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ERP Systems Buyer's Guide

Focus Research
ERP Group
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Introduction

The implementation of an Enterprise Resource Planning (ERP) system to overhaul and automate business processes is a strategic investment for any organization. Buying the right system and choosing the best vendor partner for you are critical to success.

ERP Systems Buyer's Guide is designed to help business decision makers quickly identify individual ERP needs, effectively communicate these needs to vendors, and successfully compare various product alternates. To identify ERP System needs, buyers must examine four crucial areas—ERP systems buyer types, product requirements, cost considerations, and vendor relationship needs. This guide is structured around these areas.

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Our ERP Systems Buyer's Guide is one of several research reports based on the Focus Research Methodology, which is designed to support your entire ERP System purchase process.

ERP Systems Market Primer — Want to know what an ERP System is?

you are here ERP Systems Buyer's Guide — Want help defining your requirements?

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1 Essentials

An ERP system is an integrated information management system that manages the flow of information among functional modules in an enterprise. An ERP system generally includes a common enterprise-wide database and various application modules to support common business activities, such as planning, manufacturing, sales, marketing, distribution, accounting, financial, human resource, project management, and inventory management, to retrieve, process, and/or store information in a real-time environment. Besides enabling automation of business process, better information accessibility, and improved operational efficiencies, ERP implementation overhauls the way an organization executes its daily processes.

Various ERP packages are available in the market to cater to the needs of all business types—small, medium, and large. Further, the selection of a package depends on individual business needs. Some of the key vendors in this market include SAP, Oracle, Microsoft, Infor, Epicor, Exact software, Sage, Lawson, QAD, Deltek, Workday, and NetSuite. For a detailed explanation of the basics of an ERP system and an overview of vendor landscape, see our ERP Systems Market Primer.

Points that need to be considered by a prospective buyer while procuring an ERP system are as follows:

Buyer: What type of buyer are you and what are your particular needs?

Product: What product features and functionality should you focus on?

Cost: What expectations should you have for price, indirect costs and RoI?

Vendor: What will you need from the vendor during the sales, installation and support?

Buyer Focus

By identifying yourself with one of the following buyer types, you will have a much more efficient product selection process. For more details on how to use this categorization for an efficient buying process, read our detailed section on "Buying In-Depth" in this guide.

I'm an Elementary Buyer: "I need a simple off-the-shelf ERP package with basic functionalities in the easiest and the least expensive fashion."

I'm an Enterprise Buyer: "My primary focus is to deal with issues such as business complexity, integration, scalability, and internationalization."

I'm a Suite Buyer: "I am looking for a complete ERP suite to revamp, streamline, and optimize the business processes across my whole organization."

I'm a Module Buyer: "I am looking for two or more ERP modules that can automate the business processes of respective business functions."

I'm a Sector-specific Buyer: "I have very industry-specific needs and stringent regulations and compliance requirements. I need an ERP solution designed specifically for my industry."

Product

Once you determine your buyer type, you must focus on understanding your ERP system product requirements.

Choosing the appropriate ERP modules or ERP suite would be the first step in your product evaluation process. The most commonly used and implemented ERP modules are as follows:

- Financial Management
- Human Capital Management
- Manufacturing Management
- Project Management
- Supply Chain Management
- Customer Relationship Management
- Supplier Relationship Management
- Product Lifecycle Management

"Integration with other systems" was considered the **#1** distinguishing feature when comparing products.

Focus Buyer Survey – ERP Systems, January 2009

Exploring industry-specific ERP solutions should be the next step in case you have sector-specific requirements. Industry-specific ERP solutions are designed to comply with industry best practices and regulations.

After evaluating business functionalities supported by ERP modules, the next step is to assess the features of an ERP package. ERP system administration, customization, analytics and reporting, integration, consolidation, and compliance are common features found in most of the ERP systems.

You also need to determine what type of implementation model suits your business. Most businesses prefer an on-premise ERP solution to a hosted or an on-demand ERP solution because of data security, enterprise system control, and need for a customized solution. The on-demand ERP is more suitable for buyers whose requirements can easily be met by standard ERP applications. Fast implementation, regular upgrade, and low startup costs are other factors that make SaaS ERP an attractive option.

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Cost

The size of the company, number of ERP users, range of ERP functionalities to be deployed, number of ERP modules to be implemented, and condition of the existing IT infrastructure are some factors that directly affect your total cost of ownership (TCO).

Besides the standard license fee and implementation services cost of an ERP package, there are other costs that you should consider while budgeting TCO for ERP implementation. These include the following:

- Auxiliary Software Costs
- Training Costs
- Integration Costs
- Customization Costs
- Data Conversion/Migration Costs
- IT Infrastructure Costs
- Replacement Costs for Skilled ERP Resources
- Cost of Maintaining Parallel Systems
- Opportunity Cost of Using Internal Resources during ERP Implementation

Almost **1/2** of all ERP system buyers incurred indirect costs that were initially not taken into account.

Focus Buyer Survey – ERP Systems, January 2009

The three most common indirect/unexpected costs while buying an ERP system are as follows:

- Implementation/Installation Costs
- Internal Staff Costs
- Follow-Up Services Costs

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Vendor Requirements

The commoditization of ERP functionality features, complemented with the standardized sales process of most vendors, leaves the buyers confused. In such a scenario, choosing the right vendor/implementation partner is as important as the selection of an ERP package. It is advisable to prepare a comprehensive list of criteria that addresses all your major concerns and to evaluate the vendors against those criteria.

The three major attributes that you must consider while evaluating ERP system vendors are as follows:

1. **Ask for live demonstrations for an ERP system in a real-time business environment with real business data**
2. **Evaluate vendor's experience in an industry-segment and ask to provide references of successful ERP implementations**
3. **Consider vendor's policies for post-implementation support, updates, version upgrades, etc.**

Besides these, some generic considerations, such as vendor's credibility in terms of stability, financial viability, and track record as well as range of product offerings, are also important.

Primary Reason for Purchase

Let us first consider what ERP system buyers reported the most important product, cost and vendor factors influencing their selection of the product. As is the case with most software applications, "solution meeting the business requirements" is the key selection criteria. We asked buyers to rate their most important criteria while selecting an ERP system.

"The **reputation of the vendor** in the marketplace is very important to prospective buyers. Buyers are attracted to vendors that are **stable**, have a long track record of **customer satisfaction**, and are **financially sound**. As a software buyer, you never lose your job if you select a vendor that is a market leader."

Doug Sleeter
Founder, Sleeter Group
Industry Expert



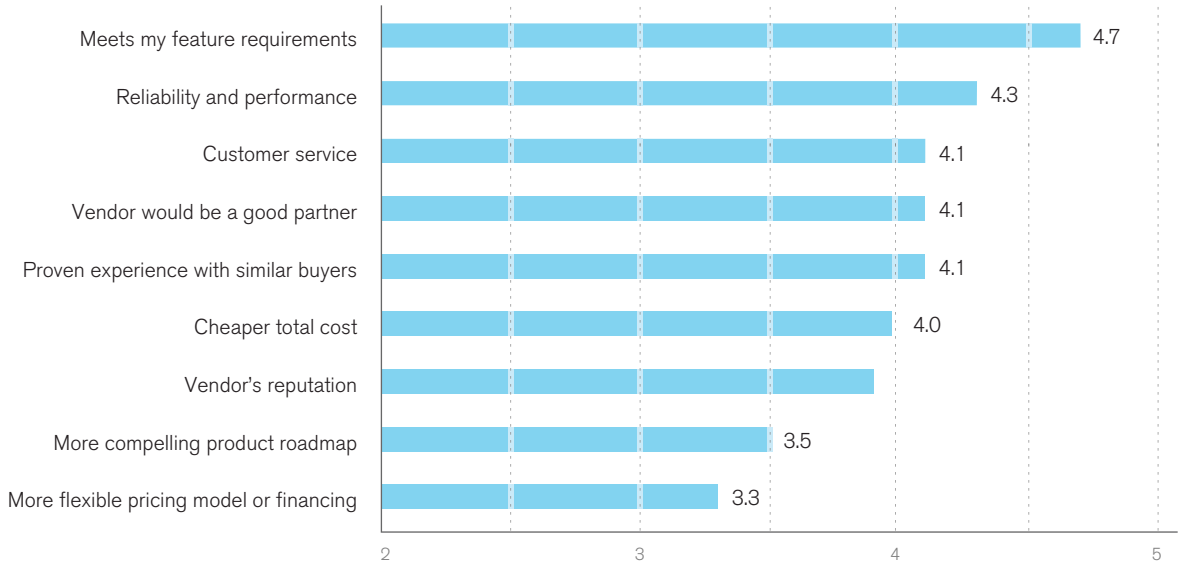
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Buyers rated the following factors above 4 (on a scale of 1 to 5):

- Whether the solution meets their feature requirements?
- Whether the solution was reliable enough?
- How good the vendor's customer service was?
- What the vendor partnership viability was?
- How the vendor's proven experience with other buyers was?

While "cheaper total cost" was also a major factor (accounting for 20% responses); 23% respondents cited a range of reasons under the "others" category including "customization", "user friendliness", "flexibility", and "ease of implementation". The bar chart below provides a snapshot of the percentage distribution of the most influential criteria as cited by users.

Top Buyer Criteria in Choosing a Solution



Based on a poll of ERP System buyers ranking purchasing influence on a scale of 1 to 5, with 1 being the least influential and 5 being the most influential.
Source: Focus Buyer Survey – ERP Systems, January 2009

"Meets my feature requirements" was the **#1** factor influencing buyers' choice of an ERP system.

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2 Top Advice from Other Buyers

We asked ERP System buyers what would be the number one advice that they would give their friends who were purchasing an ERP systems. In their own words, here is some of the best advice we heard from real-world ERP System buyers.

"Be systematic about it. The real challenge is gathering info. **Map the processes; understand the real requirements**. Ultimately it comes down to selling it to the organization and make it user friendly."

Dan
Consultant at a technology services firm
26 – 50 seats



"**Know your existing system.** Whoever is heading the project needs to talk to everyone to know the way company functions. Know the problems you are trying to solve, research all sides of it and make sure vendor can solve it."

George
Director of finance at a manufacturing firm
Employee Strength – 26-50

"Understand the **relationship with the provider and be fully aware of the product road map**. They are probably the key things to look for. We took about 6 months to select the vendor."

Ray
Project manager at a technology services firm
Employee Strength – 201-500

"Get the **money, people and company involved from top to bottom** including all the users. Have them go through demo as much detail as possible. Make sure all the users are there."

Mark
Manager at a manufacturing company
Employee Strength – 51-100

"There are a lot of systems out there. Vendors need to go through your industry and provide **certain industry specific systems** that will fit better."

Srinivasa
Principal analyst at a technology services firm
Employee Strength – 101-200

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3 Buying In-Depth

There are four key areas that you must focus on while deciding your needs during the purchase process—your buyer type; know about the product—its components, enhancements, and alternate solution options; budget your anticipated costs; and focus on vendors—their attributes and support during the buying process. Without these considerations, you will be merely guessing at a product option rather than making an informed purchase decision.

Buyers

Without an understanding of your detailed needs, business issues to be addressed, and execution of business processes, you will lack a proper foundation for making decisions regarding the most suitable product, appropriate cost model, and appropriate vendor.

While every buyer's circumstances are unique, there are some qualities that allow us to divide them into four distinct groups outlined below. Indentifying with a buyer group will help you prioritize the particular feature, cost, and support considerations to focus on when interacting with vendors during the sales process. In the product, cost, and vendor sections, we refer to special considerations that certain buyer types should undertake.

Keep in mind that your organization may share characteristics of more than one of these groups. Therefore, you should formulate a plan that incorporates unique organizational needs while selecting a product and a vendor.

For ERP systems the buyer types have been defined on the basis of the following parameters:

- Scale and complexity of business
- Modularity
- Industry verticals

Which Buyer Type Are You?

Scale and Complexity of Business

Elementary Buyers: These are buyers looking for simple ERP systems to meet their uncomplicated requirements. Some other characteristics exhibited by regular buyers are as follows:

- Are usually growing mid-sized businesses with not-so-complex business processes
- Requirements can be easily met by off-the-shelf ERP systems with minimal customization
- Require basic integration (with other external systems)
- Have limited or no internal IT support
- More likely to explore on-demand ERP applications

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Enterprise Buyers: These buyers focus on issues, such as business complexity, integration, scalability, and globalization. Other characteristics include the following:

- Tend to be mid-size to large enterprises with highly complex business processes
- Seek specialized on-premise ERP solution that meet advanced and niche requirements
- Usually require high level of customization to obtain a "good fit" for the organization
- Require extremely advanced data and systems integration
- Have sophisticated in-house IT expertise

Modularity

Suite Buyers: These buyers look for a complete ERP suite having all the desired ERP modules, in addition to the core ones. Other features are as follows:

- Usually looking to revamp, streamline, and optimize the execution of business processes across departments
- Exhibit low price elasticity as ERP suite implementation is a long-term strategic investment for them

Module Buyers: These buyers basically seek two or more ERP modules (rather than a suite) that can automate business processes of the respective department. Other characters are as follows:

- Tend to be companies that want to manage and automate business processes of two or more departments but not of the entire organization
- Comparatively more price sensitive as they are looking for short-term productivity gains
- Require significant data and systems integration of ERP modules with systems of other departments

Industry Verticals

Sector-Specific Buyers: These buyers have industry-specific and specialized needs that cannot be met by solutions developed for generic businesses. Other features are as follows:

- Often governed by stringent regulations or compliance (for example, pharmaceutical companies)
- Can be broadly categorized under the following segments:
    - *Manufacturing Sector Buyers* – industries include automotive, consumer products, industrial components, oil and gas, and chemicals
    - *BFSI Sector Buyers* – industries include banking, financial services, and insurance
    - *Service Sector Buyers* – industries include professional services, retail, telecommunications, distribution, and logistics, among others

Product

An ERP system is primarily an integrated suite of modules and features that helps automate your business processes and provides you with a platform for accessing standardized enterprise data. ERP packages are available in all shapes and sizes with a wide range of features and modules/functionalities. Some prospective buyers seek a complete ERP suite, while others prefer select modules. Some people may argue why select ERP modules when there are specialized applications available for supporting business functions such as finance and human resource (HR). The advantage of ERP modules is that they are fully integrated and compatible with most external systems. Moreover, it is easy to add ERP modules to the existing system (this is not the case with specialized applications).

Some buyers may have elementary requirements that can be met by standard ERP packages, while others with complex requirements seek customized solutions. A prospective buyer will always want to know about the range of features and functionalities to be considered, and the available solution delivery models before making a selection.

ERP System – Modules and Features

ERP modules are business-specific functionalities that support (core) business processes of your organization. And ERP features enable the system to provide the authorized user with correct information at the desired time in a user-friendly format. ERP features or modules that are important for buyers are largely determined by what specific needs buyers have or what buyer's type they belong to.

Core ERP Modules

Choosing the appropriate ERP modules or ERP suite is the first step in your product evaluation process. Gathering key information on use of the most common modules in the market will help you make an informed decision during selection. The most commonly used and implemented ERP modules are as follows

a. **Human Capital Management:** ERP HR module (also referred to as Human Capital Management system or Human Resource Information system) manages and automates activities that have been developed around the following HR functionalities:

- Payroll management – processing of employee salaries, calculating deduction and taxes, etc.
- Time and labor management – collection, tracking, and evaluating time/work information of employees
- Benefit administration management – administering and tracking employees' benefits programs, such as insurance policy, pension plan, and tax saving investments
- HR Management – capturing and managing all HR information of an employee; also takes care of employee training and development, skill management, and other related activities.

b. Financial Management: ERP Finance module deals with a company's accounting and financial transactions. It helps businesses prepare financial reports and maintain books of account electronically. Most finance modules perform the following set of functionalities:

- General Ledger – This functionality captures all accounting transactions of a company and summarizes/presents information in the form of financial statements.
- Accounts Receivable – It helps companies track and manage received payments, outstanding payments (receivables), payment due dates, etc.
- Accounts Payable – It helps companies track and manage bills, payments, and payables.
- Time and Billing – This functionality is useful for companies where time and expense are tracked in detail and billed to specific customers, such as legal, engineering, or accounting firm.

ERP System Buyers Say

Buyers cited order management and basic account managing as the most important modules when buying an ERP system.

Source: Focus Buyer's Guide – ERP Systems, January 2009

Financial management applications may also include tools for creating and adhering to budgets, cash management, expense management, collection management, and tax management.

c. Manufacturing: ERP applications in this module are intended to automate manufacturing operations and make them more efficient. Most manufacturing modules support different modes of manufacturing via configurable product capabilities as well as perform different types of job costing and offer a bill of materials (BOM) tool. This module often includes product data management (PDM), capacity requirements planning (CRP), materials requirements planning (MRP), forecasting, master production scheduling (MPS), work order management, and shop floor control.

d. Project Management: This ERP module enables project managers to effectively manage their projects with less effort. The system provides managers with sufficient control and visibility throughout the project life cycle, including planning, budgeting, forecasting costs and revenues, managing issues and change requests, and tracking project status and performance. It also has a central repository that maintains and categorizes all project-related files and documents that can be timely accessed.

e. Supply Chain Management (SCM): SCM is the largest ERP module in terms of business functionalities, and it is often adapted to meet the needs of specific industries. In general, SCM improves the flow of materials throughout an organization's supply chain. SCM functionalities usually include production planning and scheduling, demand management, distribution management, inventory management, warehouse management, procurement, and order management.

f. **Customer Relationship Management (CRM):** CRM module generally has a number of components for managing the following customer-related business functionalities:

- Sales – Sales force automation, planning and forecasting, performance management, quotation and order management, opportunity management, territory management, pricing and contracts, incentive and commission management
- Marketing – Marketing resource management, campaign management, lead management, and segmentation management
- Customer Service – Contact center management, service order management, warranty management, complaints, and returns

g. **Supplier Relationship Management (SRM):** SRM module takes take care of the strategic planning and central management of a company's relationships with suppliers. SRM system helps companies realize sustainable savings by centralizing and streamlining a number of business processes, including procure-to-pay, catalog management, centralized sourcing, contract management, and supplier evaluation.

h. **Product Lifecycle Management (PLM):** This module control critical product information that must be shared with other enterprise systems such as manufacturing, CRM and SCM. In addition, PLM system leverages information managed by other enterprise systems. This bi-directional connection between PLM and other systems is critical for enabling a seamless flow of information among different functional groups involved in product development, particularly engineering and manufacturing.

Industry-Specific ERP

Based on the industry segment you belong to, you should explore ERP solutions available in the market to address your sector-specific requirements. This is step two in the product evaluation process, and is crucial if you belong to a niche segment (such as pharmaceuticals) where compliance and process requirements are extremely stringent. Industry-specific ERP solutions are designed to comply with industry best practices and government regulations. For example, most pharmaceutical ERP solutions comply with US Food and Drug Administration (FDA) guidelines and current Good Manufacturing Practice (cGMP) standards.

In general, the point of comparison between industry-specific ERP and core ERP modules is that the former needs to be configured as per the industry processes and regulations, while this is not the case with core ERP modules. Almost every vendor tends to include industry-specific functionalities in its ERP offering, enabling product differentiation. A detailed list of industry-specific ERP solutions and vendors is provided in the appendix.

Advanced or Specialized ERP Modules

As business processes evolved in different industry segments, the need for addressing these requirements through enterprise applications also increased. This pushed ERP vendors to offer specialized functionalities that address industry-specific and niche requirements, varying the importance of these modules across companies. There are a large number of specialized ERP functionalities in the market; the following are some of the most common ones:

a. **Lean Manufacturing:** This is of special importance to buyers belonging to the manufacturing sector. This module enables an organization to avoid overproduction, excess inventory, wasted motion, unnecessary processes, and idle time.

b. **Advanced Planning and Scheduling:** This module enhances the functionalities of an ERP manufacturing module and uses industry-standard scheduling rules to automatically schedule production operations based on advanced algorithms and mathematical calculations.

c. **Advanced Financials:** This module is capable of advanced finance and accounting operations, such as advanced budgeting, automated billing schedules, accounts payable via Electronic Fund Transfer (EFT), revenue recognition, and cost allocation by general ledger account, department, or location.

Core ERP Features

Each ERP system is supported by a standard set of ERP features included in the package. Once you have evaluated business functionalities supported by ERP modules, the next step is to assess features offered by the ERP package. The following are the core features of most ERP systems:

a. **ERP System Administration:** It benefits organizations with fully secure log-in and password management, security across different levels, management of user roles and privileges, and audit trails. The following tasks are usually performed by an ERP system administrator:

- User role/rights definition
- Audit trail configuration
- Work flow management
- Database management
- Data back-up configuration

b. **Customization:** Customization of ERP system includes any modification or extension that alters functionalities or operations of the original ERP system. Customization can be of the following two types:

- Core system customization: It refers to modification of the source code of proprietary ERP software to meet customer needs. It is usually not preferable as the ERP software vendor will no longer support the customized code and integrated ERP modules. Also, the future upgrades and patches might not integrate well with the customized code. Such customization is usually maintained by an in-house IT team or outsourced to a software services firm.

"One of the things that I am seeing emerging is the **focus on User Interface**. Navigation, easy interaction with other systems, search and query functionality on portal, etc., are some of the examples. User Interface is **advancing more quickly than** the actual ERP **functionalities**."

Rob Sidrow
Competitive Strategy Manager
QAD



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- Custom extensions: It means developing bolt-on applications for an ERP system to enhance its functionalities. This does not involve modifying the source code, but building a third-party or an in-house software application on top of an existing ERP application. Though the ERP application will still be supported by the vendor, the custom application will be managed by an in-house IT team or a third-party software services provider.

c. **Analytics and Reporting:** An ERP suite's analytics features allow users to share and analyze data collected by ERP applications from the enterprise-wide database. It provides companies with a highly customizable, scalable, flexible, and integrated reporting and analysis capability. Further, greater control and visibility of data across the enterprise improves decision-making abilities.

d. **Integration:** This feature enables integration with other systems.

e. **Consolidation (multi-offices, -country, and -currency):** It helps an organization with multiple business units, subsidiaries, or franchises to carry out real-time consolidation of enterprise data across organization by geography, currency, or operations.

f. **Compliance:** It provides rule-based controls to help a company comply with regulatory guidelines, such as -Oxley and BASEL II.

Advanced ERP Features

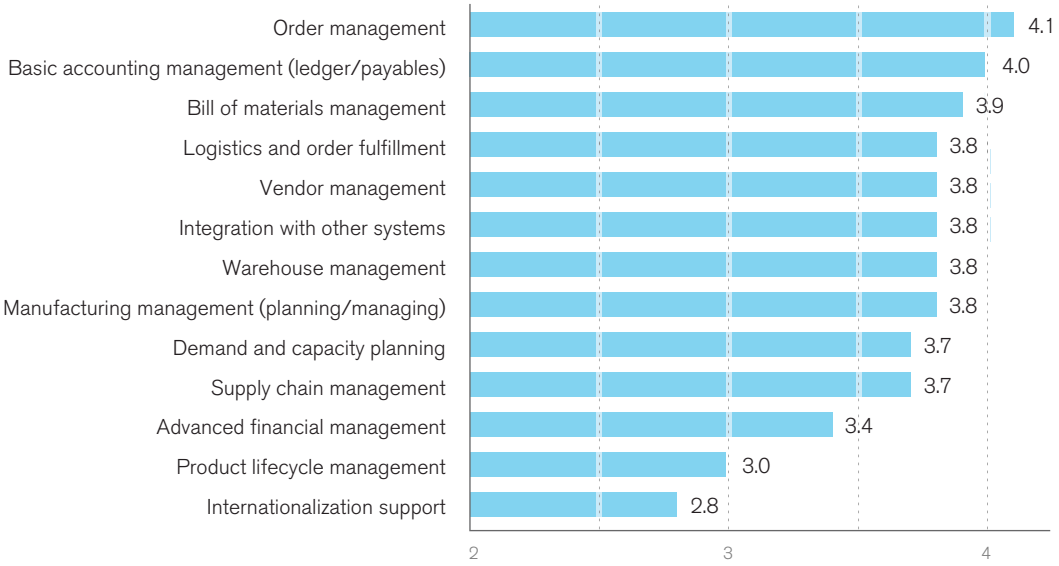
ERP systems offer a few advanced features, and most of them are around service-oriented architecture (SOA) and decision support systems. The following are the three enhancements features offered by ERP systems: (more advanced ERP features exist for industry-specific or specialized ERP systems)

a. **SOA capabilities:** SOA-based ERP systems have rightly been termed the next revolution in enterprise architecture. It adds "flexibility" feature, in terms of accessibility and usability. In general terms, SOA is a technical framework for building software applications that use Web services. SOA allows software business functions to be easily connected and reused, making them quicker and cheaper to assemble, deploy, and sustain enterprise-grade technology. Several ERP vendors have started offering ERP applications that support SOA.

b. **Business Intelligence (BI):** A recent component of most ERP packages, BI tools enable organizations to take better decisions by organizing, analyzing, and reporting data generated by them. They transform an organization's operational data into valuable information presented as reports and summaries. The end result is more informed decision making across levels, ranging from executives and line managers to HR professionals and accountants.

c. **Rich ERP User Interface:** ERP applications' user interfaces are often considered as functional, but not very flexible or easy to use. For an end-user of ERP applications, a flexible user interface is a crucial feature as it empowers current and new users to rapidly navigate among ERP applications, helps increase productivity, and adds to overall "user experience".

Buyer Rate Most Important Features to Consider



Based on poll of ERP System buyers rating the most important features considered while planning to purchase an ERP system, on a scale of 1 to 5, with 1 being the least important and 5 being the most important feature.
Focus Buyer Survey – ERP Systems, January 2009

"Integration with other systems" was considered the **#1** distinguishing feature when comparing products.

Each family of ERP solutions, targeted to serve one type of buyer category, comprises select features/functionalities covering some or the complete band of ERP feature/functionalities. Therefore, buyers rating should be used with discretion and only applied to ERP solutions that cater to the corresponding buyer types. Focus survey results further validate our analysis—buyers belonging to the manufacturing, service, health care, technology, and other industries rated the respective sector-specific ERP features of order management, bill of materials management, logistics and order fulfillment, etc., as higher than others.

However, certain modules and ERP features are of importance to all buyer types and should be considered by each buyer; our survey results validate this point. In this regard, "basic accounting management" and "integration with other systems" are rated higher than others.

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Other Product Considerations

Beyond functionalities and features, you also need to determine what type of solution delivery model you want to adopt. Depending on your internal resources, your company size and your budget, you may decide to deploy on-premise, on-demand, or open source ERP solutions. On-demand and open source ERP solutions are gradually gaining popularity in the ERP market, which is still being dominated by traditional license-based on-premise ERP solutions. Huge overruns in terms of project costs and timelines, complexity of the overall ERP implementation process, and lack of flexibility in terms of changing vendors are some reasons that make an on-premise ERP system a less attractive option. In addition, the current grim and turbulent economic scenario is likely to further push you to consider alternative ERP solutions that can meet your requirements at low costs with more flexibility of switching vendors.

On-Demand ERP Solutions

SaaS or on-demand ERP applications are hosted by solution providers and users who access these applications through the Web. This option is more suitable for elementary buyers whose basic enterprise requirements can easily be met by standard ERP applications that are hosted by a SaaS ERP vendor. Fast implementation, regular upgrades, and low startup costs are other factors that make SaaS ERP an attractive option. While small and mid-market businesses, new companies, government bodies, and academic institutions are the early adopters of this option, large enterprises planning to shift away from expensive ERP implementations are increasingly focusing on this option. However, the downside of the SaaS solution is that it tends to be less flexible in terms of customization.

"The **problem with SAAS** is the level of **flexibility** that **is traded off** compared to traditional ERP. If you have complex business requirements or something that gives your company a competitive advantage, then **SAAS may be more difficult and costly** to adapt to your organization."

Eric Kimberling
President, Panorama Consulting
Industry Expert



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Open Source ERP Solutions

Open source ERP solutions can be one of the alternatives where you can download the solution and customize it easily to suit your business processes. This will help save license fee and lower the initial or upfront cost of the solution. However, comparison of the total cost of ownership of an open source ERP vis-à-vis a proprietary ERP calls for more factors to be considered. The maintenance, support, and customization costs are huge for open source solutions as compared with those of a licensed ERP solution. The IT expertise required to support an open ERP solution is another factor that needs to be considered.

The proponents of open source ERP are upbeat about its future, and vendors are strongly advocating its benefits.

"The **adoption of open source** technology is initially **due to its cost advantages**. The market has found it can save as much as 80% over traditional costs by eliminating upfront capital costs and ongoing maintenance fees with subscription-based products.

The second reason is **flexibility**. Open source ERP is based on a modern technology architecture. This allows customers to customize, extend, integrate, and migrate quickly and cost effectively also."

John Cigari
Chief Marketing Officer
Compiere



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How Different Buyer Types Approach Product Attributes

Parameter	Buyer Type	Attributes to be Considered
Modularity	**Module Buyer**	▪ Best-of-the-breed approach to evaluate and select the most suited ERP module across all vendors ▪ Ease of integration with other ERP modules and systems of other vendors
	Suite Buyer	▪ Suite approach to examining overall quality of the solution with an understanding some modules will be higher quality than others ▪ Ease of integration and data flow among the modules within the ERP suite of the vendor
Business Scale and Complexity	**Elementary Buyer**	▪ A standard off-the-shelf ERP solution with basic functionalities that can easily integrate with other systems ▪ Pre-packaged configuration of the ERP package accounts for most of the buyer's features/functionalities requirements
	Enterprise Buyer	▪ A sophisticated, highly customizable ERP solution having advanced features, functionalities, extensions and enhancements ▪ Advanced data and systems integration support
Industry Vertical	**Sector specific Buyer**	▪ Sector-specific operations, compliance and regulatory features

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Cost

The cost of an ERP system depends on factors, including size of the company, number of ERP users, range of ERP functionalities to be deployed, number of ERP modules to be implemented, and condition of the company's existing IT infrastructure. The cost of an ERP project can range from $25,000 for a small business with standard requirements to multi-million dollars for a large enterprise with large-scale and complex requirements. According to the October 2008 Gartner Research report, most ERP implementations for mid-market companies, having 500–999 users, range from $700,000 to $2.5 million.

What Unexpected Costs Could You Face?

About 45% buyers experienced unexpected costs that had initially not been taken into account.

The three most prevalent unexpected costs are as follows:

- ⚠ Implementation/Installation costs
- ⚠ Internal staff costs
- ⚠ Follow-up services costs

Focus Buyer Survey – ERP Systems, January 2009

Cost Components to Be Aware Of

Besides the standard license fee and implementation services cost of the ERP package, there are other costs that you are most likely to overlook or underestimate while budget estimating. The hidden cost components that usually have significant impact on your total ERP investment are as follows:

- **Auxiliary Software Costs:** These include the license fee of supporting software, such as middleware, compilers, third-party add-on applications, and additional database that are usually required to run the ERP applications.
- **Training Costs:** It is likely to be the most underestimated item while budgeting because the end-users not only have to learn how to use the software but also almost invariably have to learn a new set of business processes.
- **Integration Costs:** Integration costs for ERP systems increase in proportion to the number of external systems or applications that the systems interact with.
- **Customization Costs:** Customization, if opted, not only puts a huge dent in your pocket but also makes your system more difficult to manage and support. Customization costs include software services charges for software development, testing, integration, support, and maintenance of the customized applications. You can reduce these costs to an extent by utilizing your internal IT staff for carrying out customization.
- **Data Conversion/Migration:** The migration of corporate data from legacy systems to new ERP system constitutes a considerable cost component that is commonly overlooked while budgeting.
- **IT Infrastructure Costs:** Besides being an important cost component, this factor is the most difficult to measure or quantify. It includes the costs of all hardware and infrastructure required to upscale the existing system.
- **Replacement Costs of Skilled ERP Resources:** The team that implements the ERP system in an organization achieves immense functional and technical expertise about the whole system specific to your business. The implementation team will be the most suitable resource to support the new system and processes. Further, replacement costs are huge in case the highly trained cross-functional ERP resources quit your organization.
- **Cost of Maintaining Parallel Systems:** For business continuity, the ERP system is run along with legacy system for a defined period of time to ensure that results are exactly the same.

In addition to these components, you should take into account the opportunity cost of the utilization of all internal resources during ERP implementation. If you anticipate a greater return on an alternate investment than that on ERP implementation, you should reevaluate your decision of an immediate investment in ERP. A proper account of these cost components will help you arrive at a more realistic budget estimate that is less likely to deviate from actual project costs.



Buyer Monitor Comments

"Watch Out!"

"Implementation costs are huge! People underestimate what they will have to pay for."

Michael
support services director
at a 26-50 person IT service company
Purchased Netsuite

"There are incredible amounts of hidden costs in the implementation. If you don't have a strong implementation team, either you pay them or consultants. Better have your own internal implementation team."

Dan
IT Manager,
101-200 person manfuacturing company
Purchased Intuitive

"The conversion and training for employees stand out right off the bat. The cost you pay is at best half or 25% what that final cost will be."

Greg
Finance Director
at a 26-50 person manufacturing firm
Still comparing vendors and products.

Focus Buyer Survey – ERP Systems Buyer's Guide, January 2009



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How Much Does an ERP System Cost?

To give you an idea of overall cost figures for ERP implementation, we would like to refer to a 2007 Aberdeen Group Study, where Aberdeen surveyed more than 1,680 manufacturing companies (including 645 companies with annual revenues between US $50 million and US $1,000 million). One of its results exhibited the variation of total costs of software and services vis-à-vis company size.'

Company Size by revenues (in USD million)	Average number of users	Average software costs (in USD)	Average service costs (in USD)	Average 3 year maintenance costs (in USD)	Average total costs (in USD)
Under 50	38	176,597	126,022	81,676	384,295
50–100	92	482,941	351,374	247,554	1,081,869
100–250	195	695,395	581,090	443,066	1,719,551
250–500	344	985,714	655,263	346,639	1,987,616
500–1,000	475	1,364,286	1,110,000	617,735	3,092,021
1,000–5,000	2,187	2,360,577	2,081,000	1,479,208	5,920,785

Defining ROI

The traditional ROI notion of a typical software project is that the company expects to gain benefits from a particular software as soon as it is installed. Such expectations do not apply to ERP because ROI comes from process improvements that ERP brings in and not just new ERP applications. Process improvements, in turn, involve re-alignment of existing business processes with new ones, and this process requires time.

ERP must be driven by relevant process improvement objectives and valid ROI expectations and metrics. Your organization should define the metrics for measuring anticipated improvements in specific areas. Improvements can be measured using delivery performance reports, inventory turns, standard costs, income statements, or a variety of other mechanisms. For example, the following metrics can be used for measuring improvements in a manufacturing company:

- Reduced level of inventory
- Inventory accuracy
- Manufacturing schedule compliance
- Percent on-time and complete shipment
- Number of days needed to close a month

The Pricing Model that is Right for You

The cost of an ERP solution and its benefits to your organization depend on the pricing model that you are opting for. Licensed-based pricing for an on-premise ERP system and subscription-based pricing for SaaS ERP system are the most prevalent pricing models in the market. However, quite a variation exists in each segment, as illustrated below.

License-Based Pricing Model – On-Premise ERP

An on-premise ERP system is often characterized by traditional license-based pricing. However, there is quite a variation in how the license fees will be charged, based on the number of users, type of user, number of ERP modules implemented, and geography where the system is being implemented. Examples include

- Package-based pricing
- Named user pricing
- Concurrent user pricing
- Module-based pricing
- Site- or location-based pricing

Subscription-Based Pricing Model – SaaS ERP

Though an on-demand ERP solution saves huge upfront costs when compared with an on-premise solution, its benefits in the long term are to be debated. The preference largely depends on the business type and requirements. SaaS ERP solutions typically follow subscription-based pricing, including maintenance and support charges. The following variations have been observed in this pricing model:

- Monthly or yearly subscription
- Transaction-based pricing

The total monthly charges per user can be based on the number of ERP applications you want to access. For instance, NetSuite charges $99 per user per month for core CRM applications. Further, it charges $199 and $499 per month for Advanced Financials and Revenue Recognition ERP modules, respectively, from an unlimited number of users. On the other hand, charges for SAP on-demand ERP solution for mid-size businesses, i.e., SAP Business ByDesign starts at $150 per user per month, with minimum requirements of 25 users.

How Different Buyers Approach Cost Considerations

Parameter	Buyer Type	Attributes to be Considered
Modularity	**Module Buyer**	▪ Should expect moderate to high total costs per ERP module when compared to the suite buyers ▪ Additional costs for integration of the modules with other systems
	Suite Buyer	▪ Should expect lower total costs per ERP module as greater number of modules will be implementation during ERP suite implementation bring down the costs per module significantly ▪ Should look out for hidden cost components during implementation of the suiteBusiness
Business Scale and Complexity	**Elementary Buyer**	▪ Should expect a relatively low overall implementation costs ▪ More likely to opt for monthly subscription-based or transaction-based pricing of an on-demand ERP solution
	Enterprise Buyer	▪ Should expect high implementation costs and considerable investments in IT resources and infrastructure to meet high customization needs ▪ Should look out for hidden cost components over the long duration of the implementationIndustry
Industry Vertical	**Sector specific Buyer**	▪ Emphasis varies by business size and level of industry-specific requirements.

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Vendor

What to Look for in a Vendor

The ERP market has matured to a level where most of the products perform many of the basic activities that a typical business requires, in a similar way. For instance, the finance department in most of the companies has ERP modules of general ledgers along with sales and purchase ledgers. Such commoditization of features, complemented with standardized sales process by most of the vendors, leaves the buyers confused. In such a scenario, choosing the right vendor/implementation partner becomes as important as selection of an ERP package with the right features. It is advisable to prepare a comprehensive list of criteria that addresses all your major concerns and evaluate the vendors against those criteria. The following are points that have to be taken into consideration while evaluating vendors:

> "The **reputation of the vendor** in the marketplace is **very important to prospective buyers**. Buyers are attracted to vendors that are **stable**, have a long track record of **customer satisfaction**, and are **sound financially**. As a software buyer, **you never lose your job if you select a vendor** that is a **market leader**."
>
> **Patrick Smith**
> Director, Public & Analyst Relations, Deltek
> Vendor

Live Demonstrations: Vendors should be asked to show testimonials and live demonstrations of the system. As far as possible, demonstrations should be carried out in a real-time environment with real-time business data to closely test the product. The importance of a demonstration was well substantiated during our Buyer's Survey, where 50% respondents cited "a good demo" as the most useful thing they received from the vendors while purchasing the ERP system.

Support Policies: You should have special focus on vendor's policies and practices regarding updates, version upgrades, etc. You should also seek vendor assurance on smooth integration of ERP system with other systems

References: Vendors should provide references of organizations where the system has been successfully implemented. These references should be contacted to know the way their systems are operating currently and to provide key takeaways from their overall implementation experience. Vendors should also be asked about customers for whom their products have failed. To know and understand reasons for failure is more important than the success stories. Questions about the failed implementations will help you gauge weak areas that vendors usually try to downplay.

Credibility: Large and well-positioned vendors who have been operating in the space for a long term tend to earn buyer's trust, with vendor reputation being a function of size and experience. However, even a small vendor could develop a good reputation by offering a strong brand.

Other factors, such as flexibility of the vendor in pricing and implementation, depth and breadth of vendor's product offerings, global reach, and technical knowhow of sales representative, should also be considered while shortlisting vendors. Foucs asked ERP system buyers about the type of vendor information (other than product information) they recommend other buyers to look for before buying its products.

Implementation Process

The implementation process is the heart of any ERP project, and is the sole parameter governing the success of a project. Following ERP package selection, you should give equal importance and emphasis to how you are going to deliver and support your new ERP project.

Many organizations find ERP implementation to be more tedious, expensive and time-consuming than expected. The most prominent reasons that account for such deviation include the selection of an inappropriate system, and poor designing and execution of the implementation plan. You should understand that no ERP system is a perfect fit for your organization. Some level of retrofitting, integration, and other business-level and technical adjustments are always required during implementation. Some guidelines that should be followed to make ERP implementation least troublesome and fit within your time and effort estimates are as follows:

- A diligent project plan, listing realistic and achievable goals and milestones, should be in place. Tools, such as GANTT Charts and Critical Path Planning, can be utilized for this.



Buyer Monitor Comments

"Watch Out!"

"Amongst many things I think they should have opportunity to know intimately the team that will work on their system."

Patti
CIO
at a 26-50 person manufacturing firm
still comparing products and vendors

"List of references in size and scope of what you are doing as a business. Talk to each of them about lessons learned what they would do over again etc."

Gary
IT director
at a 101-200 person manufacturing firm
Purchased Ross Enterprise

"They need to get clarification on specific modules. They need to look closely at those offered to make sure that it is going to meet their needs and that it will meet their expectations."

Danielle
IT manager
at a 101-200 person manufacturing firm
purchased Intuitive.

Focus Buyer Survey – ERP Systems Buyer's Guide, January 2009



- Each phase of ERP implementation process that broadly includes requirement analysis, gap analysis, solution design, prototyping, testing, user acceptance, go-live, and training and support, should be well planned and thought.
- In terms of management strategy, ERP project should be driven top down. A "steering committee", having stakeholders from all the functional groups, should be constituted to ensure strict adherence to the project plan and to provide required support to the project whenever bottlenecks arise.
- Ensure that the ERP implementer provides training schedules to be conducted at later stages of implementation. The training should be well timed—it should not by early enough that people forget it or so late that system is on the brink of being launched.
- The outcome of each implementation phase should be well documented and officially approved by both the parties—the implementation team and the "steering committee".
- Besides the documented phase deliverables, the following resources should be maintained:
    - Function-specific manuals
    - Flow charts
    - Written procedures
    - Minutes of meetings
- Data migration, transferring data from legacy/old system to new ERP system, is one of the most important activities during implementation. Since it is the final activity before the roll out of the ERP system, special attention should be given to this phase.
- Mock "go-lives" should be carried out for one or more modules before the actual rollout.

Experts and buyers contacted in Foucs's survey suggested that the following points should be kept in mind for the implementation approach:

- Plan for delays. Implementation never goes as smoothly as you would like it to go.
- Set it up like an important client project. You need to have good people in the management too.
- Use a consultant. Let him or her guide you in the right direction.

Support Process

Implementation of the system and subsequent support of your business and the supporting technology by experienced professionals with good business knowledge marks the real success of the project in the long run. Poor implementation and lack of after sales support will not make even feature rich software work well. However, a thorough implementation and good post-implementation support can make almost any ERP software a good fit.

After go live of the ERP system, the vendor usually supports and maintains the system till it gets transitioned to an in-house IT team or an external IT services company. Make sure that you explicitly mention your post-sales support requirements at the very onset and obtain the vendor's commitment to it.

Some of the questions that you must ask regarding vendor support include the following:

- Does the vendor provide a 24/7 help desk?
- What is the headcount of the vendor's technical support team?
- What is the response time for queries/faults posted by customers?
- What procedures are followed for addressing change requests?
- What are the different plans/levels of support and maintenance that a user can subscribe to?
- Are product upgrades included in the support plan?
- Does the vendor provide a Web-based support portal for submitting online queries, downloading fixes, and product information, etc.?
- Does the vendor offer support for your business in a particular geographical location?
- Are all escalation procedures properly defined in a Service Level Agreement (SLA)?

Buyer Dissatisfaction — What to Watch for

Research Studies have shown that the percentage of ERP solutions that can be classified as "failures"— did not meet the given time/budget/deliverable metric—ranges from 40% to 60%. Some of the outcomes that constitute for buyer dissatisfaction are as follows:

- Not making the desired ROI
- Inordinate extensions in the implementation schedule
- Budget overruns by exorbitant variances
- Adverse effect on business operations

However, if you have purchased the ERP package that suits your business needs and implemented it correctly with the right expectations, it can bring significant benefits by automating business processes and enabling productivity and efficiency gains within expected timelines. The most common reasons why an ERP project fails, especially in a large enterprise, include

- Lack of sufficient top management support
- Inadequate definition of functional requirements
- Poor ERP package selection
- Incorrect time and effort estimates
- Insufficient expertise and resource for carrying out implementation
- Misfit of ERP applications with company's business processes
- Resistance to change in business processes
- Unrealistic expectations of benefits and ROI
- Inadequate training and system handover
- Poor project management

How Different Buyers Approach Cost Considerations

Parameter	Buyer Type	Attributes to be Considered
Modularity	Module Buyer	▪ Vendor that is very flexible in its offering of combination of ERP modules ▪ Vendor that can promise easy integration of ERP modules with existing systems of the other vendors
	Suite Buyer	▪ Vendor's financial viability and stability is important as the buyer would rely completely on a single vendor for the entire ERP implementation ▪ Vendor that shows commitment to smooth ERP suite implementation and offers readily available post-implementation support
Business Scale and Complexity	Elementary Buyer	▪ Vendor that can offer basic, cost effective, off-the-shelf ERP package that easily integrates with other systemsEnterprise
	Enterprise Buyer	▪ Vendor that has credible track record of carrying out successful enterprise wide ERP implementations ▪ Vendor with sufficient IT expertise for carrying out advanced level ERP customization
Industry Vertical	Sector specific Buyer	▪ Vendor that has sufficient and successful industry-specific experience in ERP implementation, consulting, and support

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4 Tools

Don't get left in the lurch with a lot of decisions to make and few tools with which to make those decisions. Below, we've included tools and worksheets that will make your product requirements, vendor choice and purchasing decisions easier. Rip these out, pass them along to others in your company or use them to justify your purchase. Whichever route you go, rest-assured that your decision will be a more educated one.

10 Steps to Purchasing an ERP System

ERP System Buyer Type Worksheet

Product Requirements Prioritization Worksheet

Vendor Landscape

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10 Steps to Purchasing an ERP System

Evaluating and selecting ERP systems are crucial tasks for an organization. Going through product brochures in detail or consulting sales people is not a beneficial methodology for comparing ERP packages. On the contrary, depending solely on sales literature can lead to selecting the wrong solution. Thus, it is imperative to follow a systematic and scientific approach to ERP package selection.

Key Steps to Purchasing an ERP System

1. **Carry out an exhaustive requirement analysis and build a case for need of an ERP system.** Do a comprehensive assessment of your existing business processes and the scale of operations to identify the need for an ERP system. Implementing an ERP system is a long-term strategic decision for any organization as it alters the way your organization works. Thus, it is imperative to justify your decision to the top management before searching ERP packages in the market.

2. **Define the objective of your selection process.** Before exploring the market for ERP packages, considerable background research is required. It is imperative to realize that no ERP package offers functionalities that can meet all business requirements of the organization. Some level of configuration and customization to the ERP package as well as to an organization's business processes is always required during ERP implementation. Thus, the objective of the selection process should be to find a package that is flexible enough to meet the organization's needs or that can be customized easily to obtain a "good fit".

3. **Form selection or evaluation committee.** The first step in the ERP package selection process should be to form a selection or evaluation committee for carrying out the evaluation process. The evaluation committee should typically include functional experts from different departments, top management (CIO, COO, or IT Director), consultants (ERP experts), and end-users. As members represent their respective business functions, the final package will find enterprise-wide acceptance and application.

4. **Define your product requirements.** Identify your requirements in terms of both core and advanced ERP modules and features.

5. **Develop pre-evaluation selection criteria.** The pre-evaluation selection criteria will permit the evaluation of the available packages on the same parameters, and will help in shortlisting the top 5 or 10 ERP packages for final selection. The selection criteria should be prepared to choose a solution that meets critical business needs, matches the business profile, and identifies with the company's practices.

6. **Shortlist 4–5 ERP Packages.** Besides using pre-evaluation selection criteria, ERP packages can also be shortlisted with the help of external consultants by analyzing product specifications and identifying ERP solutions that are being used by peer companies. Once a few packages are shortlisted, the respective vendors can be contacted for presentations and demonstrations.

7. **Conduct extensive research on shortlisted ERP packages.** The selection committee should gather more information about shortlisted packages through independent industry experts, user reviews, and research agencies. These channels provide analyses and comparison reports on leading ERP packages, posing as excellent sources of information on the latest developments in the ERP domain. However, these reports are not completely unbiased and objective in nature, and should not be relied upon completely. Thus, one should refer to a wide range of research resources and get an overall idea about the features of shortlisted ERP packages, and be abreast with the latest developments in the realm of ERP.

8. **Formulate final selection criteria.** Even before marketing executives of ERP vendors make presentations for their tools, you should be ready with a comprehensive list of questions for vendors addressing all your concerns. These questions are the final selection criteria for shortlisted ERP packages. A detailed requirement analysis of business needs should be carried out to prepare the selection criteria. The criteria should further be categorized as "critical", "essential", and "desirable", and respective weightage should be assigned to make the evaluation process more objective. The categorization of requirements will depend on the criticality of requirements for a company. For a company having operations units in different countries, multi-currency and multi-language support becomes a "critical" criterion. On the other hand, for a local company, multi-currency and multi-language support might just be a "desirable" or an "avoidable" requirement.

9. **Evaluate vendors based on selection criteria and product demonstratio.** The vendor's responses to your questions will help you in either eliminating a vendor or strengthening his/her case. You can also prepare minutes of the meeting and make the vendor sign it. This will prevent him/her from making false claims and make him/her accountable in case of failure to deliver promised results. Once the committee has evaluated ERP packages based on the pre-evaluation and selection criteria, seen vendor presentations, and clarified all questions and doubts, it should be able to select an ERP package.

10. **Check for successful ERP implementations by the vendor.** Before taking the final call, visit and consult companies where the selected ERP package has already been implemented. If the package is working on the expected lines in those companies, it will reinforce confidence in your selection. However, if you identify any issue, you should reconsider your purchase decision.

Throughout the selection process, it is imperative to conclude each step with the consensus of all members of the selection committee, including end-users to gather enterprise-wide acceptance for the ERP package.

ERP System Buyer Type Worksheet

To determine your ERP system buyer type, it is important to consider what kind of an ERP user you plan to be. This hinges on several key points that have been listed below, with points for each answer. This exercise will give you a better idea of how your company fits into the buyer types. The buyer types discussed in our ERP system Buyer's Guide are not mutually exclusive but are categorized based on scale and complexity of business, modularity requirements, and industry-specific needs of buyers. Hence, we have separate set of questions for each parameter.

Scale and Complexity of Business

1. What is your organization size?

1 point _____ 140 employees (or fewer)
2 points _____ More than 140 employees

2. How complex are your businesses requirements?

1 point _____ Requirements are basic that can be easily met by standard enterprise applications
3 points _____ Requirements are complex and cannot be directly met by enterprise applications

3. How are your ERP solution integration requirements?

1 point _____ Require basic integration with other business applications and systems
2 points _____ Require advanced data and systems integration

4. How much internal support will your organization have?

1 point _____ Limited or no internal IT support
3 points _____ Sophisticated internal IT support resources

5. How geographically diverse your business operations are?

1 point _____ Within the same state, require compliance with single state laws only
2 points _____ In multiple states within the US and multiple countries, require compliance with different laws applicable in the US states and in different countries

Results: Based on your final points total, your organization probably fits into the following buyer types:

Elementary Buyers	**5-8**	You are looking for a simple ERP system with basic functionalities and feature in the easiest and least expensive fashion. You have limited or no internal support.
Enterprise Buyers	**9-12**	Your primary focus is to deal with issues, such as business complexity, integration, scalability, and internationalization. You have operations in multiple countries and need to customize your ERP system to suit complex business requirements.

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Modularity

1. Do you want to automate the business processes of all departments of your organization?

1 point _____ No, I want to streamline and automate business processes in select departments only

3 points _____ Yes, I want to streamline, optimize, and automate business processes across all departments of my organization

2. What is your flexibility in terms of project cost vis-à-vis functionality requirements?

1 point _____ Balanced trade-off between cost and additional features/functionalities

2 points _____ Flexible with budget, features/functionalities match is most important

Results: Based on your final points total, your organization probably fits into the following buyer types:

Module Buyers	**2-3**	You are looking for two or more ERP modules that can automate the business processes of the respective business function. You prefer limited investment in ERP to have productivity gains through the automation of specific business processes.
Suite Buyers	**4-5**	You are looking for a complete ERP suite to revamp, streamline, and optimize the way your whole organization works. ERP implementation is a long-term strategic investment for you, and therefore, you are more flexible with the project cost, but functionalities match is of utmost importance.

A buyer would be classified as a sector-specific buyer if he/she has some industry/vertical-specific requirements and business processes are strictly governed by industry-specific regulations and compliance. However, every sector-specific buyer can be categorized under one of the buyer categories mentioned above.

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Product Requirements Prioritization Worksheet

Using this worksheet, you can evaluate your product requirements in relation to how well vendors meet those needs. Score how well vendors perform on the categories you have identified by filling in your ratings in the columns to the right, using a scale of 1 to 5, with 5 being the best. If the feature is not important to your particular ERP implementation, simply leave the field blank. When you are done, add up the columns; your final score should give you an idea of which vendor's solution best fits your needs.

Requirements	Vendor 1	Vendor 2	Vendor 3
Core ERP Modules			
Human Capital Management			
Financial Management			
Manufacturing			
Project Management			
Supply Chain Management			
Customer Relationship Management			
Supplier Relationship Management			
Product Lifecycle Management			
Quality Management			
Section Total			
Advanced ERP Modules			
Lean Manufacturing			
Advanced Planning & Scheduling			
Advanced Financials			
Section Total			
Core ERP Features			
ERP System Administration			
Customization			
Analytics and Reporting			
Integration			
Consolidation (multi offices, country, and currency)			
Compliance			
Section Total			
Advanced ERP Features			
Service Oriented Architecture (SOA) capabilities			
Business Intelligence			
Rich ERP User Interface			
Section Total			

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Vendor Landscape

This section summarizes the vendors serving the needs of all size of businesses—small, medium, and large. You will notice the presence of some common vendors across the categories, because they offer ERP solutions for all market segments. However, the solutions they offer are different in each category. Therefore, we have mentioned the corresponding ERP solution also.

We have categorized vendors into five categories; the first three are based on the size of the ERP customer they serve, while the last two provide solutions for industries and alternate ERP solutions. Though there are more vendors offering specialized and vertical-specific ERP solutions, we have tried to capture the major vendors in each segment.

Vendors Serving Small Businesses

Microsoft Dynamics SL

SAP Business One (midmarket focused as well)

Sage ERP X3

Exact Software EXACT ONLINE solution

Intuit QuickBooks Enterprise

Vendors Serving Medium-Size Businesses

Microsoft

- Dynamics GP
- Dynamics NAV

SAP Business All-in-One

Infor ERP solution

Epicor ERP solution for Mid-sized businesses

SYSPRO

Exact Software EXACT GLOBE solution

Sage

- Sage MAS 90 ERP and MAS 200 ERP
- Sage Accpac Extended Enterprise Suite

Vendors Serving Enterprises

Microsoft Dynamics AX

Oracle

- JD Edwards EnterpriseOne
- Oracle E-Business Suite
- PeopleSoft Enterprise

SAP

- SAP Business Suite
- SAP ERP

Agresso Business World ERP Solution

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Vendors Serving Specific Vertical Industries

Financial Services

Microsoft Dynamics Financial Management Solutions
SAP® FINANCIALS for Banking
Lawson M3 Financials - for manufacturing and distribution related industries
Lawson S3 Enterprise Financial Management - for services sector industries
QAD Enterprise Financials

Manufacturing

Microsoft Dynamics Solutions for Manufacturing
QAD Manufacturing Solutions
Infor ERP TRANS4M for Automotive Industry
Infor ERP LN Solution for discrete and project-based manufacturers
Sage PFW ERP – for manufacturers in paints and coatings, specialty chemical, consumer packaged goods, foods, and nutraceutical
Sage Pro ERP – for manufacturing companies
Lawson Process and Discrete Manufacturing Software

Distribution and Logistics

Microsoft Dynamics Distribution Management Solutions
SAP for Wholesale Distribution
Lawson distribution management software

Health Care

SAP for Healthcare software solution
Microsoft Dynamics Health Care Management Solutions
Lawson Healthcare Software Solutions

Retail

SAP Business All-in-One for Retail
Microsoft Dynamics Retail Business Solutions
end 2 end RETAIL by IFS and Centric
Lawson Retail Software

Government

Microsoft Dynamics Government Management Solutions
Lawson Solutions for Public Sector
Deltek Government Agency Software Solutions

Education

Microsoft Dynamics Solutions for Education

Professional Services

- SAP Business All-in-One for Professional Services
- Microsoft Dynamics Solutions for Professional Services
- Lawson Service Providers Software
- Deltek Vision

Non profit Organizations

- Deltek Non Profit Software
- Microsoft Dynamics Non-profit Organizations Management Solutions

Multinational Organizations

- Epicor ERP solution for Multi-national firms

Vendors Providing SaaS & Open Source ERP Solutions

On-demand/SaaS ERP Solutions

- SAP Business By Design
- QAD On Demand
- Intacct
- Workday
- NetSuite

Open Source ERP solutions

- Compiere
- Apache OFBiz
- xTuple's OpenMFG

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About **FOCUS**

Our Mission

Our mission is to support business professionals' critical purchase decisions by creating and distributing the highest quality, most relevant purchase research and tool sets.

Our Approach

To ensure maximum insight and relevancy, Focus has designed a four factor approach to buyer-centric research. All research at Focus begins with defining the buyer factor. Categorized in our research as Buyer Types, the buyer factor identifies the buyer needs and preferences in a market that make a difference in selecting the right product and vendor. Buyer Types are studied and developed based on Focus' interaction with thousands of buyers across a category. The buyer factor in turn shapes Focus recommendations on how buyers approach three other critical factors: 1) product requirements, 2) cost considerations and 3) vendor relationships.

Buyer Feedback

In addition to speaking with industry experts and other participants, a critical priority is to integrate feedback from experienced buyers. We speak with thousands of buyers each month and conduct our formal buyer surveys throughout the year.

For more information on our research approach, please visit Focus.

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