



Disruptive News from Grape Escape 2013

RFG Perspective: SYSPRO and UNIT4 are shaking up the ERP landscape by providing a customer experience and cost structure, respectively, that will force other ERP vendors to change their business models. SYSPRO, an ERP provider for small and medium-sized distributors and manufacturers, delivers a customer experience (and a leading-edge, tailored ERP solution) that, according to its business customers, has a significant positive impact on their business. UNIT4, a cloud-based ERP services provider for Businesses Living In Change (BLINC), provides a disruptive business model that puts the traditional ERP vendor to shame. IT executives should understand how these companies are pushing the boundaries and internalize these models into their environments.

RFG attended the Grape Escape event last month where SYSPRO and UNIT4 executives, a business partner and a customer shared the latest news on the companies' products, services, successes and trends. While ERP offerings from these firms and others are not new, we heard new evidence about the significance of their unique offerings. IT executives should pay attention to these companies and consider their offerings not just because they are best of breed in what they provide but also because adoption of their business models into the IT culture and organization would improve IT's business alignment, agility, customer experience, effectiveness and efficiency.

SYSPRO – A New Meaning to Customer Experience

SYSPRO is not new to the ERP business. It was founded 35 years ago in South Africa and currently has offices around the world, with U.S. headquarters in Costa Mesa, CA. The company has more than 15,000 loyal small and mid-sized business (SMB) customers within the distribution and manufacturing space across 60+ countries. Its current ERP product is SYSPRO Release 7, which is a fully integrated, single source solution built upon Microsoft Corp.'s .Net platform using Windows 8 tiles. But the real story is not all the superior product features and functions but what the company calls the SYSPRO USA Einstein CX, a foundational customer experience (CX) strategy.

The vendor's seven point customer experience strategy is as follows:

- Instantiate the product plus CX into a holistic go-to-market strategy
- Every customer is important; staff is the first layer
- Human touch to deliver great CX from the first point of contact
- Mold and add staff who deliver your brand values
- Provide best CX in market and proactively differentiate from competitors
- Build a *solid unbreakable relationship* with customers
- Have a profound *emphasis in leveraging the business impact for customers*

It should be noted that SYSPRO views business partners as customers. The CX philosophy and strategy is not really new. Company executives and staff have been delivering on this vision for years. The new news is that a survey of SYSPRO's customers show that they believe SYSPRO's culture and customer focus has a great impact on their business, not just on the IT organization. Even though SYSPRO sells



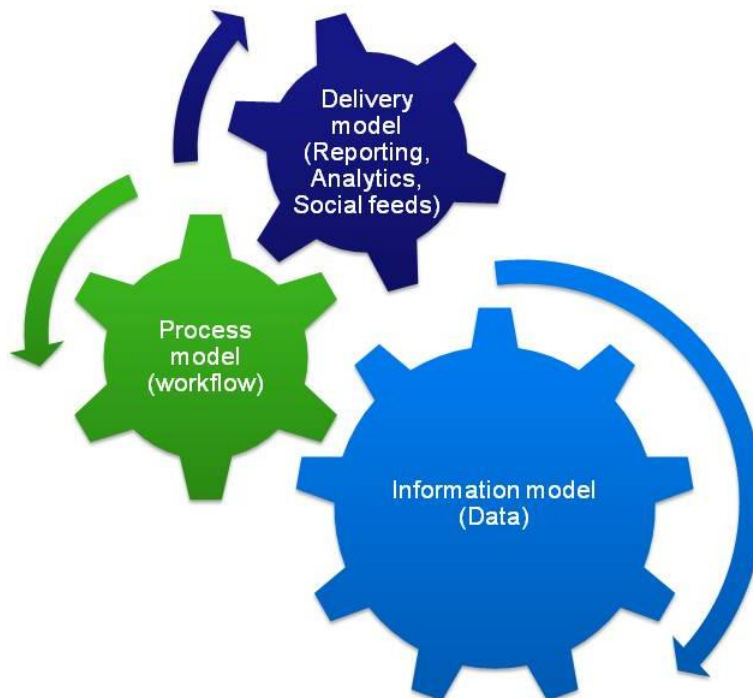
through channel partners, the end user non-IT customers feel its impact on go-to-market strategies, business processes, and resource optimization.

To top it off, the SYSPRO customer we spoke to stated that he cut over to the latest release without any IT staff on site. In fact, he was so confident that things would go perfectly that he never thought of asking for anyone to be onsite. How many ERP companies can make that claim?

UNIT4 – Disrupting the Cost Paradigm

UNIT4, founded in 1980, is a top 10 mid-market ERP vendor with revenues in excess of \$600 million, 6,000 customers and 2 million users. The company's offerings include the tightly integrated UNIT4 Agresso ERP solution, UNIT4 Coda Financials, FinancialForce Accounting (a joint venture with [Salesforce.com Inc.](http://Salesforce.com)), and UNIT4 Business Analytics Apps. The Agresso ERP solution is an agile cloud-based solution designed for businesses living in change that need to constantly revise their systems to account for business process changes, financial-related changes, growth/contractions/reorganizations, mergers and acquisitions, and regulatory changes. Agresso's VITA architecture (see Figure 1) enables users to accommodate these changes without IT assistance in almost all cases and each change gets propagated throughout the system whereas competitive offerings require companies to spend in excess of \$1.2 million per year to handle these modifications (not including IT maintenance and upgrade costs) according to IDC.

Figure 1. Agresso VITA Architecture

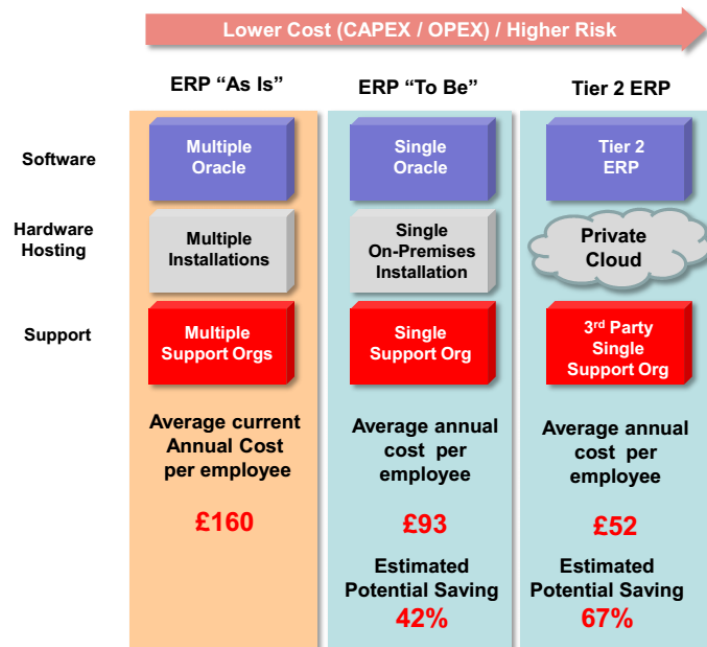


Since its inception, UNIT4 Agresso has had a fully integrated data model that stores a single version of the data and process and delivery models designed so that the business teams can adjust the parameters to meet their ever-changing requirements. This is the type of true end-user agility that business analysts should be putting into the requirements and IT executives should be collaborating with business peers to extract and develop.

The above UNIT4 Agresso story is not new to 2013. The new exciting news is the company is disrupting the ERP pricing models. The UK government released a Strategic Plan for Next Generation Shared Services that describes how the central government will implement, operate, and manage an innovative program for Government shared services. This is part of the UK Government's plan to reduce expenditures by 20-30 percent now and year-over-year to address the constrained economic conditions under which the Government must operate. The study found that moving to the Agresso cloud environment with third-party support would reduce their current costs by an estimated 67 percent per employee. Moreover, UNIT4 has structured its offering so that the more agencies that utilize their services the lower the costs per employee. The company is winning bids over [Oracle Corp.](#) and [SAP AG](#) and becoming the vendor to beat.

Figure 2. Agresso Savings over Oracle Options

Government's Cost Drivers



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The key takeaways from the Agresso story are:

- Know your customer and the business environment
- Create an architecture that enables users to configure or reconfigure the system processes and delivery mechanisms to support changing business needs without IT assistance
- The architecture must enable post-implementation business agility
- Utilize a fully-integrated data model that stores a single version of the data that is modifiable to support ever-changing business requirements
- Modular components should allow organizations to update each part of the system individually/as required, versus all at once
- Make the system scalable
- Have the infrastructure support forgiveness of user accidents
- Loyalty pricing (lower per unit cost as volumes increase) should be part of any negotiations and/or pricing

Summary

SYSPRO and UNIT4 are redefining the ERP experience and business models. Each one is raising the bar in different ways. SYSPRO does not sell its ERP products; it sells a unique customer experience that goes above and beyond what others offer. It is this intimacy and fusion with the customer's business that makes SYSPRO the best of breed in its space. On the other hand, UNIT4 delivers an agile, user-friendly, almost IT-less environment that does not hamper rapidly changing companies from modifying their ERP systems in a timely fashion so that business can proceed unimpaired by IT. And it does it at a lower price point. IT executives need to take note and follow their leads.

RFG POV: The traditional models of IT are disappearing. Therefore, IT executives must look beyond their normal boundaries, extract the essence of the new business models and changes that are occurring, and create a new vision for their IT organizations. Initially, IT executives should work with business peers and staff to come together on a new vision of IT. Then components should be piloted to determine if they best satisfy current and planned needs before leaping into commitments that can consume scarce resources or negatively impact IT's standing across the enterprise.

Additional relevant research is available. Interested readers should contact Client Services to arrange further discussion or interview with Mr. Cal Braunstein, CEO and Executive Director of Research.