IDC MarketScape

IDC MarketScape: Worldwide SaaS and Cloud-Enabled Midmarket ERP Applications 2017 Vendor Assessment

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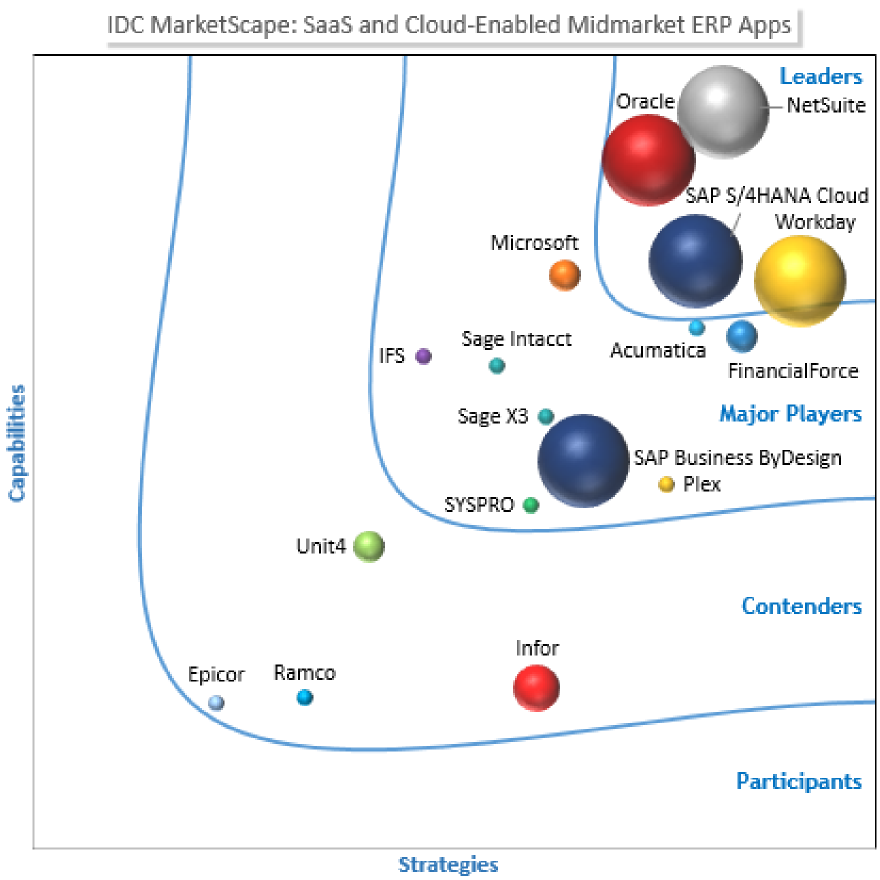
THIS IDC MARKETSCAPE EXCERPT FEATURES SYSPRO

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide SaaS and Cloud-Enabled Midmarket ERP Applications Vendor Assessment



Source: IDC, 2017

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide SaaS and Cloud-Enabled Midmarket ERP Applications 2017 Vendor Assessment (Doc # US42216017). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

DX Driving Change

Digital transformation (DX) is fundamentally changing enterprise resource planning (ERP), allowing businesses to transform their decision making, which is enhancing their business outcomes significantly as we enter the digital economy. Digital transformation is an enterprisewide, board-level, strategic reality for companies wishing to remain relevant or maintain or enhance their leadership positon in the digital economy. Digitally transformed businesses have a repeatable set of practices and disciplines used to leverage new business, 3rd Platform technology, innovation accelerators, and operating models to disrupt businesses, customers, and markets in pursuit of business performance and growth. DX is driving businesses to rethink their technology strategy, and that includes moving beyond their legacy ERP and back-office systems. New sources of innovation and creativity to enhance experiences and financial outcomes is paving the way toward SaaS and cloud-enabled ERP software.

SaaS and Cloud-Enabled ERP Software

Leading DX businesses, of all sizes, have turned their focus to SaaS and cloud-enabled software because they need a flexible, agile ERP system that is configurable, continuously updated, quick to implement, and scalable. Small and midmarket businesses find most SaaS and cloud-enabled ERP systems are now within their ability to purchase and utilize, allowing their businesses to quickly expand and grow into new regions around the globe. It is now recognized SaaS and cloud-enable ERP means ERP systems are no longer just for the large enterprise as small and medium-sized businesses (SMBs) can now run their businesses similar to large enterprises — but with even more efficiencies and less frustration.

SaaS and cloud-enabled ERP makes innovation easier than ever before, specifically when the right technology partner understands innovation strategies are critical success factors in the DX economy. As an example, the SaaS and cloud-enabled ERP software packages are becoming increasingly intelligent with cognitive aspects such as machine learning, deep learning, natural language processing, and advanced analytics on top of large curated data sets and in many cases using an assistive UI to navigate and uncover insights. The SaaS and cloud-enabled ERP solutions embedded with intelligence allow users to quickly establish more impactful data-driven business processes and decisions, reduce the time to value, and significantly change the ability to generate more revenue, cash flow, and profitable growth. And, critical to profitability, operating costs are reduced because routine tasks have been simplified, human errors eliminated, basic business processes automated; and additional drilldowns, data extraction, and analysis eliminated.

As more SaaS and cloud-enabled ERP vendors bring more intelligence to the business processes, we expect small and medium-sized business to quickly move toward these vendors, immediately harnessing more technology and improving business value substantially.

This IDC MarketScape helps end users evaluate 14 of the leading SaaS and cloud-enabled midmarket ERP vendors servicing the industry. When evaluating vendors, key criteria to consider (all of which are discussed in this study) include:

- Solution functionality, user interface (UI), ease of use, and ease of implementation and integration with other systems
- Scalability, language support, pricing model, and the vendor's services focus, financial stability, and customer base
- Diligent vetting of customer references to examine solution pros/cons and the vendor's customer support, market knowledge, and overall level of value delivery
- Innovation and investment in the 3rd Platform and innovation accelerators, including intelligence

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

Through its clients and contacts across most industries, IDC frequently has unique visibility into vendor selection processes within many companies. The vendor inclusion list for this document began with those SaaS and cloud-enabled ERP solutions that IDC was familiar with having been evaluated for selection within recent midmarket ERP deals. IDC then supplemented those solutions with several additional ERP vendors that it believed also provided qualifying midmarket ERP systems. Vendors were then surveyed and further investigated to ensure that their ERP systems qualified as SaaS or cloud enabled and were already serving midmarket clients, which IDC defines in Table 1. Ultimately, all ERP solutions included in this document met these criteria.

After an initial evaluation of software vendors serving this market, which included each vendor's high-level application capabilities and existing midmarket client base, IDC's Enterprise Applications team extended formal invitations to software vendors to participate in our study. One vendor, QAD, declined to participate in this study. The participating SaaS and cloud-enabled midmarket software vendors in this study are:

- Acumatica
- Epicor
- FinancialForce
- IFS
- Infor
- Microsoft
- NetSuite
- Oracle
- Plex Systems
- Ramco Systems
- Sage
- SAP

- SYSPRO
- Unit4
- Workday

All vendors actively participated in the research with a total of 52 references contacted and interviewed. Discussions with references included the systems utilized and their perception of the vendor and software in terms of technical support, account management, marketing message, level of value delivered versus price paid, ease of integration, user interface, and ROI. In addition, references also provided areas of improvement and their future business requirements.

TABLE 1

Cloud ERP Investment Plans of Midmarket and Small and Medium-Sized Businesses (% of Respondents)

	Small Businesses	Medium-Sized Businesses
Use ERP (on-premises and cloud)	11.5	43.3
Use ERP cloud	8.9	25.2
Plan to use cloud ERP in next 12 months	7.3	10.5

n = 700

Source: IDC's *SMB IT Decision Maker Survey*, 2016

ADVICE FOR TECHNOLOGY BUYERS

SaaS and cloud-enabled midmarket ERP suites are evolving with functionality improvements occurring as often as daily. From the addition of the 3rd Platform with big data and analytics, social, and mobile to the innovation accelerators of cognitive, 3D printing, robotics, IoT, and advanced security, the systems continue to advance and improve at warp speed. Speed is the critical factor as we move into the DX economy enabling businesses to significantly improve in terms of market share, revenue, and profitability. It is recommended companies understand the current capabilities of their technology choices, along with the strategic direction and investment their midmarket ERP software provider is making now and in the next three to five years. A guiding factor in our vendor research was the 3rd Platform and innovation accelerators' current capabilities and the strategic and investment direction. It is critical buyers look for a technology partner they can trust and that can take them well into the future.

As SaaS and cloud-enabled ERP systems have increased in popularity, so too has the requirement for companies to utilize an ERP system regardless of their business size. Many large enterprise CFOs move to small and medium-sized business and need an ERP package they are accustomed to but at a fraction of the cost. CFOs of small and midsize organizations want to move beyond spreadsheets and databases to SaaS and cloud-enabled ERP software because it is an integrated, real-time business system that is always accessible and grows with the business. In addition, the ability of the SaaS and cloud-enabled midmarket ERP software to perform as an enterprise-level ERP system, but with fewer employees using the product, increasing productivity and efficiency factors, is a necessity. Last, organizations vary from product to services and require innovation to move beyond the current state into the intelligent enterprise world. SaaS and cloud-enabled ERP systems are the critical core to build intelligent systems, which use machine learning, natural language processing on curated data sets, with advanced analytics and an assistive user interface across the resources of people, process and technology. These intelligent ERP (i-ERP) systems forecast, track, learn, route, analyze, predict, report, and manage business decisions and outcomes. Midmarket organizations, partnered with the right technology vendor, can successfully become an intelligent enterprise that is more effective, efficient, and highly profitable.

A small set of vendors have already invested in the 3rd Platform and innovation accelerators, utilizing these innovation areas to deliver higher value to their customers, while others are just beginning this investment journey. Several vendors outlined in this research study have more manufacturing depth and breadth than services in their software. Some of the vendor offerings are both product and services centric. And some are still moving from on-premises to single tenancy and just beginning their journey toward multitenancy.

Before making purchasing decisions on SaaS and cloud-enabled midmarket ERP software, businesses should consider:

- With levels of experience successfully implementing midmarket ERP solutions, does the vendor have experience with my type of product, service, and company size?
- Is the vendor knowledgeable about midmarket ERP requirements as they affect my company?
- Does the vendor understand the regulations that will impact my business? How are these regulations reflected in my current product, and how will it change in the future?
- What levels of support are available, and are they geographically available for my business?
- What are my internal support resources and capabilities?
- Should I hire a third party to plan and assist with the implementation of the solution?
- Is the vendor financially able to provide needed support? Can it support needed investment in the development of future midmarket ERP software requirements?
- Is the vendor committed to this market in the long term?
- Is the ROI achievable? Does the vendor have a track record of meeting the ROI requirements?
- Can the vendor or partners support my foreign operations?
- Can the vendor integrate with my company's other IT systems and those of my partners?
- Is the product available anywhere and anytime?
- Is the product updated frequently enough for my business needs?
- What new innovations is the vendor considering? How and when will it impact my business?
- What is the vendor's strategic investment outlook for the next three to five years? Why?
- Will the vendor be a partner, helping my business grow now and in the long term?

This IDC MarketScape vendor assessment assists in answering these questions and others. Some of the references that participated in this study noted the current state of the SaaS and cloud-enabled midmarket ERP software market continues to evolve and is starting to pick up momentum — much more than in previous years. In addition, many of the references were impressed there are now more vendor choices within the midmarket ERP market. IDC expects some consolidation and specialization by niche may occur as the market matures and as midmarket ERP software vendors look to add additional capabilities to their portfolio of products.

VENDOR SUMMARY PROFILE

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of one vendor's strengths and challenges.

SYSPRO

After a thorough evaluation of SYSPRO's offerings and capabilities, IDC has positioned the company in the Major Players category of this IDC MarketScape.

SYSPRO is a global provider of ERP software designed to be deployed on-premises, deployed in the cloud, or accessed via a mobile device. Headquartered in Johannesburg, South Africa, SYSPRO has 500 employees and over 15,000 licensed companies installed in 62 countries. SYSPRO solutions are targeted to manufacturing and distribution companies and include functionality for corporate performance management, distribution management, manufacturing operations management, governance/compliance management, inventory optimization, sales and operations planning, supply chain optimization, traceability, and industry-specific requirements.

Strengths

SYSPRO boasts strong customer satisfaction, with a customer retention rate of 98%. This reflects SYSPRO's focus on building/maintaining trust-based customer relationships by implementing a process-modelled deployment framework, launching a digitally accessible education/training methodology, and providing a full range of customer service options, among other things. SYSPRO's customer retention rate is the result of significant effort to understand their customer base.

SYSPRO is also delivering artificial intelligence (chatbots), new machine learning, and social ERP capabilities. It has partnered with Microsoft Azure for cloud deployment delivering a high level of accessibility and flexibility, as SYSPRO increases its penetration into large global accounts.

SYSPRO has developed extensive industry-level expertise in the manufacturing and distribution market sectors. SYSPRO tailors its broader ERP solution for several subverticals, including chemicals, food and beverage, plastics, metal fabrication, machinery and equipment, medical devices (United States), electronics, and automotive industries.

Challenges

SYSPRO has a brand awareness disadvantage compared with other midmarket ERP providers, especially in the North American market. The North American vendor landscape for midmarket ERP solutions is very crowded, and it can be very difficult to be heard even with large marketing spend. SYSPRO has poured its corporate resources into R&D and service/support capabilities versus marketing. This leaves SYSPRO vulnerable to midmarket ERP vendors with larger marketing budgets or more sophisticated marketing strategies.

SYSPRO is not a household name like some other midmarket ERP providers. The company is recognized by industry insiders operating within SYSPRO's targeted microverticals. SYSPRO's growth challenge remains to better leverage the company's reputation through more aggressive brand awareness marketing to become a major household name.

Consider SYSPRO When

Consider SYSPRO if you are a company specializing in engineer to order, make to order, make to stock, mixed mode, assemble to order, batch, discreet or process manufacturing, and distribution and are looking for a company with deep expertise in your market and a software solution that is tailored to your niche manufacturing market.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

This MarketScape evaluation focuses on SaaS and cloud-enabled midmarket ERP solutions. Refer to Table 2 for IDC's definition of "midmarket."

ERP is a packaged integrated suite of technology business applications with common data and process models that digitally support the administrative, financial, and operational business processes across different industries. These processes manage resources including some or all of the following:

people, finances, capital, materials, suppliers, manufacturing, supply chains, customers, products, projects, contracts, orders, and facilities.

ERP suites and the associated applications are utilized to run the business and typically start with finance and include procurement and inventory/asset management and may also include HCM, order management, manufacturing, distribution, services, engineering, PLM, and supply chain. The software can be specific to an industry or designed to be more broadly applied to a group of industries.

Typically, ERP suites are architected with an integrated set of business rules and metadata, accessing a common data set (logical or physical) from a single, consistent user interface. ERP suites are available as on-premises, hybrid and, increasingly, cloud SaaS deployments.

LEARN MORE

Related Research

- *Worldwide Software as a Service and Cloud Software Forecast, 2017-2021* (IDC #US42014217, July 2017)
- *Organizing the Organization for Digital Transformation Success, Part 2: Successful Digital Transformation — Key Considerations* (IDC #US42580317, July 2017)
- *IDC PlanScape: Intelligent ERP for Digital Transformation* (IDC #US42800017, June 2017)
- *Organizing the Organization for Digital Transformation Success, Part 1: Defining Digital Transformation, Types of Transformation, and Core Competencies* (IDC #US42580217, June 2017)
- *i-ERP (Intelligent ERP): The New Backbone for Digital Transformation* (IDC #US41732516, September 2016)

Synopsis

This IDC study provides an assessment of the leading SaaS and cloud-enabled ERP software solutions for midmarket enterprises and discusses what criteria are most important for companies to consider when selecting a system.

Mickey North Rizza, program vice president of IDC's Enterprise Applications and Digital Commerce, stated, "The SaaS and cloud-enabled midmarket ERP market has a mix of competitors from small and medium-sized to large technology vendors. Selecting the right vendor partner is critical to your long-term strategy as a business. Most importantly, SaaS and cloud-enabled ERP is a disrupter as businesses of all sizes want to purchase it because it is easily configured, updated as needed for all customers, and readily available anywhere for most business types."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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