TECHNOLOGY VALUE MATRIX 2H2015 - ERP

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THE BOTTOM LINE

With aging solutions driving investigation of new purchases and cloud applications increasingly adopted by large and small firms alike, the enterprise resource planning (ERP) market continues to be very competitive. Most of the major vendors have made significant investments in user interface (UI) revamps, making a modern UI table stakes in competition for new customers. Further industry capabilities and investments in dynamic processes and embedded analytics are driving shifts in functionality positioning.

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As the larger vendors' cloud investments come to fruition and smaller cloud vendors expand their functionality, the ERP Value Matrix for the second half of 2015 reflects mostly incremental changes in functionality and usability but great potential for significant shifts in 2016. With significant investments and upgrades planned for a number of vendors in the next six to 12 months, purchasers have to consider both what is available today and potential upgrade opportunities in the near future.

Although ERP spending is not projected to grow at the rate of the other application pillars (Nucleus Research *p176 – Buying intentions survey – ERP*, October 2015), growth opportunities are coming from four main areas:

- Organizations that are replacing maturing solutions that are beyond the currency curve, making any upgrade opportunity more like a redeployment – opening it up to competitive review. In this area there is some incumbent advantage from a technology perspective but often a desire for a new

relationship based on less-than-stellar prior experience with customer service and support.

- Organizations that have effectively outgrown their existing applications' capabilities and seek solutions that can deliver greater breadth of capabilities and scalability. These organizations are looking to both cloud and on-premise vendors equally, and more likely to seek vendors (and implementation partners) with vertical capabilities and expertise.

- Organizations that are looking to deploy tier-two ERPs that are less costly than their core enterprise ERP to support subsidiaries or divisions that can benefit from greater structure and automation. The predominant competitors here are the cloud ERP vendors.

- Organizations that are net new ERP customers, which are typically either emerging firms with rapid growth or new firms resulting from spinoffs or divestitures. Again, the support for growth and flexibility that cloud applications provide tend to be the most attractive.

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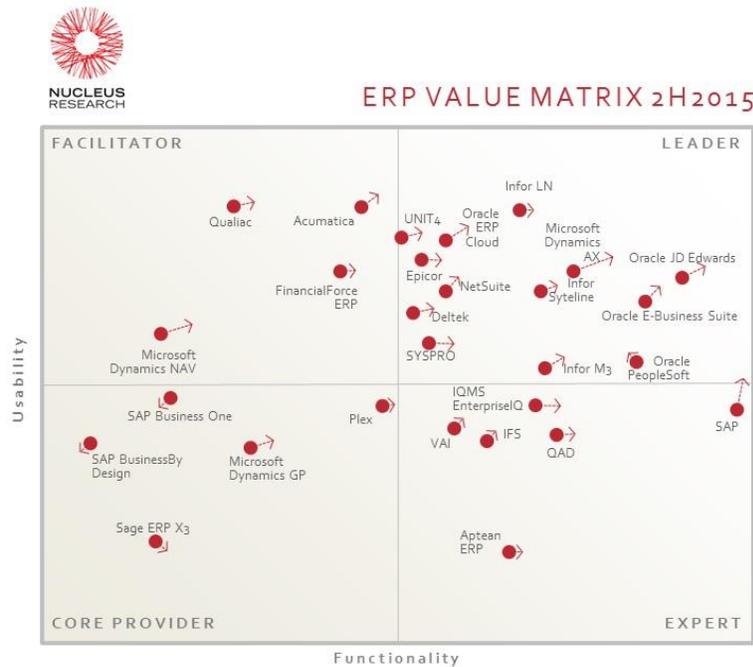
Although ERP vendors are rated on their products' horizontal and vertical capabilities in the Matrix, not the additional capabilities provided by their partner ecosystem, both implementation partners and the ready availability of

complementary ERP applications are important considerations for purchasers. To this end, 2015 has seen a number of announcements of partnerships and acquisitions to complete vertical and horizontal checklists.

LEADERS

Leaders in the ERP Value Matrix include Deltek, Epicor, Infor LN, Infor M3, Infor Syteline, Microsoft Dynamics AX, NetSuite, Oracle E-Business Suite, Oracle ERP Cloud, Oracle JD Edwards, Oracle PeopleSoft, SYSPRO, and UNIT4.

DELTEK

Deltek offers industry-specific functionality capabilities for industries such as architecture and engineering, government contracting, professional services, and other project-oriented businesses. Capabilities offered include business performance management, resource allocation, project cost and planning, and core project accounting.

Since the last Matrix, Deltek released several updates to its solutions. These releases include:

- Deltek Open Plan. In May 2015, the company released its newest Open Plan which features predictive data quality issue identification and the ability to import files from Microsoft Project.

- Deltek iAccess for Vision. This real-time mobile interface, which was unveiled in June 2015, features mobile access to the employee, project management, and business development workspaces integral to Vision.

Although vendors in the Matrix are ranked on organic usability and functionality (not those provided by partners), it is nevertheless worth noting the company's partnership with Meridian Project Systems' Prolog Manager which enables customers to transfer invoice data directly into Costpoint. The company's scalability and functionality offerings are key reasons for its positioning in this Matrix. However, further usability investments could further improve its standing in future editions of the Matrix.

EPICOR

Epicor maintains a leader position in this Value Matrix. The vendor continued to place a key focus on its vertical solutions for manufacturing, distribution, and retail services industries by releasing several industry-specific products that indicate faster time to value for customers. Epicor releases since the previous Matrix include:

- Service Insights Mobile App for Automotive Aftermarket. Epicor's mobile app includes streamlined visualization tools and allows users to monitor each service dealer's account by cumulative sales, margins, and returns.

- Epicor Retail Store Point of Sale in the Cloud. In May 2015, the company announced its retail industry release for its Cloud which provides scalability for users while accelerating the point of sale deployment process.

- Next generation of Epicor Mattec manufacturing execution system (MES). The recently released Mattec MES features mobile embedded human- machine interface capabilities including pre-built template automation.

- Updated Epicor AVP Product Packaging Software. This new update features an integration with Epicor ERP Financial Management that brings with it improved return materials authorization (RMA) processing.

- Epicor Eagle Software for Automotive Aftermarket. In June 2015, Epicor announced enhancements for its Epicor Eagle Software including embedded Epicor Compass analytics and active viewers for more real-time in-app engagement as soon as information becomes available.

INFOR LN

Infor LN remains in the leader quadrant of the ERP Matrix based on its continued vertical investments for industries including machinery and equipment, manufacturing, distribution, automotive, and aerospace and defense. Since the previous Matrix, in addition to updates for its automotive, A&D, and industrial enterprise suites, Infor released an enhanced version of its CloudSuite for aerospace and defense users.

The company announced in August 2015 its plans to acquire GT Nexus and bolster its supply chain solutions globally to enable visibility into these solutions across multiple companies. In addition to this acquisition, Infor announced enhanced document management capabilities in the cloud that are compatible with Infor LN. Continued investments in its vertical capabilities will fortify Infor LN's positioning in future editions of the Value Matrix.

INFOR M3

Infor M3 is once again a Leader in the Matrix given Infor's continued investments in the solution and its investments in microverticals, as seen in the May 2015 release. The application's vertical solutions, which are supported in 43 countries, extend to the customer service, manufacturing, operations, financial, supply chain, and equipment management industries. With version 13.3 of Infor M3, some of the

features that users will be able to utilize include a grower contract management module, enhancements to the quality management module, fashion-specific capabilities, enhanced trade promotion management, and improved target buying for the procurement process.

INFOR SYTELINE

Infor SyteLine continues to be a leader in the Matrix, having released several incremental feature updates and enhancements to its user interface. SyteLine's manufacturing and distribution solutions position the product as a leader based on the breadth and scalability that the product continues to provide users. The application could move backward in the Matrix if it does not address Infor Xi-related investments for its users.

MICROSOFT DYNAMICS AX

Microsoft Dynamics AX maintains its leader positioning since the previous ERP matrix given its continued focus on functionality and usability. Microsoft announced version AX 7 (with public preview by the end of 2015) which includes a streamlined user experience and extended Microsoft Dynamics Lifecycle services, further leveraging the Microsoft portfolio (such as Azure) to help customers achieve more value from AX. Release 7 is likely to improve AX's position in future versions of the Matrix.

The AX 7 release is in keeping with the Dark Cockpit principles of focus and simplification as it embraces visualization tools and side-by-side screen collaboration for users to see the essential real-time data updates requiring urgent action as soon as they become available. The release also features the ability to integrate with Microsoft's extensive ecosystem. The company can improve its Matrix standing further by continuing to invest in the vertical and cloud-based functionality it has already established with this release.

NETSUITE

ERP provider NetSuite has maintained its positioning in the leader quadrant due in part to additional industry features on its capabilities in the manufacturing and distribution, services, software, and nonprofits areas. Since the previous Matrix, NetSuite version 2015.2 went live and, with it, NetSuite introduced SuiteCommerce In-Store for real-time inventory monitoring and business intelligence. SuiteCloud Platform now includes better business analysis, application performance monitoring and scripting for improved development experience. Additionally, release 2015.2 included continuing incremental enhancements to the product's procure-to-pay solution with new site management tools for building websites that deliver a B2C-

like shopping experience. It also provides procurement dashboards for a streamlined view of reminders, KPIs, and reports as well as vendor performance metrics.

ORACLE E-BUSINESS SUITE

Oracle E-Business Suite holds its leader position for this edition of the ERP matrix based in part of the continued depth and breadth of its functionality. In terms of updates, the solution has not seen many changes. In June 2015, Oracle released its Enterprise Manager's Application Management Suite for its E-Business Suite. This update enables users to discover multiple E-Business targets in one step with the EMCLI command line interface. Additionally, this update enables users to discover and monitor mobile Web applications targets.

In terms of maintaining its position, the application would benefit from further lab research integration and an increased focus on streamlined mobile app features that keep the real-time cross-channel users in tune with important occurrences as they happen.

ORACLE ERP CLOUD

This edition of the ERP Value Matrix finds Oracle ERP Cloud, which includes Oracle Financials Cloud, Oracle Procurement Cloud, and Oracle Project Portfolio, Management Cloud, once again in the leader quadrant. ERP Cloud continues to see bi-annual update releases and customers can leverage an expansive partner ecosystem. In July 2015, Version 10 of the ERP Cloud was released and with it came incremental enhancements to payables, receivables, the supplier portal, project performance and execution, all of which are available for any service industry. The ERP Cloud will see its next update in January 2016 with specific customer enhancements within the business process enhancements that will likely yield more value for customers.

Going forward, there is much potential for supply chain management integration with the ERP Cloud and embedded analytics via leveraging BI. That, coupled with increased integration with financial services and significant fulfillment and order processing attention should prove key in boosting the application's future Matrix standing. In terms of boosting the pre-existing offering, in August 2015 Oracle partner Inoapps announced In2Cloud, which accelerates the time needed for users to move to Oracle ERP Cloud, indicating faster time to value, especially for mid-market firms.

ORACLE JD EDWARDS

Oracle JD Edwards continues to be a leader in the current ERP Matrix with further enhancements to EnterpriseOne and to existing mobile capabilities. JD Edwards EnterpriseOne saw some upgrades since the previous Matrix including:

- Mobile application enhancements. On May 4, 2015, Oracle released more upgrades for mobile EnterpriseOne applications. Included in this update were expanded expense report capabilities on smartphones and sales order entry facilitation for field sales representatives to simply "scan" orders, as well as a new disconnected mobile application designed for a service technician to perform work order updates when not connected to a network.

- EnterpriseOne Tools version 9.1. With JD Edwards EnterpriseOne Tools 9.1, Oracle released an updated UI, drag-and-drop functionality, as well as streamlined enhancements for Rental Management, Health and Safety Incident Management, multi-facility planning, and work center load review. Also announced were incremental enhancements for revenue recognition.

- EnterpriseOne Internet of Things (IoT) Orchestrator. This product allows JD Edwards users to leverage real-time data from IoT devices to enable them to react in real time and possibly avoid costly business disruptions.

ORACLE PEOPLESOFT

Oracle PeopleSoft moves from the expert quadrant to the leader quadrant in this Matrix, largely based on the ongoing investments Oracle has made in driving greater usability for PeopleSoft customers. Features such as the PeopleSoft Fluid Interface and Oracle's In-Memory capabilities continue to drive faster analysis and usability gains. Since the last Matrix, Oracle PeopleSoft released the PeopleSoft In-Memory Financial Position, Allocation, and Close Analyzers.

SYSPRO

SYSPRO, which provides ERP solutions for cloud, on-premise, and mobile deployments, maintains its position as a leader in the Matrix. SYSPRO operates in 60 countries and focuses on mid-sized manufacturers and distributors. By offering organically-developed (versus acquired) technology solutions with embedded industry-specific capabilities, SYSPRO offers customers data/process integration via a streamlined and customizable user interface. Following through on its upcoming machine-learning capabilities announcement will likely improve SYSPRO's Matrix positioning even more. Additionally, further investment in collaboration, big data, and IoT capabilities are also likely boost the company's positioning.

UNIT4

Since the previous Matrix, UNIT4 made several announcements that factor into its move into the leader quadrant for this Matrix. One of UNIT4's key assets continues to be its flexible and configurable ERP capabilities for midmarket and upper midmarket companies. In June 2015, UNIT4 announced its acquisition of Three River Systems which expands the company's footprint in the education sector as well as in North America itself (Nucleus Research, *p102 – UNIT4 update*, June 2015).

A continued focus on vertical functionality would benefit UNIT4's future Matrix standing. Also, by leveraging the Microsoft partnership it announced on June 16, UNIT4 can also improve its current standing. Specifically, the company stands to further improve its positioning by following through on plans to provide users with "self-driving ERP" by leveraging Microsoft's investments in Azure platform-as-a-service (PAAS) components, machine Learning, Office 365, and Delve in order to produce more industry-specific solutions and further boost its usability.

E X P E R T S

Experts in the ERP Value Matrix include APTEAN ERP, IFS, IQMS EnterpriseIQ, QAD, SAP ERP, and VAI.

APTEAN ERP

Aptean ERP is once again in the expert quadrant for this Matrix. The company announced updates since the Matrix for the first half of 2015 including:

- Cloud-based inventory management solutions. On June 11, 2015, Aptean announced the acquisition of Vision software solutions. As a result of this acquisition, Aptean users will be able to leverage increased visibility into inventory and demand planning enhancements for faster supply response for their customers.

- Updated respond solution. On July, 7, 2015, Aptean unveiled the updated version of its financial services-focused Respond complaints and feedback management solution. Version 6.0 features a streamlined dashboard system with real-time critical updates for incoming regulatory case work and outstanding approvals in addition to customizable summary resolution communication templates.

- Updated Made2Manage ERP for discrete manufacturers. On August 24, 2015, Aptean revealed Made2Manage 7.5, which includes the shop floor manager, planning and scheduling enhancements for Microsoft.net, bar code posting,

advanced engineering change orders for multiple changes, and multi-currency enhancements.

Given Aptean's continued expansion via acquisitions such as those of Verdiem and Vision, its users will likely see increased functionality. With investments on the usability side, such as more streamlined interfaces, these functionality gains will be all the more beneficial to customers and will further improve Aptean's Matrix standing.

IFS

IFS provides vertical ERP solutions for the automotive, aerospace and defense, high tech, industrial manufacturing, oil and gas, energy & utilities, process manufacturing, retail and construction & contracting industries. In this edition of the Matrix, IFS improves its positioning in the expert quadrant. Industry-specific functionality continues to be one of the main focus areas for the company.

Since the previous Matrix, IFS acquired VisionWaves, with the goal of leveraging VisionWaves's ability to map and manage end-to-end business processes while accelerating users' strategy realization and boosting business performance. In terms of product upgrades, IFS released IFS Applications 9 which includes IFS Lobby featuring out-of-box content that enables user-configurable role-specific interfaces and layered application architecture for easy configuration and less customization.

Release 9 also includes globally-available IFS Apps as part of managed cloud service (on Microsoft Azure and the in-application custom objects builder), in-memory database capabilities, incremental mobile enhancements and embedded customer relationship management (CRM) capabilities. Given these functionality gains, IFS stands to further improve its Matrix positioning by embracing increased usability investments.

IQMS ENTERPRISEIQ

IQMS EnterpriseIQ maintains its positioning as an expert on the Value Matrix. IQMS specializes in providing ERP for manufacturers in industries including automotive, medical devices, and plastics, as well as aerospace and defense. One of IQMS's key differentiators from a manufacturing perspective is its integrated manufacturing execution system (MES) capabilities, which provide real-time visibility into MES data directly from the ERP application. IQMS has also made investment in areas such as CRM to enable users to rapidly view customer, product, inventory, account, and other data within the same interface and right-click to get suggestions for where they may find additional data or elements they need to complete their work. Although the user interface is somewhat dated from a design perspective, this capability is an important addition from a usability perspective.

Since the last Matrix, IQMS released its EnterpriseIQ-compatible advanced warehouse management system which includes a directed task monitoring system, wave management, expected receipts, and inventory slotting optimization. IQMS has a significant list of localizations including English, Spanish, French, German, Chinese (two versions), Dutch, Portuguese, Japanese, and Swedish; IQMS would be even further to the right on the functionality scale if it had additional localizations.

QAD

QAD, which expanded its business to Australia in May 2015, maintains its expert positioning in the Matrix for the second half of 2015. QAD provides both cloud and on-premise ERP for manufacturing companies in the automotive, life sciences, industrial products, consumer products, food and beverage, and high technology industries. Since the previous Matrix, in May 2015, the company has continued to provide customizable features to its vertical customers by releasing a new cloud-based user experience that enables users to choose which user interface (UI) fits their needs. Additionally, mobile enhancements were released to enable users to access QAD Enterprise Applications on any device. In addition to the ability to choose UIs, there are other incremental usability improvements with the redesigned data-based sales order experience. In order to improve its standing, QAD can still benefit from further investments in usability to boost its vertical functionality offerings.

SAP ERP

SAP continues to hold a high functionality position in the Matrix with support for more than 25 industries, 37 languages, and 46 localizations. SAP announced the next generation of Business Suite 4 SAP HANA in the spring, touting it as a next-generation ERP solution supporting SAP business applications with the speed of in-memory computing. Nucleus is continuing its evaluation of Suite 4 HANA as customers deploy as if it is successful it is likely to positively impact SAP's overall Business Suite position on usability.

VAI

Once again in the expert quadrant, VAI continues to supply industry-specific capabilities for the medical, HVAC, electrical supply, food, janitorial, automotive, building supply, pharmaceutical, and apparel industries. VAI S2K Enterprise includes but is not limited to financial management, customer orders, inventory management, sales analysis, warehouse management, customer relationship management, manufacturing management and e-commerce. Since the last Matrix, VAI boosted its retail offering by partnering with Verifone to enhance EMV (Europay, MasterCard, and Visa) security and payment terminal estate management for its merchant users. Other than this enhancement, VAI has not released industry-

specific functionality updates to its solution and stands to improve its future Matrix positioning by investing in such functionality.

FACILITATORS

Facilitators in the ERP Value Matrix include Acumatica, FinancialForce ERP, Microsoft Dynamics NAV, and Qualiac.

ACUMATICA

Acumatica maintains its facilitator positioning since the last Matrix. The company continues to leverage a robust partner ecosystem to provide small and medium businesses (SMBs) with solutions that can integrate specific functionality. In keeping with its partner-focused approach, in July 2015 Acumatica released a content pack for Microsoft Power BI to leverage pre-built live dashboards, real-time shareable data insights, and a drag-and-drop visualizer. We found that these updates will increase the company's usability standing while likely driving a productivity increase of seven to ten percent for users (Nucleus Research, *p128 – Acumatica releases Power BI content pack*, July 2015).

Since the last Matrix, the company also released Acumatica version 5.2, which includes consolidated receivables for customers with multiple branches or franchises, Web Service for automatically synchronizing currency exchange rates, ability to import Physical Inventory into Acumatica ERP via Microsoft Excel, and mobile applets for Employee Time Card and Activity. Additionally, the company added several partners to its ecosystem including Aktion, Hutchinson & Bloodgood, Nims & Associates, i-Tech Support, and CyberCore. Industry-specific functionality continues to be an area that can potentially boost Acumatica's standing in future editions of the Matrix.

FINANCIALFORCE ERP

FinancialForce ERP continues to be a facilitator for this Matrix because of the solution's functionality advancements since the previous Matrix. In September 2015 FinancialForce released incremental advancements including FinancialForce ERP Wave apps for accounting and supply chain. Leveraging the Salesforce platform on which it was built, FinancialForce's release includes ViewThru financial components that enable users to extend financial charts for accounts to any object on the Salesforce App Cloud. This feature allows users to see the financial impact of any aspect of their operations. Also included in this release were Action Views which allows users to examine data beyond ERP, in CRM.

FinancialForceERP provides modules for financial management, ordering and billing, supply chain management, professional services automation, human capital management, and analytics. Nucleus expects further usability investments to complement the functionality afforded by leveraging the Salesforce platform beyond embedding FinancialForceERP within Salesforce CRM and ecosystem will improve its Matrix positioning.

MICROSOFT DYNAMICS NAV

Microsoft Dynamics NAV provides small to mid-size organizations with functionality ranging from core financials to supply chain functionality - for deployment on premise or in the cloud. Dynamics NAV 2016 (which was released on October 5, 2015) is likely to deliver more value from out of the box integration with Power BI, Office 365 and native integration with CRM online. In addition to these enhancements, NAV 2016 introduces a new customization model which will likely improve the product's future Matrix positioning.

QUALIAC

Qualiac continues to maintain a strong usability position in the Matrix based on its configurable nature and its embedded analytics and dashboards that can easily be adapted and manipulated by business users. Recent enhancements to collaborative task management capabilities and guided assistance for users continue to reflect Qualiac's investments in usability. Qualiac has also continued to add incremental capabilities within its multiple modules as well as new order management and planning capabilities.

CORE PROVIDERS

Core providers in the ERP Value Matrix include Microsoft Dynamics GP, Plex, Sage ERP X3, SAP BusinessbyDesign, and SAP BusinessOne.

MICROSOFT DYNAMICS GP

Microsoft Dynamics GP, which provides US based small to mid-sized organizations with core financials/supply chain functionality, is a core provider in this Matrix. In June 2015, Microsoft Dynamics GP 2015 R2 was released in keeping with the application's semi-annual update cadence. The R2 release includes increased usability enhancements for automating provisioning of Dynamics GP instances on Microsoft Azure. Also included in the release are a time management app, incremental enhancements for self-service and workflow automation, and the all-in-one document viewer. While the most recent update features some usability improvements, Dynamics GP can further improve its standing by investing more in functionality.

PLEX

Plex falls into the core provider quadrant for this Matrix. The manufacturing-focused ERP provider offers business intelligence, human resources management, inventory management, quality management, supply chain management, customer and sales management, products and program management, and accounting and finance capabilities.

The only announcement Plex has made since the last Matrix regards Plex Connect, the company's integration framework for users to connect people, things, and applications to the Plex Manufacturing Cloud. The release features a developer portal and toolkit including templates and documentation samples. While Plex continues to provide vertical functionality for manufacturing, the lack of usability enhancements continue to lead the company to trend downward in usability.

SAGE ERP X3

Sage ERP X3 had a notable upgrade since the previous Matrix as, in August 2015, it became available as a cloud solution. The SMB-focused application continues to be a core provider in this edition of the Matrix but it has improved its standing with this newest release. In addition to the cloud release, in July 2015 X3 also released incremental enhancements including a graphical scheduler for manufacturing planning, as well as contact and calendar integration with Microsoft Outlook. The enhanced usability as part of the jump to cloud is a clear benefit for Sage users and will be a key piece of continuing to provide Sage CRM and HR users with integrated features.

SAP BUSINESSBYDESIGN

SAP BusinessByDesign includes functionality for financials, human resources management, sales and marketing, sourcing and purchasing, customer relationship management, and supply chain management with a cloud-based architecture. Although SAP has announced BusinessByDesign's move to the HANA platform, lack of compelling product investments compared to its competitors in the marketplace, coupled with a slower release cadence, have negatively impacted its position in the Matrix.

SAP BUSINESSONE SAP

BusinessOne is SAP's SMB product running on SAP HANA and Nucleus has seen it in fewer and fewer new deployments as other cloud solutions have flooded the midmarket. Although it is included in this Matrix Nucleus expects it is decreasing its shortlist opportunities because of lack of investment, marketing, and perceived customer commitment vis-à-vis its competitors in the space.