICROSOFT DYNAMICS GP**

Microsoft Dynamics GP is Microsoft's mid-market focused ERP package. In June 2013 Microsoft announced that Dynamics GP was available on Microsoft Azure, providing customers with more cloud options for Dynamics GP.

### **SAGE ERP X3**

Sage ERP X3 is Sage's flagship ERP product for small and medium-sized businesses. It supports industry-specific processes and visibility across finance, sales, CRM, purchasing, inventory, manufacturing, and operations. Sage's focus in increasing functionality has been in areas such as analytics, with its X3 Intelligence Reporting component, with

integration to edge applications such as e-commerce (with its August partnership announcement with Yola), and with mobility through the introduction of the Sage Payroll Card by FlexWage in October 2013.

### **QAD**

QAD Enterprise Applications target discrete and configured product manufacturers in industries including automotive, life sciences, industrial products, electronics, consumer products, and food and beverage. In May, QAD announced the latest version of its application suite with increased financial functionality such as retro-billing, greater traceability and quality control capabilities. The latest release also included enhancements to QAD's user interface with role-based capabilities, driving greater usability and productivity. QAD also announced a modular deployment framework to make it easier for customers to add and implement new functionality from the QAD app store, such as collections, reports, and internationalization functionality.