

Market Guide for Product-Centric Cloud ERP Solutions

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The landscape for cloud ERP for product-centric organizations is in transition as cloud becomes more prevalent and offers multiple deployment models. CIOs and application leaders responsible for ERP strategy should use this guide to identify the types of solutions available.

Key Findings

- Cloud ERP solutions for product-centric companies are maturing and, over the next three years, will be adopted by midsize organizations and then larger organizations.
- There are many cloud-based solutions available that provide product-centric ERP, but their suitability varies by organization size, geographic presence and industry.
- The market is heating up as vendors seek to push clients to new-generation cloud ERP solutions. This means many organizations face a choice between well-proven on-premises products or new solutions that are still early in their life cycle.
- Competitive differentiation between vendors will emerge with the delivery of "packaged" integration, allowing customers to loosely couple their cloud ERP products with EAM, PLM, CRM and other vertical-specific applications.

Recommendations

CIOs leading the transformation to postmodern ERP:

- Define and agree on an ERP strategy before starting a vendor evaluation for product-centric cloud ERP applications. Don't focus on adopting new-generation technology (such as SaaS or IMC) without deciding how it will support business strategy and improve business processes.
- Identify where product-centric ERP in the cloud will need to integrate with other cloud or on-premises applications planned for or already in your portfolio
- Understand the difference between adopting product-centric capabilities as part of a delivered suite versus a focused, specialty application approach. Evaluate where each approach will deliver business benefits.

- Use this research to help identify potential products that will be suitable for more-detailed evaluation. Identify which products could be considered based on your organization's size, industry and geographic presence.

Strategic Planning Assumptions

By 2020, at least 35% of new product-centric ERP deployments in large enterprises will be software as a service (SaaS) loosely integrated with on-premises manufacturing execution systems (MES).

By 2025, at least 50% of large enterprises will successfully implement a "flip" SaaS strategy running their core ERP in the cloud.

Market Definition

Product-centric organizations physically manufacture, sell and/or distribute products. Some also sell services, such as installation or maintenance, delivered by direct employees and contractors, but this is not their primary focus.

Within product-centric industries, organizations face the challenge of translating multiple demand inputs into products that require complex systems to assist in fulfilling customer demand. Their ERP strategies will be focused on what Gartner defines as product-centric functionality to translate demand into the manufacture and distribution of products that are integrated with administrative ERP, primarily financials and human capital management (HCM).

Product-centric organizations are typically either:

- **Manufacturing companies:** These focus on developing, manufacturing, assembling and selling products, as well as delivering related services. This includes discrete products, from small and simple consumer products to large and complex products (such as airplanes or power plants). It also includes products that are generated in process manufacturing, such as most products in the food and beverage, chemical or pharmaceutical industries. Other product-centric companies are active in markets such as utilities, rental and services, aerospace, and defense.
- **Distribution companies:** These focus on buying, storing, moving, repackaging, selling and delivering products and their related services. Depending on the structure of their sales channels and customers, companies in wholesale and distribution as well as those in retail fall into this category (unlike, for example, professional services companies).

Gartner defines a product-centric ERP suite as comprising:

- **Administrative ERP:** Financials, HCM and indirect procurement.
- **Operational ERP:** Demand planning (order management and MRP), inventory management, supply chain/direct procurement, manufacturing control capabilities (shop floor), and distribution/logistics.

- **Specialized industry-specific modules or applications:** Including but not limited to modules such as contract life cycle management (CLM), enterprise asset management (EAM), configure-to-order (CTO) or make-to-order (MTO), product life cycle management (PLM), and field service management (FSM).

A product-centric cloud ERP suite must provide at least financial management functionality and operational ERP. Optionally, the vendor may provide other administrative ERP capabilities (such as HCM and indirect procurement) either directly or through relationships with partners.

For more-detailed definitions of product-centric functionality, see "Magic Quadrant for Single-Instance ERP for Product-Centric Midmarket Companies" and "Critical Capabilities for Single-Instance ERP for Product-Centric Midmarket Companies."

While the capabilities above encompass the ERP requirements of product-centric organizations, they shouldn't be misconstrued or characterized as representing either a single integrated suite or a best-of-breed approach. Increasingly, product-centric firms are adopting a postmodern ERP strategy by sourcing HCM, talent management and other human resources capabilities from different vendors to those that provide their financial and product-centric ERP capabilities. Research conducted with Gartner clients shows that only 38% of organizations are still pursuing a traditional monolithic ERP strategy; we expect that percentage to fall to 11% by 2019 (see "Survey Analysis: ERP Leaders Must Adopt Postmodern ERP Strategies or Risk Being Left Behind").

In some cases, companies may be using multiple products from a single vendor's portfolio. These are not necessarily a single, tightly integrated megasuite, but instead could be a mix of on-premises and cloud solutions. This postmodern ERP approach of acquiring solutions from multiple vendors provides more flexibility, but also introduces a range of new integration challenges that weren't there before or did not exist to the extent that they do now (see "Postmodern ERP Strategy Is Not a Best-of-Breed Approach").

Market Direction

Product-centric organizations are not embracing the move to cloud ERP as rapidly as service-centric organizations are. This is especially true for larger, more-complex, product-centric companies that typically have manufacturing operations managed through a variety of on-premises manufacturing execution systems (MES). Some larger companies are adopting cloud ERP solutions through a two-tier approach in smaller divisions or newer global deployments to facilitate standing those operations up quickly. Gartner predicts that by 2018, only 5% of manufacturing companies above \$1 billion in revenue will deploy complex operational ERP capabilities in public cloud SaaS (see "Predicts 2016: Postmodern ERP Sets Great Expectations but Poses Many Challenges").

With small-to-midsized product-centric organizations, Gartner is seeing many consider cloud as a way of increasing value and improving the flexibility of their ERP deployments.

Companies of all sizes need to carefully balance the benefits and challenges of cloud ERP against the best fit for business purpose, to gain access to the right functionality that best supports their future business strategy (see "You Do Not NEED Cloud ERP to Solve Your ERP Challenges!").

Product-centric companies are increasingly directly impacted by the emergence of digital business, which is disrupting many of the traditional business models in product-centric industries. Consequently, some product-centric organizations view the move to cloud ERP applications as a way of transforming business processes to support the shift to digital business. A move to cloud offers the opportunity to focus more efforts on supporting customer-facing operations rather than expending IT and finance resources on supporting heavily customized on-premises core ERP applications.

These trends are creating a move toward the cloud by product-centric ERP vendors. Vendors selling cloud ERP for product-centric companies are typically either:

- Established vendors that have historically provided on-premises ERP for product-centric companies and now also offer cloud deployment (most vendors listed in this report fall into this category).
- Established on-premises vendors that have created new applications (such as Oracle).
- Vendors that have developed only cloud-based ERP for product-centric companies (for example, Acumatica, Kenandy, NetSuite [recently acquired by Oracle] and Plex).

This report focuses on product-centric ERP products offered in a cloud application deployment. Gartner defines cloud ERP attributes in Table 1.

Table 1. Cloud ERP Attributes

Attribute	Description
Responsibility	<ul style="list-style-type: none"> ■ All technology infrastructure managed either in vendor's own data centers or those of a third party. ■ Vendor implements upgrades as part of the cloud service, not a third party or managed service provider.
Licensing and technology	<ul style="list-style-type: none"> ■ The cloud service is licensed on a subscription basis or metered pay for use. ■ Users cannot have a contract that is only for them (except for minor adjustments), nor can they be provided with a version different to that offered to other cloud customers. ■ The cloud service uses internet technologies — use of internet files, formats and identifiers are necessary for delivery of cloud service interfaces. ■ Computing resources used to support the cloud service should be scalable and elastic in near-real time, rather than based on dedicated hardware/infrastructure.
Customization	<ul style="list-style-type: none"> ■ Modification of source code is not possible. Configuration via citizen developer tools and extension via PaaS (partner, vendor or user) is allowed.
Pace of change	<ul style="list-style-type: none"> ■ A single code line is used for all customers of the cloud service to allow rapid deployment of new functionality by the vendor. ■ Vendor delivers at least two upgrades containing new functionality per annum to all users of the cloud service, and controls the pace of the upgrade cycle. ■ Vendor must offer self-provisioning capabilities for the service (at least for development and test instances) without its staff being involved. ■ The technology used to deliver the service must be shared by multiple customers in order to create a pool of resources from which elasticity can be delivered.

Source: Gartner (February 2017)

Given the definitions in Table 1, offerings where a traditional on-premises ERP solution is delivered as-a-service, based on an IaaS or PaaS platform, are included in the scope of this Market Guide. Such solutions have been cloud-enabled by the vendors having added a cloud management layer, meaning they can deliver cloud attributes such as technology sharing and self-provisioning. Application management services and standardization of contracts, T&Cs and SLAs are further integral elements of cloud ERP offerings.

However, many of the solutions listed in this Market Guide may not have been redeveloped or optimized for cloud. Cloud-optimized solutions are refactored or redesigned to take advantage of the global-class characteristics of cloud platforms, often through direct, low-level programmatic control. Horizontal scalability, fault tolerance, high performance, efficiency and ease of interoperability are several of the principles underlying successful cloud-optimized solutions (see "What You Need to Know About Cloud Application Development.")

Many vendors are extending their own cloud ERP capabilities into industry-specific capabilities. They are developing or acquiring specialist solutions such as EAM or PLM that are then loosely coupled with their other product-centric ERP capabilities. This creates the classic "suite versus point solution" dilemma for CIOs and application leaders evaluating product-centric ERP.

While suites have some benefits, they don't always represent the best solution to business needs. Customers should find the balance between ERP suites that will reduce the need for integration when deep functional differentiation is not needed and cloud-point solutions that will offer a competitive advantage and quick time to value for a particular process (see "Fitting Enterprise Cloud Applications to Your Needs: Choosing Between Suites, Point Solutions and Extensions" and "Adopt a Strategic Approach to Application Integration for Postmodern ERP and Business Applications").

Representative Vendors

The vendors listed in this Market Guide do not imply an exhaustive list. This section is intended to provide more understanding of the market and its offerings.

The vendors in this Market Guide all actively sell and market product-centric cloud ERP for midsize and large organizations on a stand-alone basis (even if they have a broader ERP suite offering). Although some vendors sell opportunistically to small businesses, this Market Guide does not cover product-centric ERP targeted exclusively at small businesses.

The definitions used in this document for small, midsize and large businesses are listed in Table 2. This is used for general classification. Typically, small and midsize organizations have limited IT resources and seek ERP systems with low total cost of ownership. Keep in mind that some midsize organizations have requirements that are more complex than those of some large organizations.

Table 2. Business Size Definitions

Business Size	Definition
Small	Organizations with fewer than 100 employees and less than \$50 million in annual revenue
Midsize	Organizations with 100 to 999 employees and between \$50 million and \$1 billion in annual revenue
Large	Organizations with more than 1,000 employees and over \$1 billion in annual revenue

Source: Gartner (February 2017)

Vendors were asked to confirm that they have:

- At least one product-centric ERP offering as cloud ERP (under the definition above)
- At least 50 customers live on their cloud product-centric ERP offering

The vendors profiled in this report include those most commonly referenced in discussions with Gartner clients. All are subjects of inquiries with Gartner clients, and have in the past responded to a reference survey so that we could validate the viability of their products. All offer product-centric capabilities that are suitable for organizations in their target market. None have major functional gaps in the core capabilities. Most differences between the vendor products are in their scalability to support larger enterprises, industry functionality and geographical support (in terms of delivered localizations, translations and local presence by direct resources or partners).

Table 3 shows the representative vendors and their industry focus.

Figure 1. Cloud ERP Vendors for Product-Centric Companies (by Industry)

Vendor	Industry Estimates							
	Aerospace and Defense	Energy (Oil, Gas, Nuclear)	Manufacturing	Retail	Utilities	Wholesale Trade	Other	Services-Centric
Acumatica	2%	3%	28%	8%	0%	14%	0%	45%
Epicor Software	15%	0%	60%	0%	10%	10%	0%	5%
IFS	0%	30%	45%	0%	15%	0%	0%	10%
Infor	3%	0%	60%	0%	0%	19%	0%	18%
IQMS	0%	0%	100%	0%	0%	0%	0%	0%
KeyedIn	0%	0%	100%	0%	0%	0%	0%	0%
Microsoft*	0%	4%	25%	4%	0%	0%	2%	65%
NetSuite*	0%	1%	14%	4%	0%	0%	2%	79%
Oracle*	0%	0%	22%	5%	0%	0%	32%	41%
Plex	0%	0%	100%	0%	0%	0%	0%	0%
Priority Software	0%	1%	20%	10%	0%	10%	15%	44%
QAD	0%	0%	100%	0%	0%	0%	0%	0%
Ramco Systems	3%	1%	47%	0%	1%	7%	6%	35%
Rootstock	5%	0%	70%	0%	0%	20%	5%	0%
SAP	0%	5%	30%	0%	0%	10%	0%	55%

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* Microsoft, NetSuite and Oracle did not provide industry breakdowns. The percentages listed for these vendors are Gartner estimates based on client interactions.

Source: Gartner (February 2017)

The administrative ERP capabilities of many of the representative vendors are profiled in:

- "Market Guide for Core Financial Management Applications"
- "Market Guide for HCM Suite Applications"

Please refer to these research notes for analysis of vendor capabilities to support financial management and HCM.

The vendor descriptions below give additional information on the service industry focus of each vendor.

Acumatica

Product name: Acumatica 6 (latest version released September 2016)

Headquarters: Bellevue, Washington, U.S.

Overview: Established in 2008, Acumatica provides a comprehensive suite of integrated business management applications. It is applicable to a range of product-centric industries, including manufacturing and distribution. Acumatica has built its own PaaS platform (Acumatica xRP) to help partners and resellers extend the Acumatica ERP solution to the cloud.

Acumatica sells exclusively through a partner network, and has been successful in establishing a global presence by offering the solution through its channel partners spread across the globe.

Cloud service provider used: Amazon Web Services (AWS), Microsoft Azure

Current customer industries: Aerospace and defense, manufacturing, and wholesale trade; also markets to service-centric companies

Functional coverage: Demand planning (MRP), financial management systems, manufacturing operations (shop floor), procurement/supply chain, and reporting and analytics

Customer size: Mostly small and midsize organizations

Geographic coverage: Mostly North America and Western Europe; growing presence in Asia/Pacific

Epicor Software

Product name: Epicor ERP v.10.1.500.7 (latest version released November 2016)

Headquarters: Austin, Texas, U.S.

Overview: Founded in 1972, Epicor Software has provided software solutions to product-centric companies to manage manufacturing and supply chain processes. Epicor ERP, launched in 2008, has catered to manufacturing and distribution companies focused on scalability, comprehensive functionality, and performance (especially in CPU-intensive tasks).

In addition to the functional coverage listed below, Epicor also provides global financial management, sales and customer relationship management (CRM), enterprise collaboration,

electronic commerce, collaborative cloud-based enterprise content management (ECM) and automated accounts payable workflow management.

The vendor has provided frequent releases in its cloud version to keep all customers updated.

Cloud service provider used: Microsoft Azure, Telstra, Amazon Web Services (AWS), CyrusOne

Current customer industries: Primarily manufacturing distribution and service industry verticals

Functional coverage: Demand planning (MRP), financial management, HCM, manufacturing operations (Shop Floor), procurement/supply chain, and reporting and analytics

Customer size: Mostly small and midsize organizations

Geographic coverage: U.S., Canada, Mexico, Australia, New Zealand; increasingly Mature Asia/Pacific and Latin America; expanding cloud ERP presence into Europe and the Middle East

IFS

Product name: IFS Applications 9 (update 1, October 2015)

Headquarters: Linköping, Sweden

Overview: Founded in 1983, IFS has expanded its customer base to 50 countries while supporting more than 1 million users through its ERP, EAM, FSM and Enterprise Operational Intelligence (EOI) application suites. The full suite, IFS Applications, is in the cloud and can be sold as either IaaS on Microsoft Azure or as a fully managed service, IFS Managed Cloud on Microsoft Azure.

The managed cloud includes IFS Applications managed services, offered in template configurations.

IFS has invested significantly in its ERP application suite to add IMC capabilities, embedded CRM and enhanced visual features. In late 2016, it announced IFS IoT Business Connector, an integrator to facilitate IoT-enabled ERP.

In addition to the functional coverage listed below, IFS also provides asset management, service management and project management.

Cloud service provider used: Microsoft Azure

Current customer industries: Largest in core manufacturing operations; significant in energy and utilities

Functional coverage: Demand planning (MRP), financial management, HCM, manufacturing operations (Shop Floor), procurement/supply chain, and reporting and analytics

Customer size: Mostly midsize organizations

Geographic coverage: Considerable presence in Western Europe; sizable growth in North America and the Middle East/North Africa

Infor

Product names: Infor offers the following Industry CloudSuites based on the listed ERP suites for specific functional areas within product-centric industries:

- *Infor LN:* CloudSuite Automotive, CloudSuite Aerospace & Defense and CloudSuite Industrial Machinery
- *Infor M3:* CloudSuite Fashion, CloudSuite Food & Beverage, CloudSuite Distribution Enterprise and CloudSuite Equipment Rental
- *Infor SyteLine:* CloudSuite Industrial and CloudSuite Process
- *Infor SX.e:* CloudSuite Distribution

Headquarters: New York City, New York, U.S.

Overview: Established in 2002, Infor offers industry-specific ERP suites catering to a range of product-centric verticals, including manufacturing, wholesale distribution and retail.

Infor provides a number of additional modules for selected verticals — for example, enterprise asset management and specific PLM solutions targeted at process or discrete manufacturing and the fashion industry. It also offers tailored modules and functionalities for selected verticals, including automotive, aerospace and defense, distribution, industrial machinery fashion, food and beverage, and equipment rental.

All industry CloudSuites come with the latest Infor technology innovations. Infor Xi platform is part of the latest release including integrated business intelligence and appropriate industry-specific analytics packs, the Infor Ming.le user experience and homepages, Infor ION and Infor Document Management. The suites also include industry-specific content packs called Implementation Accelerators that aim to reduce time to benefit.

In addition to the functional coverage listed below, Infor also includes customer order management.

Cloud service provider used: AWS

Current customer industries: Mostly manufacturing, wholesale trade and aerospace and defense, food & beverage and fashion.

Functional coverage: Demand planning (MRP), financial management, HCM, manufacturing operations (finite advanced planning and scheduling and shop floor), procurement/supply chain, and reporting and analytics.

Customer size: Mostly midsize organizations, but has reported recent growth in large organizations.

Geographic coverage: Mostly North America and Western Europe; growing presence in Asia/Pacific

IQMS

Product name: EnterpriseIQ (latest version released February 2015)

Headquarters: Paso Robles, California, U.S.

Overview: Established in 1989, IQMS is an ERP and MES software company that focuses on midmarket manufacturers. IQMS is owned by and part of the growth company portfolio of TCV and Banneker Partners. In North America it sells primarily through its direct sales channel. Implementation and training is available either directly from IQMS or from its partner network.

Cloud service provider used: AWS, Microsoft Azure, Oracle Cloud

Current customer industries: Focused on Manufacturing — primarily discrete and batch process manufacturers in automotive, medical device, packaging, consumer packaged goods, defense and electronics

Functional coverage: Demand planning (MRP), financial management, HCM, manufacturing operations (Shop Floor), procurement/supply chain, and reporting and analytics

Customer size: Mostly small and midsize organizations

Geographic coverage: Present solely in North America; service Mexico, Europe and Asia through partners

KeyedIn

Product name: KeyedIn Manufacturing (latest version released July 2016)

Headquarters: Minneapolis, Minnesota, U.S.

Overview: KeyedIn was founded in October, 2011, and in February 2012 acquired Atlantic Global, a Yorkshire, U.K.-based developer of project management and automation software.

The company's SaaS-based business systems include KeyedIn Manufacturing, configurable cloud ERP software designed exclusively for production manufacturing. KeyedIn also offers Project Portfolio Management (PPM) and Professional Services Automation (PSA) modules.

Cloud service provider used: Microsoft Azure, Salesforce

Current customer industries: Focused on manufacturing

Functional coverage: Demand planning (MRP), financial management, manufacturing operations (Shop Floor), procurement/supply chain, and reporting and analytics

Customer size: All small and midsize businesses

Geographic coverage: Solely North America

Microsoft

Product name: Microsoft Dynamics 365 for Operations (latest version released November 2016)

Headquarters: Redmond, Washington, U.S.

Overview: Established in 1975. Microsoft Dynamics 365 for Operations is one of Microsoft's cloud ERP services, built on and for Microsoft Azure. Dynamics 365 for Operations includes a set of complete ERP (procurement, HR, financials, supply chain, production and commerce), business intelligence, infrastructure, compute and database services. The "Pay as you go" model enables organizations to add users and business processes according to their growth.

Cloud service provider used: Microsoft Azure

Current customer industries: Industry-specific solutions (retail, manufacturing, distribution, services and public sector) are offered by business partners

Functional coverage: Demand planning (MRP), financial management, HCM, manufacturing operations (Shop Floor), procurement/supply chain, and reporting and analytics

Customer size: *Vendor did not provide breakdown* — Gartner estimates that most are midsize organizations

Geographic coverage: *Vendor did not provide breakdown, but states that Dynamics 365 for Operations is available in 137 markets and 40 languages.*

NetSuite

Product name: NetSuite ERP v.16.2 (latest version released September 2016)

Headquarters: San Mateo, California, U.S.

Overview: Established in 1998, NetSuite provides cloud-based financials/ERP and omnichannel commerce software suites. NetSuite's functional coverage includes financial management, order management, billing and revenue management, production management, supply chain management, warehouse and fulfillment, procurement, payroll and services resource planning. Commerce and POS are also integrated with NetSuite ERP.

NetSuite provides HCM capabilities through a partnership with Ultimate Software. NetSuite's unified data model provides real-time BI to all users and roles. The NetSuite SuiteCloud platform supports personalization, workflow management, comprehensive customization and the ability to support large-scale product development.

On 7 November, 2016, Oracle finalized its acquisition of NetSuite.

Cloud service provider used: Savvis Cloud (a CenturyLink company), Equinix

Current customer industries: *Vendor did not provide breakdown* — Gartner estimates that NetSuite product-centric companies are mostly in manufacturing and retail

Functional coverage: Demand planning (MRP), financial management, manufacturing operations (Shop Floor), procurement/supply chain, and reporting and analytics

NetSuite provides HCM capabilities through partners

Customer size: *Vendor did not provide breakdown* — Gartner estimates that most are midsize organizations

Geographic coverage: *Vendor did not provide breakdown* — Gartner estimates it has clients in over 100 countries worldwide

Oracle

Product name: Oracle Cloud ERP, R12

Headquarters: Redwood City, California, U.S.

Overview: Founded in 1977, with more than 420,000 customers and deployments across various industries in more than 145 countries, Oracle has a large installed base of on-premises ERP customers in the product-centric space. Its strategic direction is to encourage customers evaluating product-centric ERP applications to adopt its new-generation Oracle Cloud ERP offering. This is gaining increasing traction, with Oracle reporting a number of new cloud ERP customers.

Oracle Cloud ERP incorporates over 30 years of IP from building ERP packages with E-Business Suite, PeopleSoft, JD Edwards EnterpriseOne, Hyperion Planning and Siebel into its offerings. This allows it to offer an integrated ERP cloud across finance, procurement, PPM, enterprise performance management, governance, risk and compliance, and supply chain management.

Oracle offers a comprehensive and integrated stack of cloud applications, platform services and engineered systems.

Cloud service provider used: Oracle Cloud

Current customer industries: Mostly manufacturing and retail

Functional coverage: Demand planning (MRP), financial management, HCM, manufacturing operations (Shop Floor), procurement/supply chain, and reporting and analytics

Customer size: *Vendor did not provide breakdown by customer size* — Gartner estimates mostly midsize organizations; growth in large organizations

Geographic coverage: Mostly North America and EMEA; also Asia/Pacific and Latin America

Plex

Product name: Plex Manufacturing Cloud (delivered on a continuous [versionless] release model, so the latest version is "today")

Headquarters: Troy, Michigan, U.S.

Overview: Founded in 1995, Plex has delivered ERP, supply chain planning (SCP) and manufacturing automation to more than 500 companies across process and discrete industries.

Plex Manufacturing Cloud offers three primary areas of functionality for modern manufacturers in a single, integrated, connected and mobile cloud platform: Manufacturing Execution System, which provides shop floor control/visibility; ERP, which serves as the business system of record; and SCP, which provides supply and demand optimization.

Cloud service provider used: Plex Cloud

Current customer industries: Focused on manufacturing

Functional coverage: Demand planning (MRP), financial management, HCM, manufacturing operations (Shop Floor), procurement/supply chain, and reporting and analytics

Customer size: Mostly small and midsize businesses; some large customers

Geographic coverage: Customers in more than 20 countries; works primarily with organizations headquartered in North America

Priority Software

Product name: Priority v.17.3 (latest version released October 2016)

Headquarters: Tel Aviv District, Israel

Overview: Founded in 1986, Priority Software helps over 7,500 customers manage their businesses across a wide range of industries in 40 countries. Priority's cloud ERP is a solution designed for companies of varying sizes, offering tailored systems that meet the requirements of its core vertical markets.

Its functional coverage includes all the elements of core ERP and few additional functionalities, such as finance, manufacturing, logistics, customer support, CRM and project management.

Priority also offers enablers to integrate and customize the system, such as BPM tools, REST APIs, SDK and a Mobile Application Generator.

Cloud service provider used: AWS, Med 1, Bezeq International

Current customer industries: Manufacturing, professional services, retail (including a built-in PoS), healthcare, construction, automotive, agriculture and more; customer base evenly spread

Functional coverage: Demand planning (MRP), financial management, manufacturing operations (Shop Floor), procurement/supply chain, and reporting and analytics; Priority Software also includes a Time and Attendance HR module

Customer size: Mostly small and midsize organizations

Geographic coverage: Mostly Middle East/North Africa; growing presence in North America and Europe.

QAD

Product names: QAD Cloud ERP, QAD Cloud ERP Automotive Edition, QAD Cloud ERP Life Sciences Edition, QAD Cloud QMS (Quality Management System), QAD Cloud TMS (Transportation Management System), QAD Cloud DSCP (Demand and Supply Chain Planning), QAD Cloud EDI, QAD Cloud CRM, QAD Supplier Portal, QAD Boomi AtomSphere (cloud integration)

Headquarters: Santa Barbara, California, U.S.

Overview: QAD has provided ERP and related solutions for global manufacturers for over 35 years. QAD began offering supplier management capabilities in the cloud with QAD Supplier Portal in 2003. It start offering QAD Cloud ERP in 2007, and it has since added quality management, transportation management, demand and supply chain planning to its cloud offerings.

Its functional coverage currently includes global financial management, customer management, manufacturing (e.g., lean, planning, scheduling, shop floor data collection), service and support management, demand and supply chain planning, supply chain execution (e.g., transportation, warehousing, quality, supplier portal), embedded analytics and BI, BPM, EDI, and integration.

QAD also offers enterprise asset management and an IoT automation foundation (QAD Automation Solutions).

Cloud service provider used: IBM SmartCloud Enterprise/Bluemix, Rackspace, ViaWest

Current customer industries: Automotive, life sciences, industrial manufacturing, food and beverage, consumer product and high-tech manufacturing organizations

Functional coverage: Demand planning (MRP), financial management, manufacturing operations (Shop Floor), procurement/supply chain, and reporting and analytics

Customer size: Mostly midsize businesses; some small and large business customers

Geographic coverage: Mostly North America and Western Europe with a growing presence in mature parts of Asia/Pacific

QAD also reports some of their customers are global manufacturers with offices in Eastern Europe, the Middle East and Latin America.

Ramco Systems

Product name: Ramco ERP Suite

Headquarters: Chennai, India

Overview: Established in 1999, Ramco Systems is a fast-growing enterprise software provider offering multitenanted cloud and mobile-based enterprise software in the area of ERP and M&E MRO for aviation. Part of the Ramco Group, Ramco Systems has invested significantly toward developing a host of cognitive and robotic ERP features.

In addition to the functional coverage listed below, the suite includes CRM, EAM, project management, process control and analytics, and advanced planning and optimization.

Cloud service provider used: AWS, Microsoft Azure

Current customer industries: Around 40% of customers are product-centric companies

Functional coverage: Demand planning (MRP), financial management, HCM, manufacturing operations (Shop Floor Controller), procurement/supply chain, and reporting and analytics

Customer size: Mostly small and midsize businesses; recent reported growth with large businesses

Geographic coverage: Mostly Asia/Pacific; growth in North America

Rootstock Software

Product name: Rootstock Software

Headquarters: San Ramon, California, U.S.

Overview: Launched in 2008, Rootstock Software is a provider of cloud ERP manufacturing, distribution and supply chain solutions. The company has grown to serve customers throughout North America, Europe and Asia/Pacific, and is currently available exclusively on Salesforce's Force.com platform. Rootstock ERP for manufacturing, distribution and supply chain manages the information and process flow of the operations and divisions behind the sales and marketing groups.

In addition to the functional coverage areas listed below, Rootstock also provides project control, recurring billing, CPQ, distribution resource planning and PLM capabilities.

Cloud service provider used: Salesforce

Current customer industries: Manufacturing

Functional coverage: Demand planning (MRP), financial management, manufacturing operations (Shop Floor), procurement/supply chain, and reporting and analytics

Customer size: Mostly midsize businesses and small divisions of larger corporations

Geographic coverage: Mostly North America; growing presence in Western Europe

SAP

Product name: SAP Business ByDesign (latest version released November 2016)

Headquarters: Walldorf, Germany

Overview: SAP has a globally deployed ERP solution supporting over 320,000 customers across a wide range of revenue sizes and verticals. It introduced Business ByDesign in 2007 and has since updated and rearchitected it multiple times. The current version is cloud-hosted and enabled by SAP Hana.

Recently, SAP has focused on establishing S/4HANA as its primary platform for ERP.

Cloud service provider used: SAP Data Centers; China Telecom by the end of 2016

Current customer industries: Mostly manufacturing; some customers in wholesale and trade

Functional coverage: Demand planning (MRP), financial management, HCM, manufacturing operations (Shop Floor), procurement/supply chain, and reporting and analytics

Customer size: Mostly midsize organizations; product marketed mostly to small and midsize businesses

Geographic coverage: Mostly Western Europe and North America with a growing presence in Europe and Australia and Asia/Pacific

Market Recommendations

CIOs and ERP leaders must evaluate product-centric cloud ERP solutions to determine whether providers meet their enterprise's core business objectives. Business leaders are eager to acquire newer technology and realize much-needed agility in a rapidly changing digital world. However, ad hoc adoption of cloud SaaS applications without a coherent, holistic postmodern ERP strategy will fail to deliver value. Gartner interactions with clients have revealed that ad hoc adopters of cloud applications become disillusioned as unanticipated changes, issues or concerns emerge.

Postmodern ERP provides a vital foundation to enable digital business. CIOs and ERP leaders must implement a postmodern ERP strategy to support the enterprise's business objectives and digital business strategy (see "Postmodern ERP Is a Vital Foundation for Digital Business, and ERP Leaders Must Implement a Postmodern ERP Strategy").

The decision whether to use a single ERP suite, part of a suite or a collection of point solutions has devolved to the domain and subdomain levels — such as finance, supply chain, product design, sales, procurement and human resources. This requires IT and ERP leaders to continually work with business leaders and stakeholders to decide what type of solution best meets requirements.

- Choose multitenant, public cloud suites to reduce the need for integration and when deep functional differentiation is not needed.
- Choose cloud point solutions to gain a competitive advantage and quick time to value for a particular process.

- Consider extensible SaaS (eSaaS) as a progressive, newer approach to maximize core IT investments

See "Fitting Enterprise Cloud Applications to Your Needs: Choosing Between Suites, Point Solutions and Extensions."

Acronym Key and Glossary Terms

BI	business intelligence
CRM	customer relationship management
EAM	enterprise asset management
ERP	enterprise resource planning
FSM	field service management
HCM	human capital management
M&E	monitoring and evaluation
MES	manufacturing execution system(s)
MRO	maintenance, repair and operations
MRP	manufacturing resource planning
PLM	product life cycle management
SCM	supply chain management

Gartner Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

"Postmodern ERP Strategy Is Key to Success With ERP Initiatives"

"Use SaaS Applications in a Postmodern ERP Strategy to Drive User Acceptance and Process Improvement"

"The CIO's Journey to Cloud SaaS: An 'All in, Flip' Strategy"

"Survey Analysis: ERP Leaders Must Adopt Postmodern ERP Strategies or Risk Being Left Behind"

"Evaluating Public Cloud SaaS Providers: Developing RFP Criteria"

"Market Guide for HCM Suite Applications"

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