Market Guide for Service-Centric Cloud ERP Solutions

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Summary

The landscape for service-centric ERP is in transition as cloud becomes a more prevalent deployment model. CIOs and application leaders responsible for ERP strategy should use this guide to understand the types of solutions available.

Overview

Key Findings

- Service-centric cloud ERP solutions are maturing and over the next three years will increasingly be adopted by large as well as midsize organizations.

- Service-centric organizations are embracing SaaS ERP faster than their product-centric counterparts are.

- Many solutions provide service-centric cloud ERP, but their suitability varies by organization size, geographic presence and industry.

- A competitive differentiator will emerge with vendor delivery of "packaged" integration, allowing customers to loosely couple their cloud ERP products with professional services administration (PSA), CRM and other vertical-specific applications.

- As vendors are seeking to push clients to move to new-generation service-centric cloud ERP solutions, organizations are facing a choice between well-proven on-premises products or new solutions that are still early in their life cycle.

Recommendations

CIOs leading the transformation to postmodern ERP:

- Define and agree on a postmodern ERP strategy before starting a vendor evaluation for service-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.

- Understand the difference between adopting service-centric capabilities as part of a delivered suite versus a multivendor approach that integrates service-centric capabilities to other administrative ERP capabilities (such as procurement and HCM), and where each approach will deliver business benefits.

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

Strategic Planning Assumptions

By 2018, at least 25% of new service-centric ERP deployments in large enterprises will be cloud software as a service (SaaS).

By 2025, at least 50% of large enterprises will successfully implement an "all-in" cloud SaaS strategy.
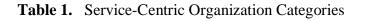
Market Definition

Service-centric organizations do not physically manufacture and sell products. Instead, they sell financial or consulting services, for example. These services are frequently delivered by employees and contractors, so they are generally people-centric rather than product-centric. Some deliver "virtual" products, such as digital and media services. Many public-sector and nonprofit organizations (NPOs) are also service-centric.

Service-centric organizations have different functional needs to those of product-centric or asset-intensive organizations. Their ERP strategy will be focused on what Gartner defines as "administrative ERP" — primarily financials, human capital management (HCM) and indirect procurement. However, in addition to these administrative ERP capabilities, many service-centric organizations need industry-specific functionality, such as PSA, or capabilities to support service-based billing, such as subscription and revenue management.

There are two broad categories of service-centric organization (see Table 1).

Table 1. Service-Centric Organization Categories

Category	Description	Verticals Supported	Capabilities Needed
Project-centric	• People-centric organizations that provide services on a project basis • Typically bill time and resources to projects	Accountancy; architectural, engineering and construction (AEC); business consulting; IT services; legal; marketing, advertising and communications (MAC); research; a range of other professional, scientific and technical services	• Administrative ERP • PSA • Project and portfolio management
Non-project-centric service industries	• Provide services that are not primarily billed based on projects • Include a wide range of verticals	Public sector; business services; high tech and software; education; healthcare; financial services; hospitality; NPO	• Administrative ERP • Industry-specific — e.g., grant and encumbrance accounting (public sector); subscription billing (high tech and software, business services)

Table 1.   Service-Centric Organization Categories

Category	Description	Verticals Supported	Capabilities Needed
NPO = nonprofit organization; PSA = professional services administration			

Source: Gartner (December 2016)

The landscape of vendors covering all aspects of service-centric ERP capabilities is complex, comprising cross-industry administrative ERP vendors, industry-specific vendors and domain specialists. However, a number of vendors target service-centric organizations with an ERP solution that offers administrative ERP capabilities with industry-specific specialization for service-centric industries. Some vendor solutions target specific service-centric industries, others are applicable to a range.

Gartner defines a service-centric ERP suite as comprising:

- Financials, HCM and indirect procurement (administrative ERP)

- PSA — includes project planning and resourcing, project management, and project accounting and billing

- Specialized industry-specific modules or applications — for example, grant management in higher education and public sectors

A service-centric ERP suite must provide at least financial management functionality from administrative ERP and either PSA or industry-specific modules for at least one service-centric industry. Optionally, the vendor may provide other administrative ERP capabilities (such as HCM and indirect procurement).

A number of ERP vendors have always focused their offerings on service-centric organizations. Also, over the last two decades, ERP vendors that originally serviced the needs of manufacturing organizations have extended their functionality and improved their ability to begin addressing the needs of nonmanufacturing industries, such as healthcare, public sector, media, banking and

insurance, and professional services organizations. Likewise, new entrants have emerged with a distinctive service-centric orientation.

The landscape of service-centric ERP suite vendors can be currently characterized as comprising:

- Established vendors that have historically targeted one or more service-centric industries (examples: Deltek, Infor, Oracle's PeopleSoft and Unit4)

- Established vendors that have historically targeted both service- and product-centric industries (examples: Infor, Microsoft, NetSuite, Oracle and SAP)

- Newer vendors that target both service- and product-centric industries (example: Acumatica)

- Newer vendors that target one or more service-centric industries with specialist solutions (examples: Intacct, FinancialForce and Workday)

Market Direction

Service-centric organizations are embracing the move to the cloud faster than product-centric organizations are. As they do not have manufacturing capabilities or an array of on-premises applications to run manufacturing, there is less need for them to retain ERP capabilities on-premises. Many service-centric organizations see the cloud as a way of increasing value and improving the flexibility of ERP deployments. Gartner predicts that by 2018, at least 30% of service-centric companies will move the majority of their ERP applications to the cloud (see "Predicts 2014: The Rise of the Postmodern ERP and Enterprise Applications World").

Also, service-centric organizations are more directly impacted by the emergence of digital business, as this is disrupting many of the traditional business models in service industries. Consequently, some service-centric organizations view the move to cloud ERP applications as a way of transforming administrative business processes to support the shift to digital business. This allows them 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 service-centric ERP vendors. Several of the "cloud-only" ERP vendors are focusing heavily on service-centric industries, while ERP vendors that have targeted those industries with on-premises solutions are now adding a range of cloud deployment options.

This report focuses on service-centric ERP products offered by vendors in a cloud application deployment. Gartner defines cloud ERP attributes as indicated in Table 2.

Table 2. Cloud ERP Attributes

Attribute	Description
Responsibility	• 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	• 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	• Modification of source code is not possible. Configuration via citizen developer tools and extension via PaaS (partner, vendor or user) is allowed.

Table 2.   Cloud ERP Attributes

Attribute	Description
Pace of change	• 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 (December 2016)

At the same time, many vendors are building a suite focus by either extending their own capabilities into PSA and industry-specific capabilities, or acquiring specialist solutions in these areas that are then loosely coupled with their administrative ERP capabilities. This creates the classic "suite versus point solution" dilemma for CIOs and application leaders evaluating service-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 "Cloud ERP: The Suite Shouldn't Always Win in Administrative ERP Strategies").

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 service-centric 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 service-centric ERP targeted exclusively at small businesses.

The definitions used in this document for small, midsize and large businesses are listed in Table 3. 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 (TCO). Keep in mind that some midsize organizations have requirements that are more complex than some large organizations.

Table 3.   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 (December 2016)

Vendors were asked to confirm that they have:

- At least one service-centric cloud ERP offering

- At least 50 customers live on their service-centric cloud ERP offering

All the profiled vendors have in the past responded to a reference survey so that we could validate the viability of their products. All offer service-centric capabilities that are suitable for organizations in their target market. All offer at least core financial management capabilities plus either PSA or service-industry-specific capabilities, and in several cases the capabilities offered are very broad. The vendor products differ mostly in their industry functionality, geographical support (in terms of delivered localizations and translations) and size of organization.

Figure 1 shows the representative vendors and their industry focus.

Figure 1. Cloud ERP Vendors for Service-Centric Companies — by Industry

Vendor	Industry Estimates										
	Banking and Insurance	Business Services	Communications and Media	Education	Energy	Healthcare	Professional and Consulting Services	Public Sector, NPO	Utilities	Other	Product-Centric
Acumatica	3%	15%	4%	3%	3%	4%	11%	5%	0%	0%	52%
Aqilla	16%	15%	10%	4%	2%	5%	10%	20%	2%	2%	14%
Blackbaud	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%
Deltek	2%	5%	15%	1%	0%	1%	28%	6%	0%	22%	20%
FinancialForce	5%	20%	5%	0%	0%	10%	30%	10%	0%	20%	0%
Infor	7%	29%	3%	2%	1%	15%	10%	5%	5%	3%	20%
Intacct	7%	8%	10%	0%	0%	8%	12%	24%	0%	25%	6%
Microsoft*	21%	14%	4%	2%	4%	3%	14%	6%	1%	2%	29%
NetSuite*	26%	11%	4%	1%	1%	2%	31%	3%	1%	2%	18%
Oracle	7%	0%	5%	0%	0%	4%	22%	3%	0%	32%	27%
Ramco Systems	4%	0%	0%	3%	0%	9%	74%	4%	0%	0%	6%
SAP	0%	0%	5%	0%	5%	5%	45%	0%	0%	0%	40%

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

NPO = nonprofit organization

Source: Gartner (December 2016)

The administrative ERP capabilities of all the representative vendors (with the exception of Blackbaud) 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 suite of integrated business management applications. Acumatica sells its ERP Suite to both product-centric and service-centric organizations. It is applicable to a range of service-centric industries, including professional services, business services and others. Acumatica has built its own PaaS platform (Acumatica Cloud xRP Platform) to help partners and resellers extend its ERP solution on the cloud.

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

Cloud service provider used: Amazon Web Services (AWS)

Current customer industries: Banking, business services, communication and media, education, energy, healthcare, professional and consulting services, public sector and nonprofits

Functional coverage: Financial management, HCM (within two years), procurement, professional services administration, and reporting and analytics

Customer size: Most customers are small and midsize businesses (SMBs)

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

Aqilla

Product name: Aqilla (latest version released October 2016)

Headquarters: London, U.K.

Overview: Established in 2006, Aqilla is a relatively new entrant to the market. It has recently been recognized as a provider on the U.K. government's G-Cloud and Digital Outcomes and Specialists frameworks, which offer services to public-sector organizations.

The suite includes AR, AP, GL, cash matching, sales invoicing, purchase ordering and invoicing, inventory control, time-sheet processing, expense processing, project costing and budgeting. Multicurrency capabilities are added to cater to the midmarket companies with presence in multiple geographical regions — along with preimplementation analysis and consultation available at a flexible pricing.

It has set up data centers in Manchester, U.K. to help the government and financial services comply with the country's data sovereignty regulations.

Cloud service provider used: UKFast

Functional coverage: Financial management, HCM, professional services administration, procurement, and reporting and analytics

Current customer industries: Largest customer base is public sector and nonprofits; sizable representation in banking and securities, business services, communications and media, and professional and consulting services

Customer size: Focused on serving midsize organizations; some growth in small organizations

Geographic coverage: Mostly Western Europe and Sub-Saharan Africa; growing presence in the U.S., Eastern Europe and Mature Asia/Pacific

Blackbaud

Product name:

- *For small businesses:* eTapestry v.7.24 (released August 2016)

- *For mid/large-size businesses:* Raiser's Edge NXT and Financial Edge NXT (frequent scheduled releases throughout the year)

- *For mid/large-size businesses:* Luminate CRM v.12.26 (latest version released June 2016)

Headquarters: Charleston, South Carolina, U.S.

Overview: Founded in 1981, Blackbaud is a cloud software company catering exclusively to nonprofit social welfare associations, including educational institutions, public-sector corporations and individual change agents. Its functional coverage includes solutions for fundraising and relationship management, digital marketing, advocacy, accounting, payments, analytics, school management and grants management.

Cloud service provider used: AWS, Microsoft Azure, Salesforce

Functional coverage: Financial management, solutions for fundraising and relationship management, digital marketing, school management, grants management, and reporting and analytics

Current customer industries: Focuses on the public sector and NPOs across different verticals, including public broadcast, foundations, environment, faith, healthcare, arts and culture, animal welfare, K-12 schools, human services, corporations, and higher education

Customer size: Most customers are small to midsize public-sector institutions — a large number of clients in the NPO/NGO market; Blackbaud claims its solutions manage more than $100 billion in global annual giving

Geographic coverage: Mostly U.S. and Canada; growing presence in Western Europe

Deltek

Product name: A range of solutions targeted at various service industries, including Costpoint, Maconomy, Vision and Ajera.

Headquarters: Herndon, Virginia, U.S.

Overview: Founded in 1983, Deltek is a global provider of enterprise software and information solutions for government contractors, professional services firms and other project-based businesses. The solutions focus on helping organizations streamline operations and deliver more-profitable projects.

Cloud service provider used: AWS

Current customer industries: Banking, business services, communication and media, education, healthcare, insurance, professional and consulting services, public sector and nonprofits

- *Costpoint* — targets project-centric organizations, with particular focus on industries such as aerospace and defense, professional and engineering services, manufacturing, and nonprofit; specific functionality to support doing business with the U.S. federal government — Deltek has also built and acquired a portfolio of products that complement Costpoint in this area

- *Maconomy* — focused on professional and consulting service organizations; targets verticals including advertising, public relations, public accounting, marketing communications, legal services, management consulting, IT consulting and research

- *Vision* — targets architecture, engineering and consulting firms; also deployed in organizations such as IT service companies and marketing communication agencies

- *Ajera* — targets small/midsize architecture and engineering firms

Functional coverage: Financial management, HCM, procurement, professional services administration, and reporting and analytics

Customer size: Most customers are small organizations; some growth in midsize organizations

Geographic coverage: Mostly U.S. and Canada; growing presence in Western Europe

FinancialForce

Product name: FinancialForce ERP (updated on a frequent basis throughout the year)

Headquarters: San Francisco, California, U.S.

Overview: Founded in 2009, FinancialForce offers a public-cloud-hosted ERP suite built entirely on the Force.com platform. The company's financial management, PSA and HCM offerings provide service-centric businesses with a platform that organizes sales, services, finance and HR around their customers.

FinancialForce is funded by Salesforce Ventures, Technology Crossover Ventures, Advent International and Unit4.

Cloud service provider used: Salesforce

Current customer industries: Business services, communication and media, education, healthcare, professional and consulting services, public sector and nonprofits

Functional coverage: Financial management, HCM, procurement, professional services administration, and reporting and analytics

Customer size: Customer base equally spread between SMBs

Geographic coverage: Mostly U.S. and Canada; growing presence in Western Europe

Infor

Product name: Multiple cloud products targeted at multiple vertical industries in the service-centric market:

- CloudSuite Corporate (v11.x, September 2016)

- CloudSuite Business (v9.x, February 2016)
- CloudSuite Healthcare (v11.x, March 2016)
- CloudSuite Public Sector (v11.x, March 2016)
- CloudSuite Financials (v11.x, June 2016)

Infor also offers "edge applications" for specific functional areas used by service-centric companies:

- CloudSuite HCM (v11.x, May 2016)
- Infor Professional Services Automation (v6.x, June 2016)
- Infor d/EPM (v11.x, April 2016)
- Infor BI Analytics (v11.x, May 2016)

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

Overview: Established in 2002, Infor offers industry-specific ERP suites catering to a wide range of service-centric verticals, including but not limited to: healthcare, hospitality and the public sector. Infor also founded a large creative agency in Manhattan, Hook & Loop, focused on delivering a "fun and engaging" user experience.

Cloud service provider used: AWS

Current customer industries: Banking, business services, communication and media, education, energy, healthcare, insurance, professional and consulting services, public sector and nonprofits, utilities

Functional coverage: Financial management, HCM, procurement, professional services administration, and reporting and analytics

Customer size: Most customers are small and midsize organizations; Infor has reported a few recent wins with larger enterprises

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

Intacct

Product name:

- Intacct cloud ERP software (updated on a frequent basis throughout the year)

- Intacct cloud financial management software (updated on a frequent basis throughout the year)

Headquarters: San Jose, California, U.S.

Overview: Founded in 1999, Intacct provides ERP solutions built on financial management modules hosted on its own cloud infrastructure. Its focus is on automating complex financial processes and generating actionable insights from financial data.

Cloud service provider used: Intacct has built and uses its own cloud infrastructure

Current customer industries: Business services, communication and media, healthcare, insurance, professional and consulting services, public sector and nonprofits

Functional coverage includes: Financial management, procurement, professional services administration, and reporting and analytics

Customer size: Most customers are small organizations, growth in midsize organizations

Geographic coverage: Mostly U.S. and Canada

Microsoft

Product name: Microsoft Dynamics 365 (latest version released March 2016)

Headquarters: Redmond, Washington, U.S.

Overview: Established in 1975, Microsoft offers a cloud ERP service called Dynamics 365 — built on and for Microsoft Azure. Dynamics 365 in the cloud includes a set of complete ERP modules (procurement, HR, financials, supply chain, production,

commerce, sales, service and marketing), as well as BI, infrastructure, compute and database services. Microsoft's pay-as-you-go model enables users to add users and business processes according to their growth.

Business partners offer industry-specific solutions for retail, manufacturing, distribution, services and public sector.

Cloud service provider used: Microsoft Azure

Current customer industries: *Vendor did not provide specific industry breakdown* — its partners provide service-centric solutions for the business services, professional and consulting services, public sector and nonprofit verticals

Functional coverage: Financial management, HCM, procurement, professional services administration, 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*

NetSuite

Product name: NetSuite ERP 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 functionality includes global financials, services resource planning, procurement, CRM, support and extensive commerce capabilities. NetSuite's unified data model provides real-time business intelligence to all users and roles. The 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. This profile was prepared ahead of this date.

Cloud service provider used: NetSuite has two data centers located domestically in the U.S. and run by Savvis (a CenturyLink company). NetSuite also has two new data centers in Europe.

Current customer industries: *Vendor did not provide specific industry data* — Gartner has spoken to NetSuite clients in several service-centric industries including professional services and consulting, and nonprofits

Functional coverage: Financial management, HCM (through partners only), procurement, professional services administration, and reporting and analytics

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

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

Oracle

Product name: Oracle ERP Cloud, R11

Headquarters: Redwood City, California, U.S.

Overview: Founded in 1977, Oracle is one of the largest ERP vendors in the market, with deployments across a wide variety of industries in more than 145 countries. Oracle has a large installed base of on-premises ERP customers in the service-centric space. Its strategic direction is to encourage customers evaluating service-centric ERP applications to adopt its new-generation Oracle ERP Cloud offering. Oracle ERP Cloud is gaining increasing traction, with Oracle reporting impressive customer numbers.

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

Cloud service provider used: Oracle Cloud

Current customer industries: Suitable for a wide range of industries; most of its service-centric customers are in banking and securities, professional and consulting services, healthcare, public sector and nonprofits

Functional coverage: Financial management, HCM, procurement, professional services administration, and reporting and analytics

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

Geographic coverage: Most customers are in North America and EMEA; some are in Asia/Pacific and Latin America

Ramco Systems

Product name: Ramco Services Resources Planning; Ramco HCM integrated with Global Payroll

Headquarters: Chennai, India

Overview: Ramco Services Resources Planning is part of a broader ERP suite that was first released in the 1990s. Although its service-centric functionality forms part of a suite solution, Ramco, founded in 1999, has increasingly been selling its applications on a stand-alone basis as part of a service resource planning solution, targeted at professional services and other service-centric organizations.

Ramco sells direct and through reseller partners.

Cloud service provider used: AWS, Microsoft Azure

Current customer industries: Banking, business services, communication and media, education, energy, healthcare, insurance, professional and consulting services, public sector and nonprofits, utilities

Functional coverage: Financial management, HCM, procurement, professional services administration, and reporting and analytics

Customer size: Cloud ERP customers evenly spread between SMBs; some recent large organizations

Geographic coverage: Most user organizations are in Asia/Pacific, Australia, and the Middle East and North Africa; smaller presence in North America and Sub-Saharan Africa; limited presence in Europe

SAP

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

Headquarters: Walldorf, Germany

Overview: SAP is a globally deployed ERP solution supporting over 200,000 customers across the complete range of revenue sizes and verticals. The Business ByDesign solution was introduced in 2007 and has since been updated and rearchitected multiple times. The current version is cloud-hosted and enabled by SAP Hana.

SAP in recent years 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: Banking, business services, communication and media, education, energy, healthcare, insurance, professional and consulting services, public sector and nonprofits, utilities

Functional coverage includes: Financial management, HCM, procurement, professional services administration, and reporting and analytics

Customer size: Most customers are midsize organizations

Geographic coverage: Strong presence in Western Europe and North America; recent growth in Mature Asia/Pacific

Unit4

Product name: Unit4 Business World On

Headquarters: Sliedrecht, Netherlands

Overview: Founded in 1980, Unit4 provides a range of enterprise applications focused on service-centric organizations. Unit4 Business World On (previously Agresso) was built to be an administrative ERP solution for professional services and consulting. Over the years, Unit4 has added operational capabilities and options to be hosted in public or private cloud.

Unit4's functional coverage includes planning, budgeting and forecasting; field service management; and estate and asset management. It also provides higher education capabilities through Unit4 Education Solutions (rebranded from Three Rivers Systems acquisition).

Cloud service provider used: Microsoft Azure

Current customer industries: Banking, business services, communication and media, education, energy, healthcare, insurance, professional and consulting services, public sector and nonprofits, utilities

Functional coverage: Financial management, HCM, procurement, professional services administration, and reporting and analytics

Customer size: Most customers are midsize organizations

Geographic coverage: Mostly in Western Europe; significant growth in North America — especially in Canada in recent years

Workday

Product name: Workday 27 (latest version released September 2016)

Headquarters: Pleasanton, California, U.S.

Overview: Founded in 2005, Workday delivers financial management, HCM and analytics applications designed for a range of service-centric industries. It has always focused on delivering in multitenant architecture, with only SaaS as a deployment option.

Workday's functional coverage also includes time tracking, expenses, grants management, recruiting, learning and planning. It is in the early stages of delivering higher education modules.

Cloud service provider used: *Vendor did not provide*

Current customer industries: Banking, business services, communication and media, education, energy, healthcare, insurance, professional and consulting services, public sector and nonprofits, utilities

Functional coverage: Financial management, HCM, procurement, professional services administration, and reporting and analytics

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

Geographic coverage: Most customers are in North America, Western Europe and Asia/Pacific; growth planned in Latin America and Eastern Europe

Market Recommendations

CIOs and application leaders responsible for ERP strategy must evaluate service-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 soon as issues, roadblocks 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 to source ERP capabilities as a suite or as a multivendor portfolio is challenging, especially as new specialist cloud vendors are frequently emerging. CIOs and application leaders in service-centric organizations therefore need to define a postmodern ERP strategy using Pace-Layered Application Strategy principles. This will help identify which capabilities are best-sourced in a service-centric ERP suite and which should be delivered using specialist solutions (see"Best Practices for Applying Pace-Layered Application Strategy to Postmodern ERP" and "Fitting Enterprise Cloud Applications to Your Needs: Choosing Between Suites, Point Solutions and Extensions").

Acronym Key and Glossary Terms

AP	accounts payable
AR	accounts receivable
GL	general ledger
HCM	human capital management
PSA	professional services administration

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