IDC MarketScape


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THIS IDC MARKETSCAPE EXCERPT FEATURES: ORACLE

IDC MARKETSCAPE FIGURE

FIGURE 1

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

Source: IDC, 2017

Please see the Appendix for detailed methodology, market definition, and scoring criteria.
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 enterprise-wide, board-level, strategic reality for companies wishing to remain relevant or maintain or enhance their leadership position 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. These practices are disrupters to 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 are 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 ERP software because they need a flexible, agile ERP system that is configurable, continuously updated, quick to implement, available anywhere and anytime, and scalable. Cloud computing is defined as accessing shared IT resources "on demand" and over the internet. IDC further defines cloud services through six key attributes from the perspective of the end users of the service:

- Shared or standard service built for multitenancy among or within enterprises
- Solution package defined as a "turnkey" offering that pre-integrates required resources
- Self-service provisioning and management and typically via a web portal
- Elastic resource scaling that is dynamic, rapid, and fine grained
- Elastic, use-based pricing or supported by use-based pricing
- Published service interface or API, which means web services and other common internet APIs

Cloud principles are the same regardless of location, resource tenancy, or management model, although key measures such as uptime, latency, management, and provisioning may vary depending on the form of deployment.

SaaS and cloud-enabled ERP software makes innovation easier than ever before, specifically when the technology partner understands that innovation strategies are critical success factors in the DX economy. SaaS and cloud-enabled ERP bring the 3rd Platform and innovation accelerators to a business quickly, making the SaaS and cloud-enabled innovation strategies a critical success factor.
As an example, currently SaaS and cloud-enabled ERP software packages are becoming more intelligent with cognitive properties such as machine learning, deep learning, natural language processing, and advanced analytics on top of large curated data sets. The SaaS and cloud-enabled ERP solutions that are embedded with intelligence allow users to quickly establish more impactful data-driven business processes and decisions, reduce the time to value, and significantly enhance 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.

Additional innovation elements such as assistive user interfaces (UIs) and IoT connections harness the ability of mobile workforces to make more informed decisions quickly. For example, assistive UIs help employees navigate business processes or find answers to questions before critical decisions are made and IoT connections provide machine data for better manufacturing and a more efficient and effective workforce. SaaS and cloud-enabled ERP software, coupled with continuous innovation, can quickly become your biggest asset in the DX economy; speed is a growing factor of survival in the DX world.

Drivers for Adoption of Cloud Among Large Enterprise Organizations

IDC’s 2017 CloudView Survey measures buyer sentiment globally across 31 countries. Refer to Figure 2 in the Appendix for the primary benefits that companies expect to achieve as a result of their large enterprise cloud strategy.

Large Enterprise Requirements

Large enterprises are typically global in nature and require global support. This means additional language, regulatory, and currency capabilities beyond the corporate or local office standards are required. Large enterprise ERP software vendors often have purpose-built vertical industry packages, which are tailored to fit specific industry operational and regulatory requirements. Each provider in this IDC MarketScape for SaaS and cloud-enabled enterprise ERP software has its own unique capabilities within its product. These capabilities must be matched with customers’ requirements. Finally, businesses must select the right ERP products and design implementation accordingly to achieve maximum benefit.

Globalization aspects such as datacenter support by country and multi-currency and multi-language capabilities and the ability of the solution to dynamically update based on worldwide regulatory changes are all critical elements for large enterprises. For large enterprises, it is also important that the SaaS and cloud-enabled ERP software provider supports localization capabilities in the required countries of business. We found large enterprise ERP software providers vary in their support of local regulations including tax and reporting requirements. In addition, the providers in this study promise different globalization and localization efforts; many are continuously adding capabilities and functionality with each new release.

Breadth of functionality, an intuitive user interface, customization, and personalization are also major requirements for large enterprises. Employees want the ability to do more with less, personalizing their experience just like their own consumer experiences outside of the office. Some vendors in this study have invested heavily to make the enterprise software experience more palatable.
Demands for real-time data analysis and business intelligence capabilities are also a primary driver of cloud adoption among large enterprises. Crunching data from disparate on-premises systems is time consuming and has historically been expensive for large enterprises to integrate. Many SaaS and cloud-enabled ERP solutions have been architected with data analytics as a top priority. With analytics connected to ERP and the addition of external data feeds, line-of-business (LOB) users can quickly gauge the health of their business and make more informed decisions about the future.

Security is a huge factor for large enterprises investing in SaaS and cloud-enabled enterprise ERP software. Security continues to be one of the primary hurdles that prevents organizations from adopting cloud ERP; those organizations do not want to entrust their sensitive financial data on someone else’s servers unless it is proven to be more secure than an on-premises alternative. Large enterprises are asking about third-party testing of security, data encryption, multifactor authentication, and granular levels of control such as administrative monitoring access to datacenters. In addition, data must be continuously backed up and disaster recovery plans must be approved by the enterprise.

This IDC MarketScape helps end users evaluate 11 of the leading SaaS and cloud-enabled large enterprise 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, ease of use, and ease of implementation and integration with other systems
- Scalability, language support, and the vendor’s services focus, financial stability, and customer base
- Diligent vetting of customer references to examine the solution's pros/cons and the vendor’s customer support, market knowledge, and the 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 study began with those SaaS and cloud-enabled ERP solutions that IDC was familiar with having been evaluated for selection within recent enterprise ERP deals. IDC then supplemented with several additional ERP vendors that it believed also provided qualifying enterprise-level 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 enterprise clients, which IDC defines in Table 1 of the Appendix. Ultimately, all ERP solutions included in this study met these criteria.

After an initial evaluation of software vendors serving this market, which included each vendor’s high-level application capabilities and existing large enterprise client base, IDC’s Enterprise Applications team extended formal invitations to 11 software vendors to participate in our study.

The 11 participating SaaS and cloud-enabled large enterprise ERP software vendors in this study are:

- IFS
- Infor
- Microsoft
▪ Oracle
▪ Plex Systems
▪ Sage X3
▪ Sage Intacct
▪ SAP
▪ SYSPRO
▪ Unit4
▪ Workday

All vendors actively participated in the research with a total of 40 references contacted and interviewed. Discussions with references included the systems utilized, references’ 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.

ADVICE FOR TECHNOLOGY BUYERS

SaaS and cloud-enabled large enterprise 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 toward the DX economy, enabling businesses to significantly improve in terms of market share, revenue, and profitable growth. It is recommended companies understand the current capabilities of their technology choices, along with the strategic direction and investment their large enterprise ERP software provider is making now and in the next three to five years. A guiding factor in our vendor research was the current capabilities and the strategic and investment direction of the 3rd Platform and innovation accelerators. It is critical buyers look for a technology partner that can take them well into the future.

As ERP has increased in popularity, so too has the requirement for companies to use an ERP system that is capable of spanning across their business globally, with critical localization capabilities. Vendors outlined in this research study have differing levels of industry expertise. The vendors also vary widely in size, experience, levels of support, sales model, and focus on the market.

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

▪ In terms of the levels of experience successfully implementing large enterprise ERP solutions: Does the vendor have experience with my type of product, service, and company size?
▪ Is the vendor knowledgeable about large enterprise 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 the vendor support investment in the development of future large enterprise 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 innovation is the vendor considering? How and when will the innovation 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 SaaS and cloud-enabled large enterprise ERP software market has evolved quickly, with vendors providing great products. In addition, many customer references were impressed with the number of vendor choices in the SaaS and cloud-enabled large enterprise ERP market. IDC expects some consolidation and specialization will occur as the market matures.

VENDOR SUMMARY PROFILE

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape for SaaS and cloud-enabled large enterprise ERP software. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of the vendor's strengths and challenges.

Oracle

After a thorough evaluation of Oracle's offerings and strategy, IDC has positioned the company in the Leaders category of this IDC MarketScape.

Oracle is a software, hardware, and services provider with headquarters in Redwood Shores, California. Founded in 1977, the company has more than 136,000 employees globally. Oracle reports more than 420,000 customers and deployments in more than 145 countries. Oracle has most recently reported that it has a total of 5,000 ERP customers in the cloud.

Oracle's ERP Cloud applications suite is designed for organizations in the midmarket to large enterprises across a wide range of vertical industries and geographies. Oracle has a wide range of cloud offerings for ERP customers so that they can run their entire business in the cloud. Examples include CRM, HCM, planning and analytics, risk management, digital commerce, customer experience, and data as a service (DaaS). Oracle has built its own cloud infrastructure, and its ERP Cloud applications can be deployed in a multitenant cloud and single-tenant cloud, as a dedicated managed cloud service, or via Oracle Cloud Machine, where Oracle Cloud hardware is delivered to a customer's datacenter.
In November 2016, Oracle completed the acquisition of NetSuite. The move bolstered Oracle's broader product portfolio, but because they are separate offerings, IDC evaluated Oracle ERP Cloud and Oracle NetSuite offerings separately.

**Strengths**

Oracle benefits from being one of two vendors (along with Microsoft) that offers a "full stack" in the cloud, including SaaS, PaaS, and IaaS. This benefits Oracle's customers that purchase Oracle ERP Cloud because their applications and data are within in a single ecosystem. This also benefits Oracle from a revenue standpoint because it can "land and expand" after its customers buy an initial technology product.

Thus far, more than half of Oracle's SaaS ERP customers have been net new to Oracle, meaning they had never purchased an Oracle application in the past. Oracle has a very large installed base of ERP customers running on-premises Oracle applications. The company hopes to transition its current on-premises customers to cloud subscription revenue.

Through integration with the broader Oracle SaaS portfolio including Oracle Human Capital Management, Supply Chain Management, and Customer Experience, Oracle ERP Cloud offers customers a comprehensive, practical, business-driven, and rapid adoption path forward.

Oracle supports more than 50 localizations and over 25 languages on its SaaS ERP applications, making it a leader in geographic capabilities.

Oracle continues to expand its accelerated response applications called Adaptive Intelligent Apps tied to its ERP suites. The offerings span ERP, human resources, customer experience, and supply chain and intuitively learn from interactions with an enterprise's data. IDC calls these applications "i-ERP."

**Challenges**

Oracle customers were critical of the usability/user interface in Oracle's applications. Oracle ERP Cloud applications do have a superior UI compared with Oracle's on-premises applications. In response to the customers' concerns, Oracle has been fine-tuning its UI to be more intuitive. One customer noted the new UI in R13 is much more intuitive.

The transition of technology applications to the cloud overall presents structural and organizational challenges that are affecting most large technology vendors with an on-premises heritage. We expect Oracle and other large providers to become more proactive assisting companies on this journey. This is evident with Oracle advising its clients to evaluate training and certification levels of the Oracle ERP Cloud partners as a complement to their evaluation of the tool's functionality.

Similarly, some of Oracle’s largest legacy ERP customers have a very large number of Oracle databases on-premises. Moving those workloads to the cloud is viewed as an arduous task, with some customers taking five years before transitioning.

**Consider Oracle When**

Oracle Cloud ERP is an excellent choice for enterprise organizations that are looking for compute power and deep functionality that satisfies their business in the cloud. Organizations that are new to the cloud and are looking for a hybrid deployment should also look to Oracle because of its flexible deployment options.
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 large enterprise ERP solutions. IDC defines ERP as follows:

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.

With improvements from business agility, IT security, productivity, and cost reductions, more and more enterprises organizations are pursuing SaaS and cloud-enabled ERP.

**Related Research**


**Synopsis**

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

Mickey North Rizza, program vice president of IDC's Enterprise Applications and Digital Commerce, stated, "Large enterprises are a significant factor in the DX economy as they need innovation at the speed of thought, which requires a cutting-edge, global, and secure ERP system that is also for country- and regional-specific requirements. Large enterprise ERP software must also dynamically shift to match business needs and regulatory requirements. The right SaaS and cloud-enabled large enterprise ERP system will be a disrupter to your legacy businesses, providing a plethora of innovation capabilities for years to come and propelling you into the DX economy."
About IDC

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