

IDC MarketScape

IDC MarketScape: Worldwide SaaS and Cloud-Enabled Medium-Sized/Midmarket Business ERP Applications 2020 Vendor Assessment

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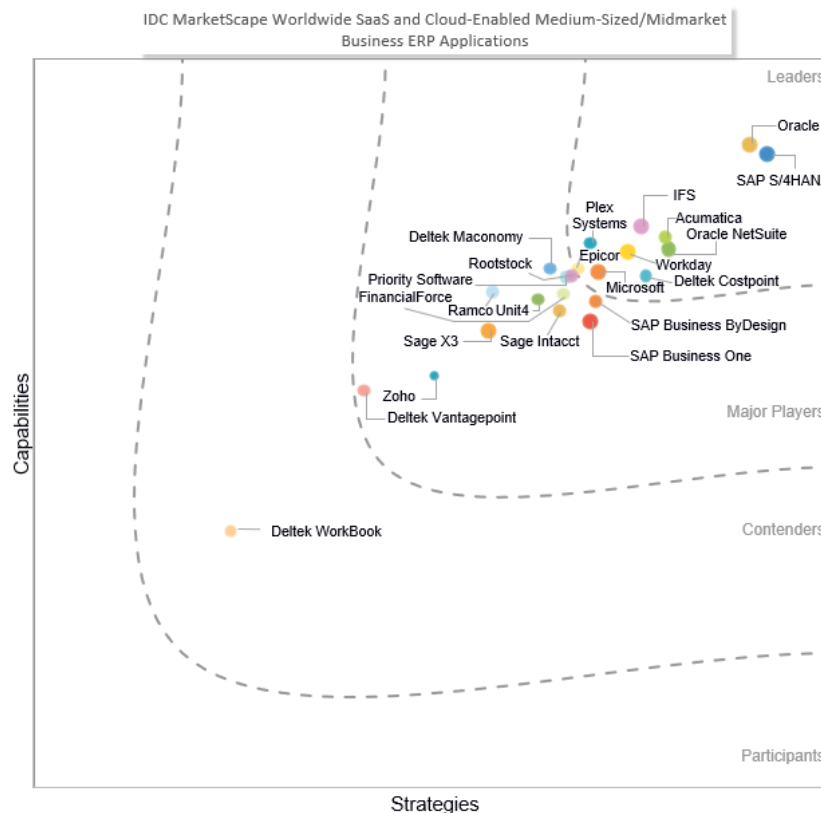
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THIS IDC MARKETSCAPE EXCERPT FEATURES ACUMATICA

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide SaaS and Cloud-Enabled Medium-Sized/Midmarket Business ERP Applications Vendor Assessment



Source: IDC, 2020

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 Medium-Sized/Midmarket Business ERP Applications 2020 Vendor Assessment (Doc # #US45972120). 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

Medium-sized/midmarket enterprise resource planning (ERP) application vendors have made great strides over the past year, increasing the visibility, transparency, intelligence, and innovation of financial, procurement, inventory, manufacturing, supply chain, and services business processes. As a result, organizations are more agile than in previous years, enabling the organization to be more resilient. This resilience is a required during the COVID-19 pandemic and will be even more so in a post-COVID-19 world. Organizations are now making difficult but necessary choices for both near- and longer-term survival. Business survival has become dependent on having a constant up-to-date view of the state of the business, which includes having the right modern ERP solutions that can be utilized anywhere and anytime as well as help the business navigate the journey through turbulent times and accelerated growth.

The Digital World Requires Modern Technology

The digital world has arrived. The COVID-19 pandemic became the tipping point for businesses to rethink their entire business as a digital organization. From fulfilling orders digitally and physically to remote working by employees, businesses have found they need cloud and software-as-a-service (SaaS) software to run their businesses effectively. It is important to note that there are many trends in modern ERP technology that can assist the buyer in the selection process:

- **Evolving business models:** Subscription-based business models are set to grow rapidly in the coming years in nearly every sector. However, the greatest challenge for financial applications comes from the rapid rise of mixed/hybrid business models (i.e., traditional and subscription based). More and more, companies are operating mixed business models that offer both products and services in a traditional model as well as a recurring model. For example, a SaaS software vendor (e.g., Red Hat or Adobe) may also sell professional services/consulting. Lately, some of the larger consulting companies (e.g., EY and Deloitte) are offering software applications in addition to their consulting services. Many hardware companies (e.g., Apple and Nest) are offering software solutions that run on top of their hardware. The buyer must ask the right questions to understand what is being purchased.
- **Changing deployment models:** ERP application vendors are investing more and more resources to build out the business functionality of their cloud software. This includes investment in infrastructure functionalities such as databases, service-level agreements (SLAs), and microservices. ERP application vendors are also working diligently to support their sales teams and implementation partners with customer evaluation tools to facilitate the transition to the cloud.
- **Convergence of workflows:** The traditionally siloed nature of the operational functions such as procurement, inventory, manufacturing, customer project management, and the various areas of finance is rapidly changing. The walls are finally starting to break down, necessary for more coordination, collaboration, and communication among these and other functions. As such,

decision makers will have a much more holistic view of the company's performance at all times so that better strategic decisions can be made.

- **Emergence of digital business:** As organizations move into the digital economy, focused on digital transformation initiatives, they are turning to advanced technologies to enable their evolution. Fueled by the enormous amount of waste and inefficiency within the operations, the organization requires more advanced and innovative technology. Vendors are supporting digital transformation with new use cases that ERP applications leverage, with technologies such as big data and analytics and machine learning (ML) to bring more actionable insights across a broader workflow.

The digital world has enabled a new reality. It will be the companies with the right mix of talent and software tools that will be best able to recover and thrive in these changing conditions. ERP vendors that prioritize features that provide/enhance visibility, flexibility, and agility will find themselves well positioned for future growth.

The Midmarket Dilemma

Midmarket companies (firms with 100-999 employees in North America and Japan and firms with 100-499 employees in the rest of the world) have a unique dilemma. They have much of the complexity of larger enterprise businesses as many of them are selling products and services globally; midmarket companies encounter all the same issues related to global complexity (i.e., currency issues, localization issues, shifting customs, transfers of goods and services, and tax regulations). However, midmarket companies are often forced to cope with these issues with fewer resources than larger businesses while navigating the growing organizational complexity that comes with a growing business. This dilemma drives midmarket companies toward capabilities that are critical to their business needs. As a result, midmarket companies have developed a core set of requirements as it relates to their ERP software:

- **More focus on vertical markets:** Many midmarket companies tend to specialize in serving one customer group, often coalescing around a vertical (professional services, manufacturing, not for profit, etc.). These midmarket companies are looking for ERP applications with a deep reservoir of functionality related to their chosen vertical market. While certain business processes are common among all industries, there are industries such as higher education, healthcare/pharma, government, manufacturing, nonprofit, or service organizations where business processes and reporting requirements differ greatly.
- **More emphasis on ecosystem:** Midmarket businesses often use a partnering strategy to drive growth. This often means more complicated transactions and partner interactions. This places greater emphasis on the financial, project, and industry-unique workflows. A partnering strategy places more emphasis on the software's capability to connect to other point solutions – both internal and external, this is typically a top priority for midmarket businesses that have an established and entrenched set of applications. As a result, it is essential for midmarket ERP vendors to provide robust APIs to streamline the data flow between systems.
- **Better user experience (UX):** User experience has become a major point of differentiation for midmarket software purchases. Simpler and easy-to-use user interfaces (UIs), more configuration/flexibility, mobile functionality, increased automation, and even implementation processes will factor into the overall user experience with the software.
- **Want a trusted brand:** IDC's most recent *SaaSPath Survey* of over 2,000 survey respondents revealed that organizations purchasing ERP applications find the most important attribute when evaluating ERP technology vendors is a trusted brand. Every ERP technology vendor has different products, functionality, deployment models, and innovation. While some are more

innovative, others are focused on a subset of industries and still others are better in terms of services functionality versus manufacturing and supply chain specialties. Regardless the trust comes from transparency, building out new innovative solutions together, providing exceptional value beyond the sales cycle, and helping the business navigate the challenges that arise.

- **Superior features and functionality:** In addition to a trusted brand, IDC's recent *SaaSPath Survey* of over 2,000 survey respondents revealed that organizations purchasing ERP applications find the second most important attribute when evaluating ERP technology vendors is superior features and functionality. Organizations need to know they have exceptional business processes that have intelligence embedded into them to reduce lower-level tasks. Predictive analytics aids the organization as it models business outcomes, so the best action can be selected. And organizations want to know Internet of Things (IoT), drones, robotics, AR/VR, and other innovative aspects can be integrated quickly and easily into their solution.
- **More agility through collaboration:** Agility is core for midmarket companies as it is often one of their most reliable advantages over larger competitors. A large portion of that agility comes from collaboration capabilities. Companies are utilizing real-time collaboration aspects of more modern cloud-based ERP software solutions to share access to critical sales and operational data with teammates. With this technology-driven collaboration in place, companies can more effectively respond to market changes quickly – essential for a midmarket company competing with larger firms.
- **Demand for greater process controls:** In contrast to smaller companies, midmarket companies are large enough to have more dedicated job roles and formal departments. As a result, many of them are looking for a full suite of process workflows and process controls. The ability to tailor the employee's user interface to only necessary information is critically important for midmarket companies.

The ERP software market for midmarket companies is attracting much attention from industry competitors and industry investors. As a result, software vendors are quickly trying to develop the right blend of functionality, pricing, and customer support to be profitable and to thrive within the midmarket. This strategy also helps the vendors stay with the organization as it grows into a larger enterprise.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

The vendor inclusion list for this document was selected to accurately depict the vendors that are most representative of the ERP functional buyer's selection list based on the following:

- Vendors were investigated to ensure that their offerings were qualified as "SaaS" or "cloud enabled" and that the vendor had won recent deals within the relevant customer segment.
- ERP software must meet the IDC definition of ERP.
- Vendors had either product- or services-specific ERP focus – or a combination of both.
- Incoming IDC inquiries are related to midmarket ERP solutions, with specific questions focused on capabilities of vendors, innovation and future trends of ERP vendors, and customer interviews.
- Vendors were asked to name other vendors they most often compete against in deals.

ADVICE FOR TECHNOLOGY BUYERS

As a medium-sized business, choosing an ERP system that can grow with your business can be a daunting task. There is a stunning amount of variety and hundreds of options among software packages specifically targeting midmarket businesses. Following are a few key steps in the journey to select the right fit among the myriad of software vendors:

- **Understand your needs:** Before you choose your ERP vendor and product, you should first take the opportunity to do some self-reflection. A few key questions to ask regarding the internal factors involved in choosing software are:
 - What is the plan for growing the business?
 - How has the COVID-19 pandemic changed or restructured the business?
 - What features do I consider essential for the business now and in the future?
 - Are there industry-specific considerations for software selection?
 - Are there new innovations that will make my employees work life easier and more balanced?
 - How many users will interact with the software within the business?
 - How will we use IT to support the business?
 - How much am I willing to spend on the software?
 - How defined are my processes, or am I looking to improve them by leveraging best practice processes?
- **Do your research:** With so many options, medium-sized business owners must take a systematic approach researching and vetting these software packages. Medium-sized business owners should consider tapping into the vast web of software evaluation options including market research firms, online review sites, and industry associations. A few key questions to ask when researching the software are:
 - Does the software come with a free trial?
 - How do I buy the software? Can it be downloaded, or can I just get started online?
 - Whom can I consult with on this matter? My team? Other business owners? Investors?
 - How long does it take to implement the software? How quickly can I start using the product?
 - Does the software have positive reviews?
 - What level of customer service is offered?
 - Do I need an outside consultant to help me install the software and bring it to use? Is there self-training available for our team?
 - What type of in-house IT resources do I need to have available, if any?
- **Look to the future:** Many midmarket businesses may find themselves growing rapidly. In these cases, the software must be able to grow with your business and ideally help reduce the number of applications used to manage the business. And in the case of a pandemic, a business may need to slow down too, so organizational agility is critical when purchasing software. A few key questions to ask when considering the growth aspect of choosing a software package are:
 - What factors will speed up or slow down my growth plans?
 - How fast will the business likely grow?
 - If my business slows or stalls, how do I curtail my usage costs?

- Will the business be selling to/interacting with businesses/customers in other regions or countries?
- What kinds of reporting and insights will I need to manage the business as I grow? Can the software provide it?
- Does the software vendor have innovation aspects that will make my business run smoother?
- What does the software vendor's road map look like for this product?
- What is the software vendor's financial viability for the long haul?
- Will I add subordinate business units/divisions/franchises?

This IDC MarketScape vendor assessment assists in answering the aforementioned questions and others. The goal of this document is to provide potential software customers with a list of medium-sized business ERP software companies that have taken great strides to incorporate the previously listed capabilities. We have profiled and assessed their capabilities to support the complicated area of ERP software.

VENDOR SUMMARY PROFILES

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 each vendor's strengths and challenges.

Acumatica

After a thorough evaluation of Acumatica's strategies and capabilities, IDC has positioned the company in the Leaders category in this 2020 IDC MarketScape for the worldwide SaaS and cloud-enabled medium-sized/midmarket business ERP applications market.

Acumatica provides cloud-based business management software that empowers small and midsize companies to accelerate their businesses. Built on cloud and mobile technology and a unique growth-friendly licensing model, Acumatica delivers a cloud ERP solution for all business management needs, including accounting, inventory management, distribution, and customer relationship management (CRM). Special editions for field services, manufacturing, commerce, distribution, and construction provide deep industry specialization, and mobile apps enable work to be done anywhere, anytime, and on any device. Quick facts about Acumatica include:

- **Employees:** 300+
- **Total number of clients:** 6,500+
- **Globalization:** Sales in 21 localizations in 23 countries
- **Industry focus:** Primarily professional services, manufacturing, distribution, and construction
- **Ideal customer size:** Small and medium-sized businesses (SMBs; 100-1,000 employees)
- **SaaS:** Offered on a multitenant architecture at the infrastructure, database, and application layers
- **Pricing model:** Subscription based by module and user type
- **Partner ecosystem:** Over 250 VARs and 200 ISVs

Strengths

- **Innovation:** Acumatica has continued its investment in machine learning, natural language processing, and mobile technology, which allows customers access to these technologies to support their operational workflows.
- **Industry focus:** Acumatica continues to add more functionality and features to its industry-focused editions. The latest release, Acumatica 2020 R1, added even more capabilities for the distribution, commerce, and manufacturing editions.
- **Sophistication:** Two references noted that they had no idea regarding the level of sophistication of the system until they started to use it. The references noted that Acumatica is simple and easy to use and reduces overall click count through streamlined workflows.

Challenges

- **Globalization:** Acumatica must add more functionality to support the growing number of small and midmarket organizations with complex multi-entity, multiunit, and multicountry operations. Executive briefings revealed that further multicompany consolidation is on the near-term product road map.
- **Brand awareness:** One of the biggest challenges for Acumatica remains brand awareness. As a newer company, relative to the legacy ERP and financial application providers, there is more marketing and education that Acumatica still needs to do to expand its market presence.
- **Reporting:** Reporting capabilities is an area that references would like to see become much easier to understand and build out. Acumatica's partner ecosystem does provide additional support here, including Microsoft Power BI and Tableau.

Consider Acumatica When

Consider Acumatica when you are looking for a straightforward and adaptable ERP application that can be configured to fit your business.

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 IDC MarketScape evaluation focuses on SaaS and cloud-enabled medium-sized/midmarket business ERP solutions. 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.

This IDC MarketScape evaluates ERP technology with a medium-sized/midmarket business slant. IDC's small business ERP definition includes product-centric or services-centric organizations. These organizations' ERP systems incorporate financial, procurement, inventory, and/or asset-oriented aspects, along with other areas that may include product and service resource planning, human capital management, customer management, and student management.

Typically, ERP solutions 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. Small business ERP solutions are available as on-premises, hybrid and, increasingly, cloud SaaS deployments.

LEARN MORE

Related Research

- *Worldwide Enterprise Resource Planning Software Forecast, 2020-2024* (IDC #US46540220, June 2020)
- *Worldwide Enterprise Resource Planning Software Market Shares, 2019: Digital Has Arrived!* (IDC #US46540020, June 2020)
- *Enterprise Applications Help Businesses Traverse the Decline* (IDC #US46467920, June 2020)
- *The Novel Coronavirus Is Reshaping Software Purchases and Accelerating the Move to SaaS* (IDC #US46253520, May 2020)
- *COVID-19 Means Small and Medium-Sized Businesses Are Focused on the Digital Brass Tacks of the Customer Journey* (IDC #US46237119, May 2020)
- *Pandemics Are a Wake-up Call for Technology Vendors to Offer Better Products* (IDC #US46149920, March 2020)

- *IDC FutureScape: Worldwide Intelligent ERP 2020 Predictions* (IDC #US44646019, October 2019)
- *Market Analysis Perspective: Worldwide Enterprise Resource Planning Applications, 2019* (IDC #US43891019, September 2019)

Synopsis

This IDC study provides an assessment of prominent SaaS and cloud-enabled medium-sized/midmarket business ERP software solutions and discusses what criteria are most important for companies to consider when selecting a system.

"Medium-sized/midmarket businesses are investing toward their digital future with ERP systems. These SaaS and cloud-enabled modern ERP systems are innovative with mobile and intelligent processes, focused on the customer experience and delivering timely information for business navigation during times of turbulence and accelerated growth," says Mickey North Rizza, program vice president, Enterprise Applications and Digital Commerce at IDC.

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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