

ERP Vendor Performance

UK Manufacturing

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Contents

1.	INTRODUCTION	3
2.	SUMMARY OF GENERAL FINDINGS	4
3.	METHODOLOGY	6
4.	HOW TO INTERPRET THE FINDINGS	8
5.	HOW TO USE THIS REPORT	10
6.	PROFILE OF CURRENT SYSTEMS	13
7.	IMPLEMENTATION,	15
7.1	General Findings.....	15
7.2	Implementation Performance of SME Vendors.....	16
7.3	Implementation Performance of Mid & Corporate Market Vendors.....	17
8.	SOFTWARE PERFORMANCE	20
8.1	General Findings.....	20
8.2	Satisfaction with Software Functionality & Quality of SME Solutions	23
8.3	Satisfaction with Software Functionality & Quality of Mid & Corporate Market Solutions	27
9.	CUSTOMER SUPPORT	33
9.1	General Findings.....	33
9.2	Satisfaction with Customer Support Provided for SME Solutions.....	35
9.3	Satisfaction with Customer Support Provided for Mid & Corporate Market Solutions.....	36
10.	BUSINESS BENEFITS	39
10.1	General Findings.....	39
10.2	Business Benefits Experienced by SME Customers.....	40
10.3	Business Benefits Experienced by Mid & Corporate Market Customers.....	42
11.	LOYALTY	45
12.	CUSTOMER CATEGORISATION	48
13.	KEY DRIVERS OF DEPTH OF COMMITMENT.....	49
14.	DEPTH OF COMMITMENT OF CUSTOMERS TO THEIR SUPPLIERS	50

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1. Introduction

Truly effective ERP forms the backbone of most modern manufacturing operations. Nowadays only the smallest factories would attempt to run their business' without resort to such a planning system and, even here, an increasing number of offerings are available that can deliver a significant level of functionality at a minimal cost.

And yet it remains the case that a significant minority of factories (including even some quite large establishments) do not yet possess an ERP solution. Some rely on old semi-bespoke software, others on spreadsheet based technology and some are entirely manual operations. It is also true that many organisations may possess older systems, originally implemented over a decade ago, and more accurately described as MRP solutions than ERP. For all these reasons, there are many people today who are looking to make an investment in implementing modern ERP.

Those who are looking to buy an ERP system find themselves confronted with a wide variety of vendors, many of which appear to make very similar claims. Of course, for a more independent opinion, you can always look at analysts and consultants etc. However, such information often has the ring of the academic rather than the practical about it.

It is stating the obvious that there is only one source of objective and practical advice about the pros and cons of different systems and suppliers. That source is the customers themselves. Who is better qualified to tell you how good or bad SAP is, than an SAP customer who has real experience of using the system to run a real manufacturing business?

In July 2002 Benchmark Research was able to provide industry with a meaningful guide to the leading ERP/MRP solutions based entirely on the opinions of customers. This information was compiled and summarised in a report designed to help those looking to purchase an ERP solution to form a more objective opinion of the relative merits of different suppliers and their solutions.

This survey has been re-run and updated 2004. This report provides a comprehensive update of the information that takes account of changes in performance and functionality that have occurred since 2002. The study categorises ERP suppliers into two major segments:

- Small to Medium Sized Enterprise (SME) providers; Exel, Infor, K3, Syspro, Sage and Softbrands.
- Mid Market & Corporate providers: Epicor, Geac, QAD, Peoplesoft, SAP etc.

The survey examines the effectiveness of systems in four key areas; Implementation, software capability, customer support and business benefits secured. The overall satisfaction levels in these four areas were then combined with further analysis to determine commitment and loyalty to existing suppliers.

2. Summary of General Findings

- Nearly one in three mid & corporate market ERP customers originally installed their current systems before 1995 – making them nearly a decade old. The profile of the SME market is much younger, with less than half being as old as this.
- Heavy bespokeing is most in evidence in the mid to corporate level customers. SME customers prefer not to modify the base system and are happier with vanilla flavour products.
- Overall satisfaction levels with ERP vendors have improved since 2004, although there are significant differences between users of specific systems. Satisfaction scores have risen in terms of implementation, software functionality and service/support. Generally speaking satisfaction in all of these areas is now fairly good and serious problems are rare.
- Despite improvements certain areas remain problematic. In terms of implementation, for example, the cost of implementation receives the lowest satisfaction scores and is also improved only a very little since 2002.
- Key strengths of modern ERP solutions include the core functionality – stock control, financials and MRP/scheduling. Satisfaction is also generally high in terms of scalability and stability/reliability. Customers today should not be experiencing problems in these areas as most suppliers in the market now perform very strongly when judged against these factors.
- Weaker areas would include the ongoing running costs, the ease of upgrade and the ease of integration with other systems. These are the areas that vendors are most likely to struggle hard to perform well in & hence also the areas that people looking to be new ERP solutions should be most mindful of.
- Heavy bespokeing has an adverse effect on customer satisfaction in terms of software functionality. Customers with heavily bespokeed adaptations typically experience more serious problems in terms of ease of use, stability/reliability, trouble free upgrades and original purchase costs.
- Service and support factors for which the market is generally satisfied would include staff competence, ease of contacting the right person, commitment to the product, quality of the overall service and support and speed at which questions are dealt with. However, areas of greater concern include training, managing new releases/upgrades and proactivity of account managers.
- Once again heavy bespokeing has a negative impact on service and support. Heavily bespokeed implementations experience marked difficulties in terms of getting a speedy response from vendors to questions, usually find it harder to contact the right person in the vendor organisation to be able to answer questions and experience more trouble in managing upgrades and new releases.
- Providing service and support for mid market and corporate solutions is clearly more problematic than for SME solutions. Smaller scale, less complex SME implementations are generally happier with the level of service and support they get.

- Unlike other areas investigated by the survey, satisfaction with business benefits has not improved since 2002. It is also the case that satisfaction scores for business benefits struggle to achieve the same high scores that would be achieved for the other areas analysed. This is probably because it is harder to directly tie improvements in business performance to the system. Nevertheless, most acknowledge that there have indeed been benefits to the business and a significant minority have experienced some substantial benefits.
- Unlike other areas heavy bespokeing does not impact negatively on perceived business benefits experienced. Indeed it has a marginal (albeit very marginal) positive impact.
- Customer loyalty is generally good in the ERP market and also shows a marked improvement over and above the measure taken in 2002. The age of the system impacts to some extent on loyalty. Those with older systems are less likely to be committed to their vendor (although not necessarily less likely to be willing to recommend their vendor to someone else). Bespoking has more of an impact however, with customers of heavily bespokeed systems being far less loyal to their vendor.
- Loyalty is most significantly impacted by four key factors, high performance by vendors in these particular areas have a powerful impact on building a loyal customer base:
 - Speed at which questions/problems are dealt with by the vendor
 - Pro-activity of Account Managers
 - Quality of the overall level of support/service
 - Easy to adapt the software to changing business needs
- A number of other factors have a significant impact on customer loyalty, these are also important:
 - The software is perceived to be leading edge technology
 - Trouble free upgrades
 - The way the vendor manages new releases and/or upgrades
 - The vendor appears committed to the future of the product
 - Quality of training support
 - On-going running costs
 - Ability to demonstrate cost savings in the manufacturing process
 - More reliable delivery of customer orders
 - Faster delivery of customer orders
 - Reduced costs of stock holding

3. Methodology

Telephone interviews were carried out between January and June 2004, by fully trained, MRQSA accredited interviewers, with the individual who had overall operational responsibility for the day-to-day administration of the ERP system on that site. Interviews followed the market research code of conduct that guarantees confidentiality and ensures that responses are in no way attributable to the participant or their company. Respondents were only asked to comment on their current system and areas with which they were familiar. If, for example, individuals were not directly involved with implementation, they were not asked to comment on that phase of activity.

Levels of satisfaction against different criteria were typically measured by asking people to rate the system or vendor by giving them marks out of 10. A score of 10 out of 10 would therefore represent the highest possible level of satisfaction and a score of 1 the lowest. This report generally shows the average scores achieved by each system using this scale.

There is obviously an important distinction to be made between the type of system that may be suited to a smaller business and those that fit better within a larger organisation. However, clear boundaries are hard to define as some systems serve both large and small organisations. This has been further confused in recent years by the increasing efforts of vendors that traditionally served corporate markets to extend their reach into the mid-market space. Similarly, a number of mid-market vendors have increasingly attempted to penetrate corporate markets, creating a more blurred boundary between these two areas.

Whether a vendor primarily serves larger or smaller organisations might be taken as one possible measure of size. However, this alone might not represent an entirely accurate way of segmenting the market. This is because there are a number of instances where relatively small departmental systems can be sold into very large organisations. There are other cases where relatively small companies can purchase fairly sizeable systems.

We therefore elected to categorise the market into two main groups on the basis of a combination of information related to a) the size of their customers turnover and b) the size of the systems installed (in terms of the number of users). The markets analysed on the basis of these definitions being as follows:

- SME Market – systems where 40%+ of the installed user base lies in companies with under £10m turnover and 70%+ of the installed user base is constituted by systems supporting under 50 users.
- Mid & Corporate Market – systems & suppliers with customer bases that demonstrate a larger profile – i.e. over 60% of customers turnover above £10m and over 30% of the installed user base represent systems supporting more than 50 users.

In total 339 interviews were completed and these were structured to provide accurate representation of the market under investigation.

Ideally, we aimed to complete 30 interviews within the customer base of any given supplier. However, some companies active in the market have only a limited number of UK customers and it was therefore not possible to complete as many interviews as we would ideally have liked. In other instances a supplier may have a reasonably large base of customers but it may be that these customers prove very reluctant to assist with the study. Thus in some instances it may not be possible to obtain a full 30 interviews and in one or two instances it may not have proved possible to obtain any interviews.

Therefore, where we have adopted the following policy in dealing with entries for this report:

- Where 30+ interviews have been completed (or where we have achieved nearly 30 interviews – e.g. 28) we have shown the **new** 2004 data in full. This entirely replaces the old 2002 data. This is therefore **NEW** data.
- In cases where significantly fewer than 30 interviews have been achieved we have combined together the new 2004 with the previous 2002 data. This has the benefit of providing us with a statistically robust measurement whilst, at the same time, taking some account of any changes in perceptions and performance that have occurred between 2002 and 2004. This data is therefore not entirely new but rather **REVISED**.

Table 1 shows how companies have been categorised, the products that have been included within their measurement and whether or not the data is entirely new (2004) or revised (combining 2004 & 2002 data).

Table 1

SME Suppliers	Mid Market & Corporate suppliers
Exel (Efacs) – new	Epicor (Avante) - revised
Infor (formerly infor:swan) – revised	Geac (System21) – new
K3 (Smartvision/MFW/Joboss) – new	IFS – revised
Syspro (Syspro & Impact) – new	Mapics – revised
Sage Enterprise Solutions (Sage Line 500) – new	Oracle – revised
Softbrands (Fourthshift & Evolution) – new	PeopleSoft (Enterprise One) - revised
	QAD (MFG/PRO)– new
	Sanderson (PICS) – revised
	SAP (R3) – revised
	SSA (BPCS) - revised

Suppliers have only been included as “revised” where at least some 2004 data is available in order to update the information originally provided in 2002.

Table 2 details the number of interviews in each of the two sectors, showing the proportion of the data that is based on new interviews vs. the proportion based on 2002 data:

Table 2

Number of interviews by market type			
	SME Market	Mid & Corporate Market	TOTAL
2002 interviews	30	185	215
2004 interviews	213	126	339

In those cases where the data shown is revised, rather than new, Table 3 shows (for each supplier concerned) the number of 2002 interviews used and the number of 2004 interviews used to provide an overall combined total for analysis.

Table 3

Supplier	2002 interviews	2004 interviews	Revised total base
Epicor	31	13	44
IFS	12	3	15
Infor	30	13	43
Mapics	13	5	18
Oracle	23	3	26
PeopleSoft	30	12	42
Sanderson	15	3	18
SAP	31	12	43
SSA	30	6	36

A small number of interviews were completed with other suppliers. These have not been analysed individually as, even if 2002 and 2004 data is combined, the total number of interviews is still too low to produce any kind of assessment. These interviews are included within any overall analysis but we have not shown the individual figures.

4. How to Interpret the Findings

We have attempted to complete interviews with a representative number of users/customers for each system/vendor. Ideally, we have aimed to interview at least 30 customers for each vendor. In those instances where 30 or more customers have provided feedback on the performance of their vendor and their system we can be confident that the findings represent an accurate and representative picture.

However, sometimes it has not proved possible to obtain 30 interviews, especially in cases where a vendor may have under 100 – or even 50 – UK manufacturing customers. Naturally

enough, smaller customer bases can be represented by smaller samples. So if a vendor has only 50 or 60 implemented UK sites a total of 20 interviews would, in fact, provide a good representation of the customer base.

As a general guide it is therefore important to take note of the base in each table/figure. The "base" figure always represents the number of interviews upon which the results shown are based. As an aid to interpretation please use the following guidelines:

- **Base of 30+** = we can be confident that the results provide a good reflection of the position of this vendor and their products in this market.
- **Base of 20-29** = these results are still likely to provide a representative picture although they should be treated with a little more caution.
- **Base of 10-19** = the lowest sample sizes analysed in this report. Where such a sample is representing a total UK customer base that is itself quite small (fewer than 40 implemented sites) such sub-samples can be considered fully representative. However, if the customer base is larger, samples of this size should be treated with greater caution and results derived from them viewed as being indicative rather than definitive.

Obviously, as with any survey, some statistical variation within the figures generated will occur (depending on the specific sample sizes involved). In general terms this means that small differences between satisfaction scores are unlikely to be significant. Differences of 0.1 or 0.2 would effectively represent no significant differences. Differences of 0.3 or 0.4 and above are increasingly likely to be significant (except where smaller samples are involved). This means that a supplier with an average satisfaction score of 7.1 for a particular factor is unlikely to perform that differently from a supplier scoring 6.9 or 7.3.

Ratings are based on the practical experiences of real customers derived from using their systems over a period of time. By its very nature newer installations, especially those that are not yet live because they are still in the process of implementation, would not be included within our survey. No doubt several of the suppliers measured here will have released newer versions of their products that can deliver a better level of functionality than that experienced by the majority of their historic customers. In this sense, ratings scored for functionality might improve (or decline) once newer installations are fully implemented. Having said this, one might argue that, short of possessing a crystal ball, there is no better guide to likely future performance than past track record. In addition, several of the suppliers concerned have assisted us by providing customer lists that enable us to identify and focus on the newest and most up-to-date versions of their products.

The report has been prepared on the basis that measurements of past track record form a valuable input into the decision making process when it comes to selecting a new vendor. It would be wrong to claim that it is the only criteria that should be considered. However, it would be equally foolish to dismiss it as unimportant.

5. How to Use this Report

Before reading the detailed findings and comparing the performance of different vendors you may wish to take a little time to think about what you are looking for in an ideal vendor. What aspects of vendor service and support would you say are most critical? Which, by contrast, simply represent "nice-to-have"? What aspects of software functionality are most important? Which simply represent nothing more than "bells and whistles"?

Listed below is a complete listing of all the different product and service attributes measured by our survey. You may find it useful to read through it carefully and, for each attribute assign a score out of 10. If you think that an attribute is critically important give it a score of 10 out of 10. If, however, you think it is entirely unimportant give it a score of just 1.

Having done this you can compare the importance scores you have allocated with the performance scores achieved by the vendors and their packages for each area.

a) Importance of the following during the systems implementation....

Project management skills during implementation	.....
Time taken for implementation	.....
Training support & advice during implementation	.....
Cost of Implementation	.....

b) Importance of good system functionality and performance for the following...

Financials (ledgers, purchase ordering etc.)	.....
Stock control/inventory management	.....
Material ordering/MRP/MPS/Scheduling	.....
Warehousing, distribution & logistics	.....
Specialist reporting/business intelligence tools	.....
Initial purchase costs	.....
On-going running costs	.....
Ease of use	.....
Overall suitability to the business (fit to business)	.....
Stability/Reliability/bug free	.....
Easy to adapt to changing business needs (adaptability)	.....
Scalability/ability to grow with the business	.....
Trouble free upgrades	.....
Reporting capability	.....
Ease of Interface/Integration with other systems	.....
Leading edge technology	.....
Overall software functionality	.....

c) Service and Support Performance

Easy to contact the right person when you need help	.....
Speed at which questions/problems are dealt with	.....
Quality of the overall level of support/service	.....
General level of staff competence	.....
Management of upgrades/new releases	.....
Continued stability/commitment to product for future	.....
Pro-active account management	.....
Quality of training support	.....

d) Importance of the Potential Business Benefits the Solution might deliver to your business.

Reduced cost of stock holding	.....
Reduced labour costs	.....
More reliable delivery of customer orders	.....
Faster delivery of customer orders	.....
Better internal communications	.....
Ability to offer more competitive prices	.....
Improved customer satisfaction	.....
Improved management control of manufacturing process	.....
Cost savings across the manufacturing process	.....

Now you are ready to read the detailed report & see how the vendors and products match up to your expectations.

6. Profile of Current Systems

Of the ERP solutions in use today, those systems serving the SME market possess a generally younger profile than those serving the mid-to-corporate markets as figure 1 shows.

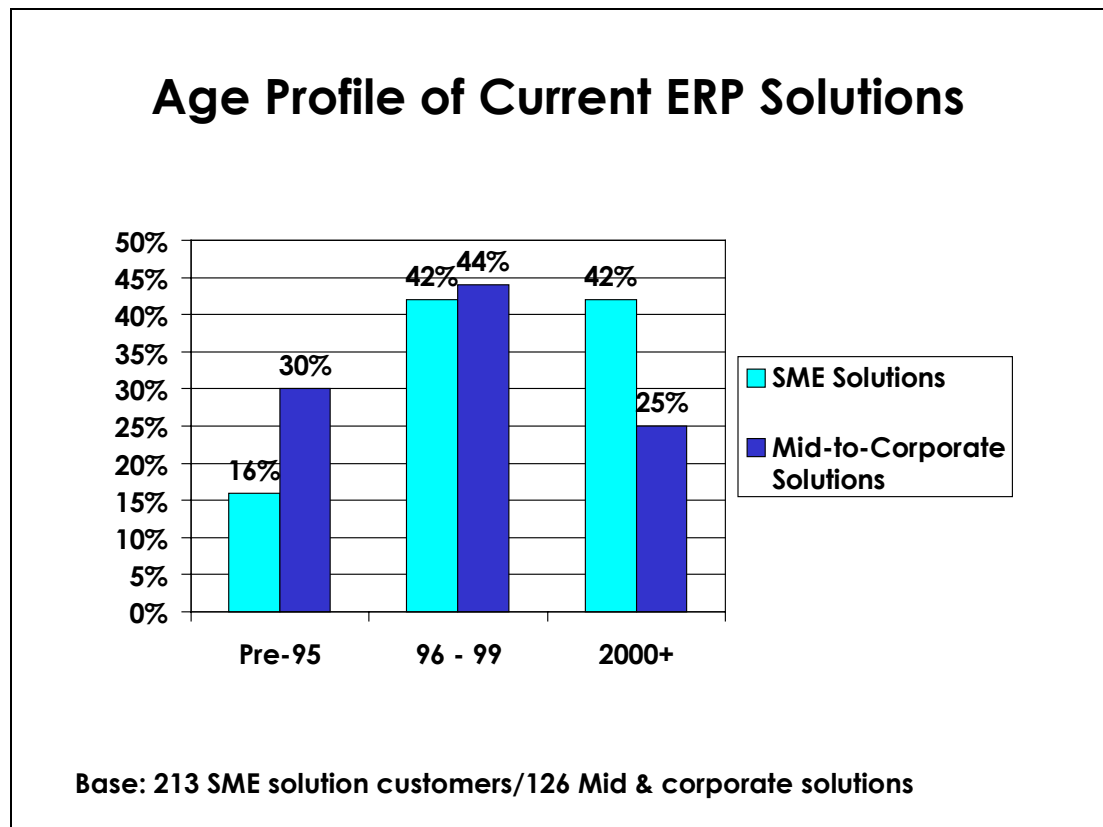


Figure 1

Nearly one in three mid-to-corporate solutions were originally implemented during or before 1995, making them at least nine years old. This would suggest that the number of UK manufacturers who are currently “making do” with older technology that, in some cases, has not been updated for some considerable time.

Having said this, it should be noted that a typical SME level solution is likely to take significantly less time to implement than the typical mid-market or corporate system. If you are using a system that originally took 3-4 years to implement successfully and fully, it is

understandable that you might want to hold on to it for nine years or more. Nevertheless, this can't really be a valid excuse for holding onto the same system if it is not performing.

In addition to differences in terms of system age, we also found that there was a greater tendency to seek to modify the base system amongst larger implementations. SME solutions rarely experience substantial modification and a large proportion of them are running as totally unmodified solutions.

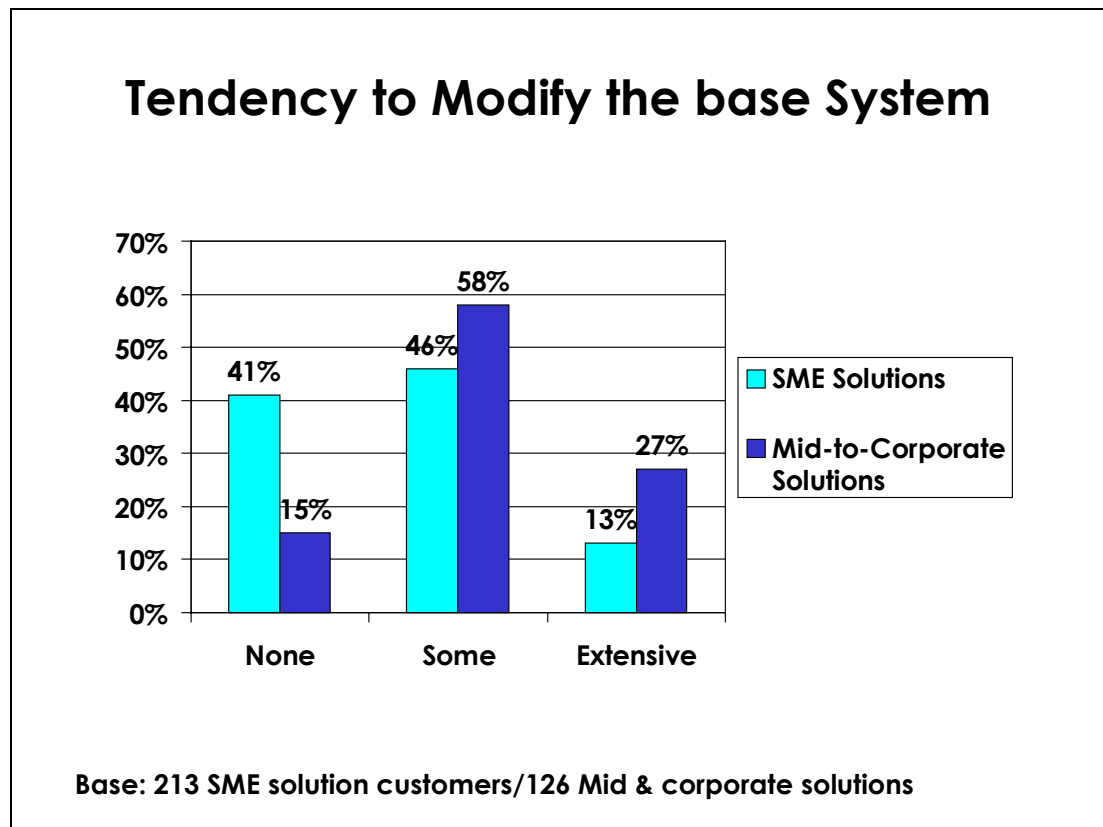


Figure 2

7. Implementation.

7.1 General Findings

When comparing satisfaction levels with ERP implementation in 2004 with the levels recorded in 2002 we can see that overall customers have experienced a modest increase in satisfaction levels during this time.

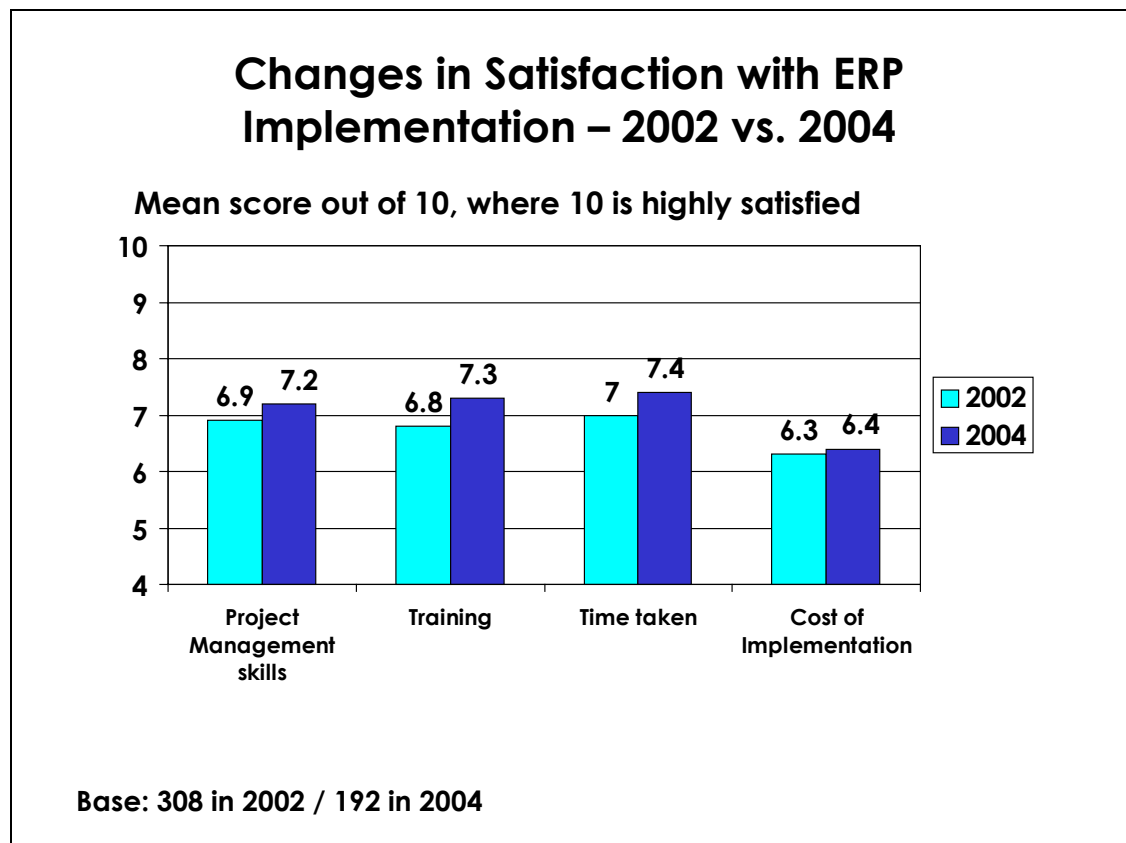


Figure 3

Over time it would therefore appear that vendors are getting better at managing the implementation process. This represents a long term trend as satisfaction levels from the 1999 survey were lower than in 2002. Certainly it would seem that a typical manufacturer seeking to implement a new ERP system today would be likely to experience a smoother and more efficient implementation process than would have been the case during the 1990s.

7.2 Implementation Performance of SME Vendors

The SME vendors measured by the survey were as follows:

- Efacs by Exel
- Infor (formerly infor:swan)
- MFW, Smartvision and Joboss by K3
- Syspro and/or Impact by Syspro
- Sage Line 500 by Sage Enterprise Solutions
- Fourthshift and Evolution by SoftBrands

The results for implementation are shown in Table 4 comparing the average scores out of 10 received in each case.

Table 4 Satisfaction Score Achieved for Implementation by SME Vendors
[Average ratings on a scale from 10 to 1, where 10 = very satisfied & 1 = very dissatisfied]

	Exel	Infor	K3	Syspro	Sage Enterprise	Softbrands
Data:	<i>New</i>	<i>Revised</i>	<i>New</i>	<i>New</i>	<i>New</i>	<i>New</i>
Base:	20	23	18	43	21	17
Project Management Skills	7.2	7.4	7.3	7.4	7.5	7.5
Time Taken	7.4	7.1	7.6	7.5	8.2	8.1
Training at the time	7.6	7.2	7.7	7.9	7.6	7.5
Implementation costs	6.7	6.7	6.8	6.3	7.0	7.4
Overall	7.2	7.1	7.3	7.3	7.6	7.6

Exel: Like several of the SME vendors, Exel has enjoyed a general improvement in its satisfaction scores for implementation over the past two years. Training scores have improved most significantly since 2002, at which time they were only rated at 6.3.

Infor: Scores well for implementation, achieving an average of 7.1 out of 10. The main area of concern relates to the implementation costs. This is the only instance where their rating drops below 7 out of 10 and then only marginally so.

K3: Scores well for its implementation services overall, the company receives very high scores for its training and the time taken for implementation. The only score below 7 out of 10 relates to implementation costs.

Syspro: Scores highly in terms of training offered and also registers good scores for all other areas except for implementation costs, which only achieve a score of 6.3.

Sage Enterprise: Achieves scores in excess of 7 out of 10 for every factor and appears especially strong in terms of the time taken for implementation. Show no particular areas of weakness in their general implementation, achieving one of the highest overall scores for implementation of any vendor.

SoffBrands: Achieves high scores for every area of the implementation process and is extremely strong in terms of the ratings received for the time taken. Overall scores remain significantly above 7 throughout thus achieving one of the highest overall scores for implementation.

In general terms, of course, all of the SME vendors score fairly well for implementation services and even the lowest scores received here sometimes out perform the average scores one might expect for either mid-range or corporate vendors.

7.3 Implementation Performance of Mid & Corporate Market Vendors

The Mid Market and Corporate vendors measured by the survey in sufficient numbers for analysis were as follows:

- Avante by Epicor
- System 21 by Geac
- IFS
- PeopleSoft
- Oracle
- MFG/PRO by QAD
- R3 by SAP
- BPCS by SSA

The results are shown in Table 4 comparing the average scores out of 10 received in each case.

Table 4 Satisfaction Score Achieved for Implementation by Mid & Corporate Market Vendors

[Average ratings on a scale from 10 to 1, where 10 = very satisfied & 1 = very dissatisfied]

	Epicor	Geac	IFS	Oracle	PeopleSoft	QAD
Data:	<i>Revised</i>	<i>New</i>	<i>Revised</i>	<i>Revised</i>	<i>Revised</i>	<i>New</i>
Base:	30	14	12	16	22	13
Project Management Skills	6.7	7.6	5.9	7.1	7.2	6.6
Time Taken	6.4	7.6	7.6	5.9	7.1	7.0
Training at the time	6.6	7.4	6.6	6.1	6.2	6.9
Implementation costs	5.8	5.8	7.4	5.4	6.2	6.3
Overall	6.4	7.1	6.9	6.1	6.7	6.7

	Sanderson	SAP	SSA
Data:	<i>Revised</i>	<i>Revised</i>	<i>Revised</i>
Base:	10	27	20
Project Management Skills	6.0	6.6	6.6
Time Taken	6.1	6.6	6.9
Training at the time	6.5	6.0	6.6
Implementation costs	7.3	5.3	5.6
Overall	6.5	6.1	6.4

Epicor: Scores reasonably consistently across the board. Implementation costs scores less than 6 out of 10 and would represent a potential area of concern.

Geac: Receives good scores for project management, time taken and training. The only area scoring below 6 out of 10 are the implementation costs. Overall, however, Geac obtains the highest overall satisfaction ratings for implementation of any mid-market or corporate supplier.

IFS: IFS receive high satisfaction scores for the speed and cost of the implementation. The ratings for the quality of the training represent a fairly average score for a mid-market/corporate vendor. However, IFS receive a low score for their project management skills. IFS are unusual, as most of the other vendors score quite well for project management and tend to score very low for satisfaction with the costs. By contrast IFS do exceptionally

well in terms of the costs (highest level of satisfaction in the market) but are poorly regarded in relation to their project management skills.

Oracle: Receives a score in excess of 7 out of 10 for project management skills. Lower scores are noted for training and the time taken for the implementation. The lowest rating was allocated for the cost of implementation.

PeopleSoft: Score well for project management and time taken more slightly poorly in terms of training and implementation costs. Overall, therefore, PeopleSoft achieve a score above the average.

QAD: Score reasonably well in terms of the time taken and training and receives a fairly average rating for project management skills. Implementation costs scored lowest, as is often the case for this factor amongst the mid and corporate marketplace.

Sanderson: Scores represent a low average for most factors aside from implementation costs, for which Sanderson receives one of the highest satisfaction ratings.

SAP: Scores are average for project management skills and time taken but lower scores are registered in terms of training and, in particular, the overall implementation costs.

SSA: Scores reasonably for time taken and achieves average scores for project management and training. The implementation costs achieve poor satisfaction scores however. Overall SSA scores just below the average for the market.

8. Software Performance

8.1 General Findings

Satisfaction scores have experienced a general improvement since 2002. In the 2002 survey the average satisfaction score across all companies interviewed against a basket of 15 different software performance attributes was 6.8 out of 10. The 2004 survey shows that this average score has now increased to 7.2.

Consequently, a significant number of the attributes measured register mean satisfaction scores above 7 out of 10. Figure 4 shows those attributes that register the higher averages and the extent to which these averages have improved since the previous survey.

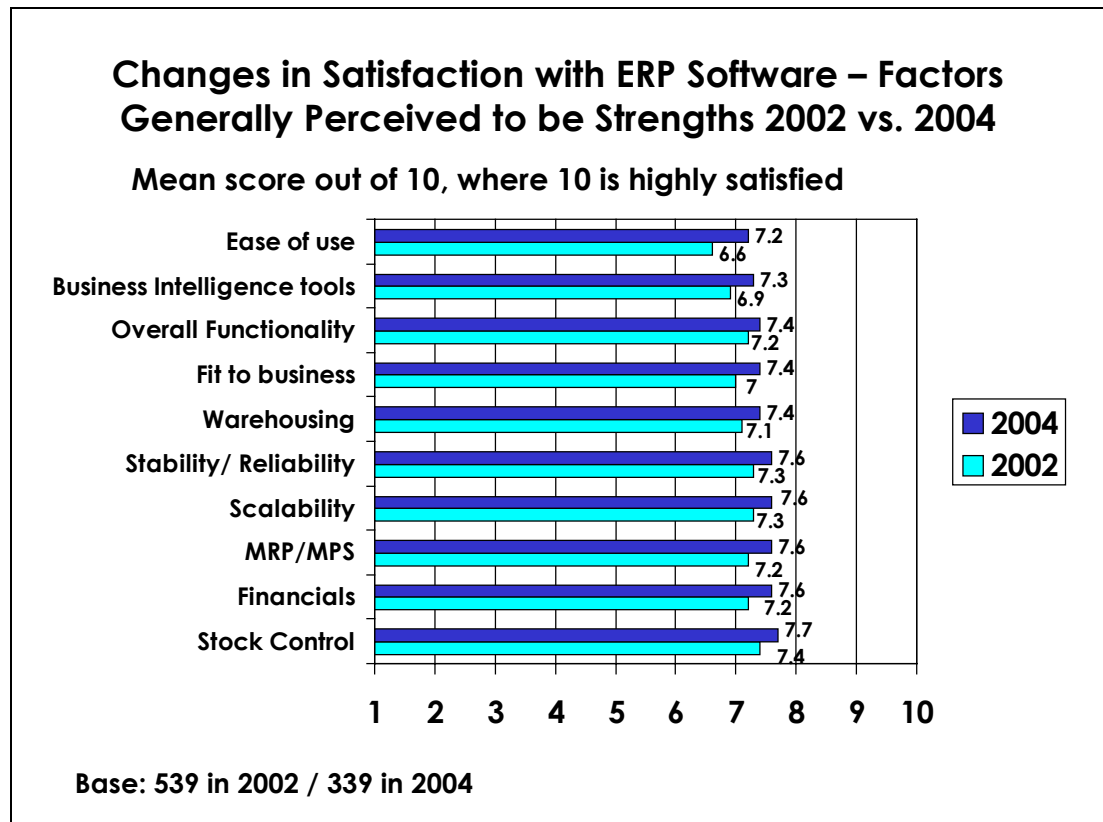


Figure 4

The survey shows that levels of satisfaction with many of the basic aspects of core functionality are now quite high. The primary elements of most ERP solutions – financial modules, stock control and the MRP/manufacturing scheduling modules all now receive strong satisfaction scores. Furthermore, most systems in use today are perceived to be reliable, stable, bug-free, scalable, relatively easy to use and a reasonable fit to the business. There is no excuse now for customers to experience poor performance in these areas as the general picture suggests that most ERP solution providers are capable of providing a good service.

Nevertheless, there do remain a limited number of attributes in which the overall satisfaction ratings fall below the current averages. These represent more problematic areas where suppliers, in general, find it harder to deliver a consistently strong performance.

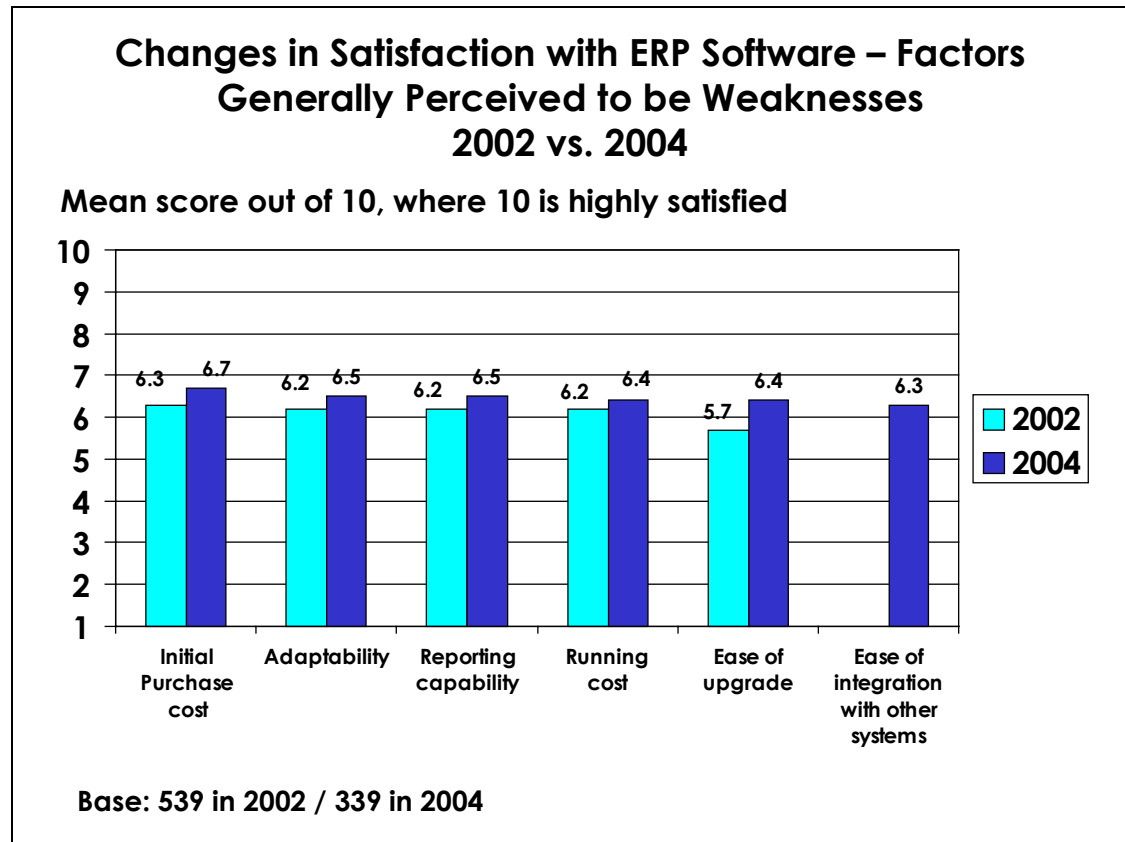


Figure 5

The good news here is that the general level of satisfaction appears to be improving. Satisfaction with "ease of upgrade" in particular appears to have improved (possibly as a result of lessons learnt following on from the Y2K upgrades).

The lessons for customers looking to replace ERP solutions would be that the factors shown in Figure 4 are very often areas where suppliers generally performed better than those measured in Figure 5. That being the case, it obviously makes best sense to focus more effort during the evaluation phase on the assessment of how well vendors and solutions perform in terms of the factors shown in Figure 5, as these areas are those most likely to cause problems.

Certain aspects of software performance can be significantly influenced by the extent to which solutions are bespoke. The 2002 survey noted that customers that chose to undertake a significant amount of bespoke work to augment, enhance and adapt their ERP system were also those people most likely to experience low satisfaction. People who chose systems that were well suited to begin with and who followed a policy of minimal bespokeing appeared to have significantly higher satisfaction scores. This trend is confirmed in the 2004 survey. Heavily bespoke systems are clearly less easy to use, less stable, more likely to pose problems during upgrades and (fairly obviously) more expensive in the initial instance.

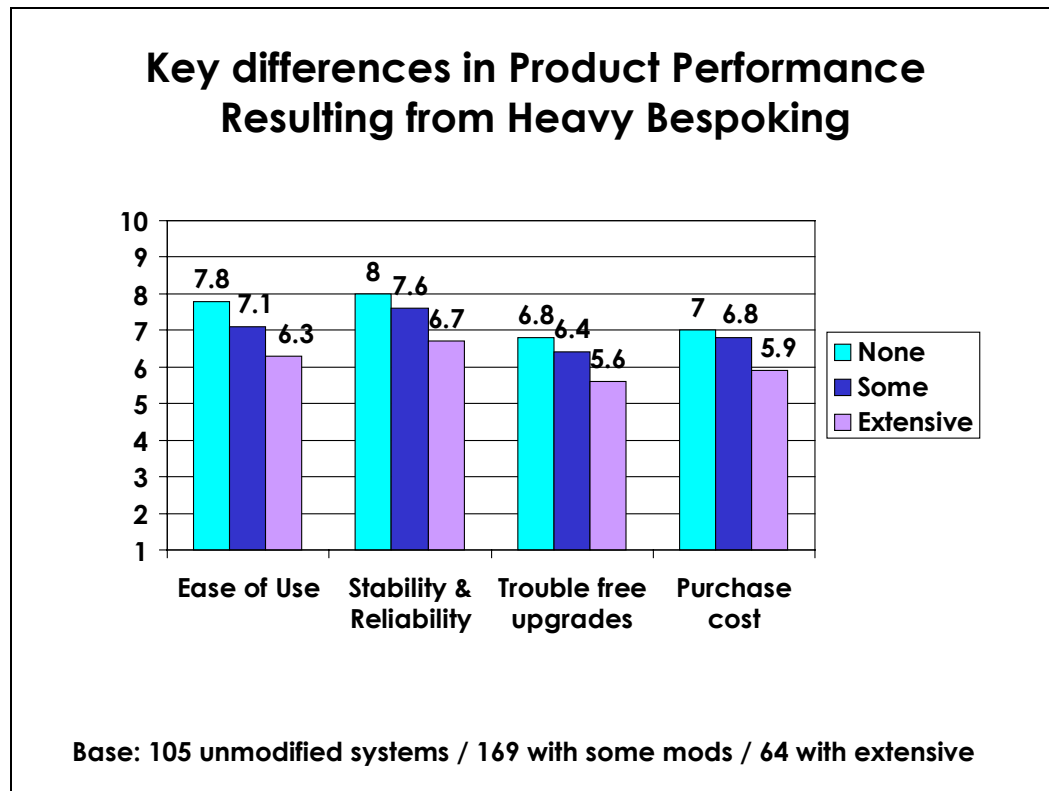


Figure 6

8.2 Satisfaction with Software Functionality & Quality of SME Solutions

When regarding software functionality, especially within the SME market, it is important to remember that not all vendors in the market have the same composition in terms of customer base. In some cases the customer base, almost universally, will implement and use all the core manufacturing and financial modules – financials, stock control and materials ordering/scheduling. In others, a significant proportion of the customer base may consist of organisations that use the manufacturing scheduling functionality only and rely on other suppliers to provide their financials. It is therefore important to be aware of differing compositions within vendor customer bases:

- Exel – 100% of the base interviewed has implemented financials, stock control and materials ordering/scheduling
- Infor – near to 100% use infor's stock control and materials ordering/scheduling modules but the usage of financials is not universal – 84% use the Infor financials.
- K3 – 100% are using the K3 stock control and materials ordering/scheduling modules but only 66% use the associated financials.
- Syspro – Usage of financials and stock control modules approaches 100% but usage of materials ordering/scheduling is slightly lower at 90%.
- Sage – 100% use the Sage financials but by no means all of the customer base goes on to implement further modules. 72% are using Sage stock control and just 59% use the materials ordering/scheduling modules. Thus a higher proportion of the customer base represents pure financials customers.
- Softbrands – Near to 100% use all financials and manufacturing related modules.

The differences in the compositions of the various customer bases that these figures represent reflect the different histories of some of the vendors involved. So, for example, a vendor that was historically a financial software supplier that later came to offer manufacturing functionality may well still have more users of financial modules than stock control or MRP. In a similar manner, there are some suppliers that historically offered manufacturing solutions but did not originally offer any financials.

Satisfaction with the performance of the main SME solutions measured in the survey is shown in Table 7.

Table 7: Satisfaction with SME Software Capabilities

[Average ratings on a scale from 10 to 1, where 10 = very satisfied & 1 = very dissatisfied]

Function	Exel (NEW data)		infor (Revised data)		K3 (New data)	
	Base:	Rating:	Base:	Rating:	Base:	Rating:
Financials	30	7.5	36	6.7	20	7.0
Stock control	30	7.8	43	7.1	30	7.4
Materials Ordering/ MRP/Scheduling	30	8.2	40	6.8	30	7.4
Business Intelligence Tools	22	7.9	18	6.0	14	7.5
Warehousing & Distribution	23	7.8	21	6.1	13	7.2
Initial purchase cost	7.4		6.6		6.5	
Running cost	7.4		6.1		6.1	
Ease of use	7.7		5.9		7.3	
Fit to business	7.8		6.4		7.0	
Stability	7.8		6.2		7.4	
Adaptability	7.3		5.3		6.0	
Scalability	8.3		6.4		7.3	
Ease of upgrade	7.0		5.2		5.7	
Reporting capability	8.0		5.7		6.4	
Ease of integration with other systems	7.0		4.6		5.5	
Leading edge technology	6.7		4.3		5.2	
Overall software functionality	7.7		6.6		6.8	

[Base: 30 for Exel, 43 for infor, 30 for K3]

continued/-

Function	Syspro (NEW data)		Sage Enterprise (NEW data)		SoftBrands (NEW data)	
	Base:	Rating:	Base:	Rating:	Base:	Rating:
Financials	61	8.1	46	7.7	27	7.2
Stock control	63	8.3	33	7.2	28	7.5
Materials Ordering/ MRP/Scheduling	56	7.8	27	7.0	27	7.9
Business Intelligence Tools	33	8.1	20	7.4	17	6.7
Warehousing & Distribution	42	8.0	26	7.6	16	7.4
Initial purchase cost	7.2		6.9		7.1	
Running cost	6.4		6.4		6.4	
Ease of use	7.8		7.1		6.8	
Fit to business	8.0		7.3		7.1	
Stability	7.6		7.8		7.5	
Adaptability	6.9		6.8		6.2	
Scalability	7.9		7.4		7.3	
Ease of upgrade	6.5		7.1		6.8	
Reporting capability	7.1		7.1		6.4	
Ease of integration with other systems	7.2		6.3		6.6	
Leading edge technology	6.6		5.8		6.0	
Overall software functionality	7.9		7.7		7.4	

[Base: 28 for Softbrands, 46 for Sage Enterprise Solutions and 63 for Syspro – unless otherwise shown]

Exel: Scores well for a wide range of the factors tested, registering especially high ratings for its MRP/MPS/Scheduling module, its scalability and reporting capability. The newer generation Efacs implementations represent a clear improvement in performance over that recorded in the last survey. For example, the satisfaction score for overall software functionality in 2002 was 7.1 out of 10, it is now 7.7.

Infor: Infor's best scores are for its Financials, Stock Control and MRP/MPS/Scheduling modules, with only the Stock Control module registering a score above 7. The poorest scores are in terms of ease of use, adaptability, ease of upgrade, reporting capability, ease of integration and the extent to which the offering is perceived to be leading edge.

K3: Scores reasonably well for all the core software modules (between 7 and 7.5 out of 10) and frequently manages to achieve satisfaction scores in the area of 7 out of 10 and above. Poorer scores are to be found for ease of upgrade, ease of integration and the extent to which it is seen as leading edge.

Syspro: Scores strongly across the core software modules, typically achieving satisfaction scores that are close to or exceeding 8 out of 10. This is reflected in the high rating for overall software functionality (7.9 out of 10). A further area of obvious strength is the fit to business. Generally speaking, Syspro's scores exceed 7 out of 10 reflecting an all round strong performance. There are a few areas where the scores are lower but none fall below 6.4 out of 10. The lowest scores are given for running costs and for ease of upgrade, although at 6.4 and 6.5 these are not bad.

Sage Enterprise Solutions: Many of the satisfaction scores recorded for Sage are around 7 out of 10. Higher scores are registered for their financials, software stability and for overall functionality. Lower scores are given for running costs, ease of integration and leading edge technology (although only the last of these three actually score less than 6 out of 10).

Soffbrands: Scores highest in terms of its MRP/MPS/Scheduling modules. Many of the other factors tested tend to score around 7 out of 10 and the overall rating for software functionality is 7.4. None of the factors measured score under 6 which illustrates a reasonable all round performance. The lowest scores were for leading edge technology, adaptability, reporting capability and running costs.

8.3 Satisfaction with Software Functionality & Quality of Mid & Corporate Market Solutions

As was the case with the SME market, not every supplier's customer base consists of organisations that have fully implemented all the core financial and manufacturing modules. In some cases customers may possess the financial applications but may not yet have implemented manufacturing modules (and in some instances may not intend to in the immediate future). This means that the customer bases of various suppliers are of a mixed composition. A brief review of the overall situation in each case is given below:

- Epicor – 98%+ of the interviewed customer base uses financial, stock control and MRP/scheduling modules.
- Geac – 100% use the financial modules but stock control is less widely used at 87% and MRP/Scheduling is implemented in only 57% of cases.
- IFS – 100% are using the financials and the stock control, the MRP/scheduling modules are used by 87%.
- Mapics – 100% use the stock control module but fewer would use either the financials (83%) or the MRP/Scheduling modules (89%).
- Oracle – 100% use the financials but stock control (96%) and MRP/scheduling (88%) are also very widely used.
- PeopleSoft – 100% use the PeopleSoft financials. Usage of the stock control and MRP/scheduling is less at 74%.
- QAD – The financials, stock control and MRP/Scheduling modules are in use in nearly 100% of all customers.
- Sanderson – 100% use financials and stock control, MRP/scheduling is used by 94%
- SAP – 100% use the financials and stock control is implemented in 98% of cases. MRP/Scheduling applications are less common but are nevertheless employed by 93%.
- SSA customers have implemented stock control in 100% of cases, MRP/Scheduling is used by 97%. Financials are less commonly employed (but still by 88%).

Satisfaction with the performance of the main mid-market solutions measured in the survey is shown in Table 8.

Table 8: Satisfaction with Mid & Corporate Market Software Capabilities

[Average ratings on a scale from 10 to 1, where 10 = very satisfied & 1 = very dissatisfied]

Function	Epicor (Revised data)		Geac (NEW data)		IFS (Revised data)	
	Base:	Rating:	Base:	Rating:	Base:	Rating:
Financials	43	6.9	30	8.0	15	7.9
Stock control	43	7.4	26	7.7	13	7.6
Materials Ordering/ MRP/Scheduling	44	7.3	17	7.4	13	7.5
Warehousing & Distribution	33	7.3	12	6.9	-	-
Business Intelligence Tools	19	6.9	17	7.3	12	6.9
Initial purchase cost	6.2		5.9		7.7	
Running cost	6.2		5.9		7.0	
Ease of use	7.0		7.1		7.8	
Fit to business	7.2		7.1		7.8	
Stability	6.8		7.6		7.1	
Adaptability	5.9		6.3		6.8	
Scalability	7.0		7.5		8.1	
Ease of upgrade	5.0		6.5		6.2	
Reporting capability	5.9		5.8		7.7	
Ease of Integration with other systems	4.1		6.0		-	
Leading edge technology	4.9		5.9		-	
Overall software functionality	6.9		7.4		7.5	

[Base: Epicor – 44, Geac – 30, IFS – 15, unless otherwise shown]

continued/-

Function	Mapics (Revised data)		Oracle (Revised data)		Peoplesoft (Revised data)	
	Base:	Rating:	Base:	Rating:	Base:	Rating:
Financials	15	6.7	26	7.5	42	7.5
Stock control	18	7.2	25	7.3	31	7.2
Materials Ordering/ MRP/Scheduling	16	7.1	23	7.4	31	6.9
Warehousing & Distribution	14	6.4	14	7.2	27	6.5
Business Intelligence Tools	-	-	19	6.9	19	7.2
Initial purchase cost	5.1		5.5		5.5	
Running cost	5.6		5.5		6.1	
Ease of use	6.5		6.3		6.4	
Fit to business	6.7		7.0		6.6	
Stability	8.2		6.8		6.9	
Adaptability	6.7		6.0		6.6	
Scalability	7.9		7.9		7.5	
Ease of upgrade	6.7		4.6		5.8	
Reporting capability	5.9		6.1		5.7	
Ease of integration with other systems	-		-		6.6	
Leading edge technology	-		-		5.8	
Overall software functionality	7.3		7.1		7.0	

[Base: Mapics – 18, Oracle – 26, PeopleSoft – 42 unless otherwise stated]

continued/-

Function	QAD (NEW data)		Sanderson (Revised data)		SAP (Revised data)	
	Base:	Rating:	Base:	Rating:	Base:	Rating:
Financials	30	7.6	17	6.0	42	7.8
Stock control	31	7.9	17	6.6	41	7.8
Materials Ordering/ MRP/Scheduling	31	7.9	16	6.7	39	7.4
Warehousing & Distribution	23	7.7	10	6.7	34	7.6
Specialist Reporting/ Business Intelligence Tools	16	6.5	-	-	16	6.3
Initial purchase cost	6.9		6.5		5.6	
Running cost	7.0		5.8		5.4	
Ease of use	7.5		6.2		6.6	
Fit to business	8.0		7.3		7.7	
Stability	8.0		6.5		8.1	
Adaptability	6.8		5.5		6.4	
Scalability	7.7		6.5		8.4	
Ease of upgrade	6.3		4.5		5.4	
Reporting capability	5.8		7.1		6.6	
Ease of integration with other systems	6.6		-		6.3	
Leading edge technology	6.0		-		7.3	
Overall software functionality	7.6		6.3		8.0	

[Base: QAD –31, Sanderson – 18, SAP – 43, unless otherwise shown]

continued/-

Function	SSA (Revised data)	
	Base:	Rating:
Financials	30	7.0
Stock control	34	6.9
Materials Ordering/ MRP/Scheduling	33	6.7
Warehousing & Distribution	24	7.0
Business Intelligence Tools	18	7.0
Initial purchase cost	6.0	
Running cost	6.4	
Ease of use	6.2	
Fit to business	6.8	
Stability	6.7	
Adaptability	6.2	
Scalability	7.0	
Ease of upgrade	4.7	
Reporting capability	4.9	
Ease of integration with other systems	-	
Leading edge technology	-	
Overall software functionality	6.7	

[Base: 36 - unless otherwise shown]

Epicor: Scores are average for most factors. Core stock control, MRP and warehousing modules receive high average scores. However, a number of factors score poorly including adaptability, reporting capability, ease of upgrade, the extent to which it is perceived to offer leading edge technology (that scores 4.9 out of 10) and ease of integration with other systems (which registers a concerning score of only 4.1).

Geac: Scores strongly in terms of its financial and stock control modules. It also performs very strongly in terms of the perceived stability of the system. Lower scoring areas would include initial purchase price, running costs, reporting capability and the extent to which it is seen as leading edge. Overall Geac performs reasonably well registering general average to good satisfaction scores.

IFS: Generally scores highly, receiving strong scores for its financials and stock control modules. It also registers very high scores for initial purchase price, fit to business, stability, scalability and reporting capability.

Mapics: Scores are generally average, however, Mapics scores especially well for stability and for scalability. Poorer scores are registered for reporting capability, running cost and initial purchase price however.

Oracle: Score's generally reflect an average. The core software, in terms of its financial, stock control and manufacturing scheduling modules all score reasonably and it scores highly in terms of scalability. Poorer scores are received in terms of purchase costs and running costs and a particularly vulnerable area would appear to be ease of upgrade (which manages to score only 4.6 out of 10).

PeopleSoft: Scores are average across most areas. A few lower scores are worth pointing out, in terms of purchase cost, ease of upgrade and reporting capability but generally satisfaction scores are reasonable. The highest scores registered were for the financial module, scalability and its business intelligence tools.

QAD: Overall QAD registers some of strongest satisfaction scores for their software of any mid-range/corporate vendor. Its basic strength lies in its core manufacturing modules – its scores very highly in terms of financials, stock control, MRP/MPS and warehouse management. It also receives strong scores for fit to business, stability and scalability. Aside from this QAD scores reasonably well or averagely for all other factors. Its one weakness would appear to be in terms of its reporting capability – the only factor to receive a lower score.

Sanderson: Generally achieves average scores but fails to register an especially strong rating in any one area. It is best regarded for its fit to business need and its reporting capability (the only factors scoring above 7 out of 10). It has only a few areas that score poorly, these being, running costs, adaptability and ease of upgrade. Ease of upgrade scores especially poorly at only 4.5 out of 10.

SAP: Satisfaction scores are strong for a mid-market to corporate vendor. In terms of stability and scalability SAP registers exceptionally high customer satisfaction. It also performs very strongly in terms of fit to business, its financial and stock control modules as well as its warehouse management modules. It also receives the highest score in its class in terms of "leading edge technology" and in terms of overall software functionality. The weak areas are, perhaps predictably, initial purchase cost and running costs. It also performs poorly in terms of ease of upgrade.

SSA: Most scores represent an average rating. SSA manages to register a few scores at 7 out of 10 (for its financials, warehousing, business intelligence and scalability) that represent a high average but nothing higher. Two factors score poorly – ease of upgrade (4.7) and reporting capability (4.9).

9. Customer Support

9.1 General Findings

The level of support and the services provided to customers post implementation represent an important practical consideration for ERP customers. However good a software solution might prove to be in terms of performance and functionality it can still be let down by poor service and support. It is therefore important to measure how well vendors perform against these more intangible measures.

The overall picture provides some good news for ERP users. As is the case for software functionality the overall trend is for satisfaction ratings to improve over time. The 2002 survey showed that the typical satisfaction scores received in terms of customer support averaged 6.5 out of 10 across all factors measured. By 2004 this average had increased to 7.1.

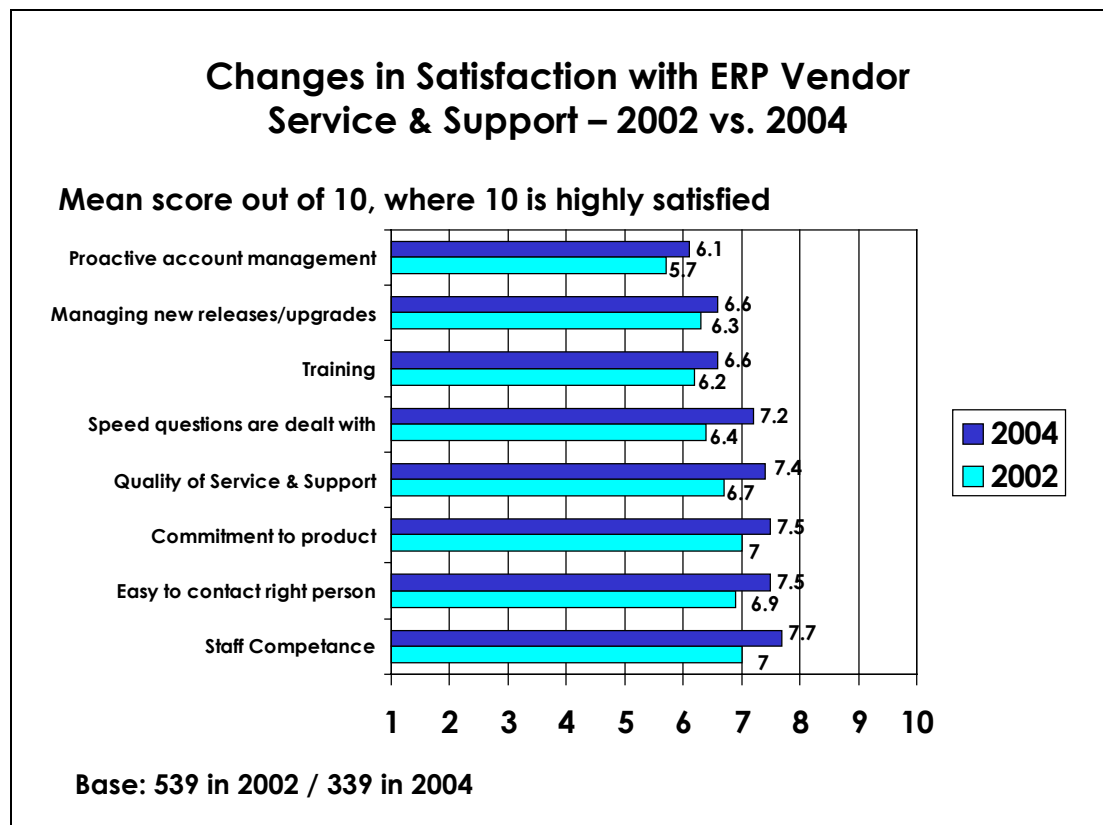


Figure 7

Suppliers have made generally good progress across all areas measured. However, in two areas in particular progress has been slower – pro-active account management and management of upgrades/new releases.

High levels of bespokeing would appear to impact on certain aspects of the supplier relationship in terms of service and support as well as on the functionality of the software itself. Here, again, the influence is shown to be unremittingly negative. Heavy levels of bespokeing lead to customer dissatisfaction.

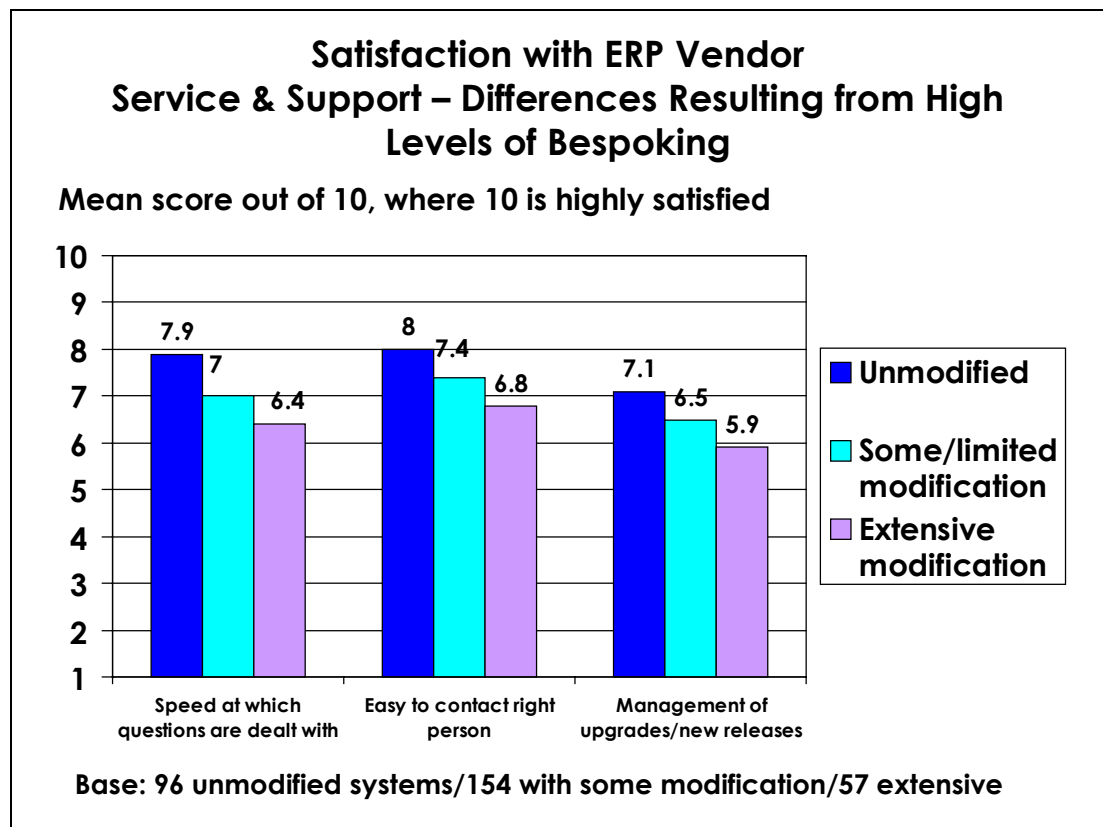


Figure 8

Three factors in particular are affected more than others. It is no surprise to find that customers of heavily modified systems experience support problems during upgrades and when moving to new releases. However, heavy levels of bespokeing also clearly lead to difficulties in identifying the right person to speak to and in receiving a speedy answer to questions when a technical problem arises. Clearly, then, a heavily bespokeed version will, at least sometimes, require more specialised support and hence the necessary resources are in scarcer supply.

9.2 Satisfaction with Customer Support Provided for SME Solutions

The satisfaction levels achieved in terms of customer support within the SME segment are shown in the table below:

Table 11: Satisfaction with the Quality of Customer Support – SME Market

[Average ratings on a scale from 10 to 1, where 10 = very satisfied & 1 = very dissatisfied]

Service Attribute	Exel (new)	infor (revised)	K3 (new)	Syspro (new)	Sage (new)	Soffbrands (new)
Base:	30	43	30	63	45	28
Easy to contact the right person	7.7	7.5	7.6	8.0	7.5	8.0
Speed at which questions are dealt with	7.3	7.1	7.6	7.8	7.3	7.9
Quality of overall level of support/service	7.8	7.4	7.5	7.7	7.6	7.8
Staff Competence	8.2	7.2	7.9	8.1	7.7	7.8
Management of upgrades/new releases	6.5	5.7	6.1	6.7	7.0	7.0
Continued commitment to the product	7.9	6.6	6.8	8.1	7.4	7.5
Proactive account management	6.5	5.9	6.0	6.7	6.1	6.0
Quality of training support	6.8	6.4	6.6	7.2	6.4	6.5
Overall average score	7.3	6.7	7.0	7.5	7.1	7.3

Exel: Exel scores highly for customer support, delivering an overall average of 7.3 out of 10. This represents a dramatic improvement over the situation in 2002 when Exel only managed an overall average of 5.7. Exel receives particularly high scores for staff competence, the overall quality of support/service and continued commitment to the product.

Infor: Registers reasonable high average scores for it being easy to contact the right person, speedy responses to enquiries, staff competence and quality of service and support. However, poor scores for proactivity of account management and for management of upgrades drag down the overall average scores for service and support in general.

K3: Scores highest for staff competence and registers high average scores for ease of contacting the right person, speed at which questions are dealt with and the overall quality of support. The overall average score for K3 precisely matches the average for SME vendors in general. No score falls below 6 out of ten but the scores for proactive account management and for the management of upgrades only manage to score at around this level (reflecting the overall SME market trend for these factors to score lowest).

Syspro: Scores very highly across a range of factors, with exceptionally high scores recorded in terms of the ease of contacting the right person, the speed at which questions are dealt with, staff competence, continued commitment to the product and quality of training. Syspro also receives the highest score of any SME vendor in terms of proactivity of account management.

Sage: Scores solidly for most of the factors tested. Achieves an overall average in line with the general market average. Strong areas worth highlighting would include their management of upgrades and new releases – an aspect of their service that achieves a creditable 7 out of 10 against the background of a market that would generally achieve an average of just 6.6 for this factor.

Softbrands: Scores solidly across the board, fairly much in line with overall industry averages. However, in a few areas Softbrands achieves scores that are significantly above the average – ease of contacting the right person, speed at which questions are dealt with, quality of overall level of support. Softbrands also achieves a good score for management of upgrades and new releases – an area which it is generally much harder for suppliers to do well in.

9.3 Satisfaction with Customer Support Provided for Mid & Corporate Market Solutions

Providing support for mid-market and corporate level solutions with more complex implementations and their greater number of users is clearly harder than for the smaller, simpler SME implementations. SME vendors would score an average of 7.2 out of 10 overall for their service and support. Mid-to-corporate level solution providers would, by contrast, score only around 6.5 on average.

Satisfaction ratings for Mid & Corporate Market vendors are shown below:

Table 12: Satisfaction with the Quality of Customer Support – Mid & Corporate Market

[Average ratings on a scale from 10 to 1, where 10 = very satisfied & 1 = very dissatisfied]

Service Attribute	Epicor (revised)	Geac (new)	IFS (revised)	Mapics (revised)	Oracle (revised)
Base:	44	30	15	17	24
Easy to contact the right person	7.1	7.8	7.7	6.3	6.2
Speed at which questions are dealt with	6.5	7.4	6.4	5.6	5.4
Quality of overall level of support/service	6.7	7.8	7.0	6.4	5.7
Staff Competence	6.8	7.9	7.3	6.8	6.5
Management of upgrades/new releases	6.2	6.9	6.1	6.9	5.8
Continued commitment to the product	6.9	7.7	8.4	6.7	7.1
Proactive account management	5.5	6.2	7.0	5.3	5.5
Quality of training support	6.4	6.8	7.2	5.8	6.2
Overall	6.5	7.3	7.1	6.2	6.1

Service Attribute	Peoplesoft (revised)	QAD (new)	Sanderson (revised)	SAP (revised)	SSA Revised)
Base:	38	31	18	43	36
Easy to contact the right person	5.7	7.2	6.5	6.5	6.2
Speed at which questions are dealt with	5.6	6.8	6.0	6.5	5.9
Quality of overall level of support/service	5.9	7.1	6.4	6.6	6.3
Staff Competence	6.1	7.2	7.3	7.3	6.6
Management of upgrades/new releases	5.9	6.8	5.4	6.5	5.9
Continued commitment to the product	6.7	8.0	7.7	7.6	6.3
Proactive account management	4.7	6.3	5.1	6.1	4.8
Quality of training support	6.3	6.7	6.1	6.0	5.8
Overall	5.9	7.0	6.3	6.6	6.0

Epicor: Scores fairly averagely for a vendor in this market. Indeed, the overall average score is dead in line with the market. Falters a little in terms of the score received for proactivity of account management but otherwise is consistently average.

Geac: Service and support from Geac does well in comparison to competitors. Strong scores are registered in most areas but especially high scores are noted for ease of contacting the right person, quality of overall service and support, staff competence and continued commitment to the product. Geac also scores well in terms of managing upgrades and new releases (a factor where it is notoriously difficult to register a strong score in this market).

IFS: Scores strongly across the board, especially in terms of ease of contracting the right person, overall quality for support, continued commitment to product, proactive account management and training. The lowest score received is in terms of managing new upgrades and new releases – an area where supplier generally struggle to register high scores.

Mapics: Scores very well in terms of managing upgrades and new releases in comparison to the competition. However, Mapics also shows some weaknesses, with poorer scores for the speed at which questions are dealt with, proactivity of account managers and the quality of training support.

Oracle: Many of the Oracle customers err towards the corporate end of the market. Here it is even harder to register strong satisfaction scores. Oracle are perceived to be committed to the product and register average scores in a number of areas. However, several areas demonstrate lower scores, specifically the speed at which questions are dealt with, overall quality of service and support, management of upgrades and new releases and proactivity of account managers.

PeopleSoft: Operating at a similar level to Oracle, PeopleSoft registers very similar satisfaction scores in terms of service provision. However, it also demonstrates the same kind of weaknesses with several factors scoring poorly, struggling to achieve 6 out of 10. Account Management proactivity is seen to be especially problematic, scoring a very poor 4.7 out of 10.

QAD: Scores creditably across the board showing no real areas of under performance. QAD scores well in terms of the management of upgrades and new releases. QAD is also perceived as highly committed to the future of their product.

Sanderson: Registers a number of average scores and is perceived as highly committed to the future of their product. However, the scores for management of upgrades/new releases and for proactivity of account managers are poorer.

SAP: Registers average scores across the board with no particular areas of weakness in evidence. However, there are also no exceptionally high scores either aside from the perception that SAP is highly committed to the future of the product. The net effect is an overall average that is fairly typical of mid-range and corporate vendors.

SSA: Scores are average for a number of areas but some areas of low scoring did emerge. Ratings received for management of upgrades/new releases and training support were poor and the rating for proactivity of account managers was very low at only 4.8. SSA also received a relatively low score (although still a reasonable 6.3 out of 10) for continued commitment to the product – an area that vendors normally score highly in.

10. Business Benefits

10.1 General Findings

A number of trends and issues emerge when looking at the ratings that customers provide for business benefits experienced. Unlike the other major areas investigated by the survey – implementation, software functionality and vendor service/support – satisfaction with the level of business benefits experienced has not changed much during the past two years. All other areas have experienced a significant improvement in satisfaction – this is not the case in terms of the business benefits experienced.

In 2002 the overall average satisfaction score received for the business benefits experienced was 5.9 out of 10. The 2004 survey shows it is now 6.0 out of 10 – statistically that represents no real difference. Not only does this show little change but it is also notably lower than the scores received in other areas (which are generally closer to 7 out of 10). It is likely that this is because business benefits are harder to tie in directly with the impact of the system itself. If, for example, a manufacturer manages to reduce their cost of stock holding, the question arises as to the extent to which this has been achieved by the introduction of the software versus the extent to which other factors, such as structural and/or business process changes, have delivered this improvement.

Nevertheless, the fact that an average score of 6 out of 10 is achieved would in itself indicate that benefits are indeed being experienced across the range of factors tested, even if they may not in many cases amount to an overwhelming endorsement. There is a certain range of response as well. If, for example, we look at the scores given for “more reliable delivery of customer orders” 110 of the people we interviewed rated their level of satisfaction with the degree to which this benefit had been experienced at 7 out of 10 or higher. They may be a minority but they certainly exist.

Another interesting finding relates to the impact of high levels of bespoke on satisfaction overall. For the other areas that we have already investigated we can generally conclude that high levels of bespoke modification lead to certain problems in terms of software performance and support. This leads to a situation where companies with high levels of bespoke are generally more likely to be dissatisfied with software performance and support. When it comes to evaluating perceptions of the business benefits experienced however, the situation is different. There is no correlation between the level of business benefits experienced and the level of bespoke or, to put it simply, heavily bespoke

systems are neither more nor less likely to deliver business benefits than systems that have not been modified at all. The differences in satisfaction scores are slim and usually statistically insignificant. On some occasions there is some evidence to suggest that those with significant levels of bespokeing are slightly more satisfied – but the difference is very small. The greatest margin of difference recorded was for benefits in terms of improved internal communications – here those with no modifications had an average satisfaction score of 6.4 out of 10 as against those with extensive modifications who gave an average score of 6.7.

The main difference between those customers that provided a high satisfaction score and those that provided a lower one was in fact in terms of customer loyalty (which will be analysed in detail in section 11 of this report). However, it is worth noting here that those customers that are most likely to be looking to change suppliers and/or who are most open to doing so are also those who tend to give lower rating scores for business benefits. Similarly, those customers that provide high rating scores for benefits experienced are also those most likely to be loyal to the vendor.

A further factor that must be taken into account is the nature of the systems that customers are employing. Here some vendors have a large number of customers that are only using their financials but not their stock control or materials ordering/scheduling modules. This being the case, it is unlikely that certain benefits relating to fulfilment of customer orders and stock control efficiency can be attributed in any way to the vendor concerned.

10.2 Business Benefits Experienced by SME Customers

For most of the SME vendors measured in the survey a high level of usage for stock control and MRP/MPS modules was recorded. However, this was not true of all vendors. In the case of Sage only 59% use the MRP/Materials Ordering/Scheduling modules and 72% use stock control. This means that many Sage users would only possess the financial modules. For this reason it is likely to be harder for Sage customers to acknowledge business benefits in certain areas where financial only solutions are unlikely to make a difference. Hence, two Sage figures are shown. The first represents the overall score based on all customers interviewed and the second, in parentheses, represents the score based only on those Sage customers that have installed their MRP/materials ordering/scheduling software.

Satisfaction scores for the benefits experienced by specific SME solutions are illustrated below:

Table 15: Perceptions of Business Benefits Secured by ERP – SME Market

[Average ratings on a scale from 10 to 1, where 10 = very significant benefits & 1 = no benefits at all]

Benefit	Exel (new)	infor: (revised)	K3 (new)	Syspro (new)	Sage Enterprise (new)	Softbrands (new)
Base:	31	43	30	32	46 (27)	28
Reduced costs of stockholding	6.7	5.9	6.7	6.0	5.0 (5.0)	6.1
Reduced labour costs	5.7	5.4	5.2	5.1	5.0 (4.4)	5.6
More reliable delivery of customer orders	7.6	5.7	6.5	6.7	5.5 (6.2)	6.4
Faster delivery of customer orders	7.1	5.6	5.8	6.0	5.2 (5.8)	6.0
Better internal communications	6.8	5.9	6.3	6.9	5.7 (5.9)	6.2
Able to offer more competitive prices	6.0	5.0	5.5	4.7	4.5 (4.8)	5.1
Improved customer satisfaction	7.0	5.5	5.9	6.0	5.2 (5.5)	5.6
Improved management control of manufacturing processes	7.9	6.5	7.0	6.8	6.1 (6.2)	6.9
Cost savings in the manufacturing process	6.0	4.8	5.6	5.4	5.0 (4.8)	5.8
Overall average score	6.8	5.6	6.0	5.9	5.2 (5.4)	6.0

Exel: Achieves some high scores in terms of business benefits. Scores above 7 out of 10 (unusually high for the SME market) are recorded for more reliable delivery of customer orders, faster delivery of customer orders, improved customer satisfaction and improved management control of the manufacturing processes. In none of the areas measured does the satisfaction rating received drop below the average for other vendors.

Infor: Receives an average to lower score for the SME market. Low scores for reliable delivery of customer orders, faster delivery of customer orders and cost savings in manufacturing process lead to an overall mediocre score. Infor manage to score about 6 once however – for improved management control of the manufacturing process.

K3: Scores reasonably well for reduced costs of stock holding and able to offer more competitive prices. Manages to score above 7 for improved management control of manufacturing process. Overall K3 attains an average score for this market.

Syspro: Scores reasonably well for more reliable delivery of customer orders and better internal communications. Also, Syspro are the only supplier aside from Exel to score above 6 for improved customer satisfaction. One potentially weak area lies in the fact that ability to offer more competitive prices scores just 4.7.

Sage: Low overall scores become marginally higher if the base of MRP users are analysed in isolation. Such an analysis improves Sage's scores in terms of more reliable delivery of customer orders and faster delivery of customer orders in particular.

Soffbrands: Scores reasonably across the board achieving and overall average rating. Slightly higher scores can be found for reduced labour costs, improved management control of the manufacturing process and cost savings in the manufacturing process.

10.3 Business Benefits Experienced by Mid & Corporate Market Customers

Table 16 shows the benefits experienced by customers of mid-market and corporate solutions. Within the mid and corporate market most of the vendors' customers have implemented all three of the core ERP modules – financials, stock control and MRP/Scheduling in most cases. However, in the case of Geac, only 57% would use the core MRP/scheduling module. For this reason two figures are shown for Geac – the first shows the overall score received, the second (in parenthesis) shows the figure based purely on those who have implemented MRP/Scheduling.

Table 16: Perceptions of Business Benefits Secured by ERP – Mid & Corporate Market

[Average ratings on a scale from 10 to 1, where 10 = very significant benefits & 1 = no benefits at all]

Business Benefit:	Epicor (Revised)	Geac (new)	IFS (Revised)	Mapics (Revised)	Oracle (Revised)
Base:	44	30 (17)	15	18	26
Reduced cost of stockholding	6.1	5.5 (6.6)	5.7	5.2	6.0
Reduced labour costs	5.8	5.4 (6.3)	5.1	5.8	5.4
More reliable delivery of customer orders	6.3	6.8 (7.3)	7.4	6.1	5.9
Faster delivery of customer orders	6.0	6.1 (6.9)	6.2	5.5	5.6
Better Internal Communications	6.4	5.5 (5.9)	7.7	5.9	6.1
Able to offer more competitive prices	5.4	4.7 (5.3)	5.7	4.7	4.4
Improved customer satisfaction	6.0	5.5 (5.9)	6.0	5.6	5.2
Improved management control of manufacturing processes	7.1	5.8 (6.6)	7.8	6.7	6.2
Cost savings in the manufacturing process	6.0	4.9 (5.8)	-	-	-
OVERALL	6.1	5.6 (6.3)	6.4	5.7	5.6

Business Benefit:	Peoplesoft (Revised)	QAD (new)	Sanderson (Revised)	SAP (Revised)	SSA (Revised)
Base:	42	31	18	43	36
Reduced cost of stockholding	5.8	6.6	6.1	6.0	5.8
Reduced labour costs	5.1	5.6	6.3	5.8	5.5
More reliable delivery of customer orders	5.7	6.7	6.8	7.0	6.1
Faster delivery of customer orders	5.2	6.2	6.0	6.2	5.5
Better Internal Communications	6.0	6.6	5.7	7.0	5.8
Able to offer more competitive prices	5.3	5.1	4.6	6.0	4.1
Improved customer satisfaction	5.4	5.8	5.3	6.4	5.4
Improved management control of manufacturing processes	6.5	7.0	6.7	6.7	6.4
Cost savings in manufacturing	5.4	6.1	-	6.4	-
OVERALL	5.6	6.2	5.9	6.4	5.6

Epicor: Scores reasonably highly for business benefits in comparison to many. Its best scores in relation to the competition are for reduced cost of stockholding, improved customer satisfaction and improved management control of manufacturing processes.

Geac: A significant minority of Geac customers are only using the financial modules. This means that their overall satisfaction scores are significantly lower than the scores given by those of their customers that have implemented MRP/Scheduling. The core MRP/scheduling customers score highly in terms of reduced cost of stockholding, reduced labour costs, more reliable delivery and faster delivery. One area where the score is lower (especially for those who have not implemented MRP) is better internal communications.

IFS: Generally scores highly for a range of attributes including more reliable delivery, better internal communications, improved customer satisfaction and improved management control of the manufacturing process. IFS is less likely to facilitate reduced labour costs however.

Mapics: Scores relatively averagely throughout although two areas are quite low – reduced cost of stockholding and faster delivery to customers.

Oracle: Registers fairly average scores apart from for ability to offer more competitive prices (which is low) and reduced cost of stockholding (which scores more highly).

PeopleSoft: Achieves relatively average scores aside from reduced labour costs, faster delivery and improved customer satisfaction where the scores are quite low.

QAD: QAD generally achieve one of the highest overall averages here (along with SAP and IFS). QAD receives particularly high scores in relation to reduced cost of stock holding and improved management control of manufacturing processes.

Sanderson: Scores averagely overall with higher scores for reduced cost of stock holding and reduced labour costs. Lower than average scores are received for better internal communications, able to offer more competitive prices and improved customer satisfaction.

SAP: Scores highly overall, especially for reduced cost of stock holding, more reliable delivery, better internal communications, able to offer more competitive prices and improved customer satisfaction.

SSA: Mostly average scores aside from a few lower scores in areas such as faster delivery, able to offer more competitive prices and improved customer satisfaction.

11. Loyalty

While satisfaction levels with a supplier are an important guide to a customer's commitment and loyalty they do not automatically tell us how loyal customers really are. Indeed, it may well be the case that of the many satisfaction scores we collected some will have a more significant impact on determining loyalty than others. In addition to which there may be any number of other factors (such as something as straightforward as the age of the system) that may influence loyalty.

To help overcome this problem Benchmark used a series of questions to understand how committed customers are to their current ERP vendors:

- Likelihood of using for future needs
- The overall performance level
- Likelihood of recommending to others
- The stated depth of commitment to the supplier e.g. "they are my preferred supplier and I am unlikely to consider an alternative in the foreseeable future"

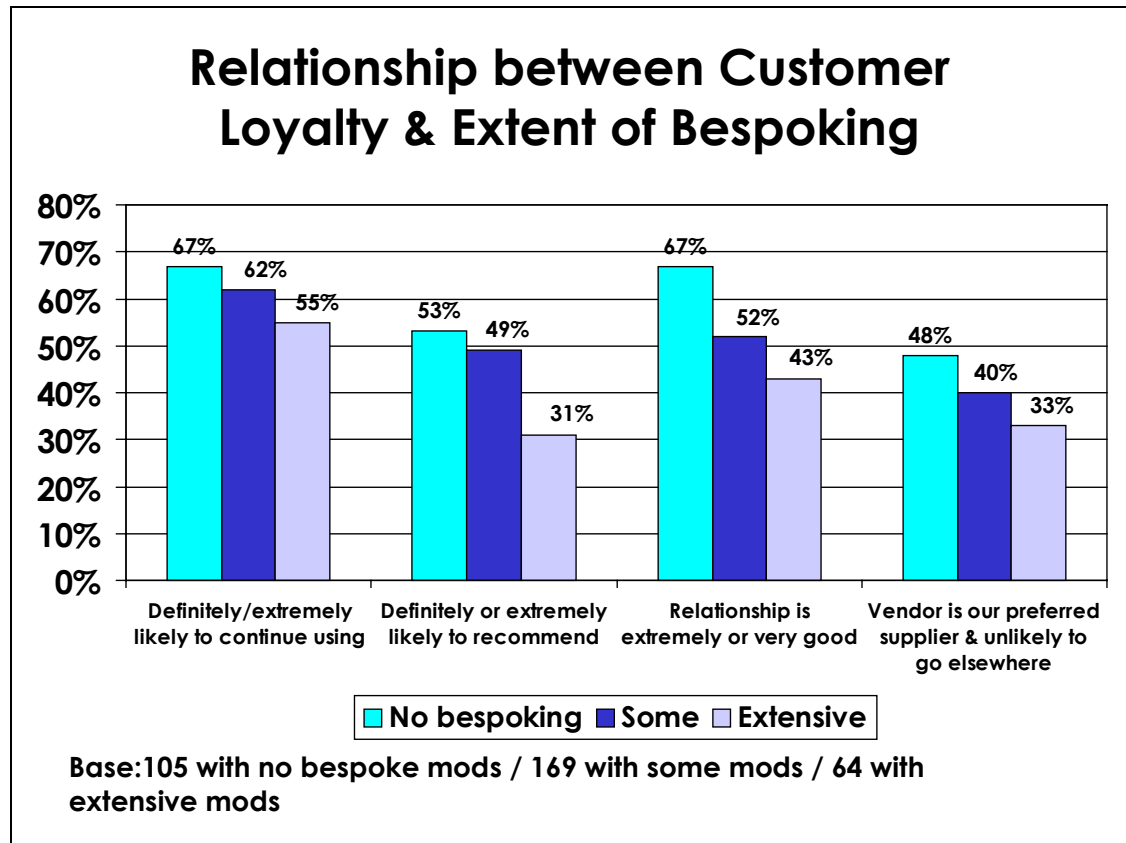


Figure 9

Figure 9 shows a clear relationship between the various loyalty measures and the extent to which bespokeing has been necessary. Customers with heavily bespokeed solutions are less likely to wish to continue to use the product in future, less likely to recommend the product to a colleague, less likely to feel the relationship with the vendor is good and less likely to see the vendor as a preferred supplier.

It would be reasonable to assume that the age of the solution would have some bearing on some of these measures. After all, there will no doubt be a number of customers that are very happy with the past performance of their system but are nevertheless still potentially looking to change, simply because of the age of the technology itself. This relationship is explored in Figure 10.

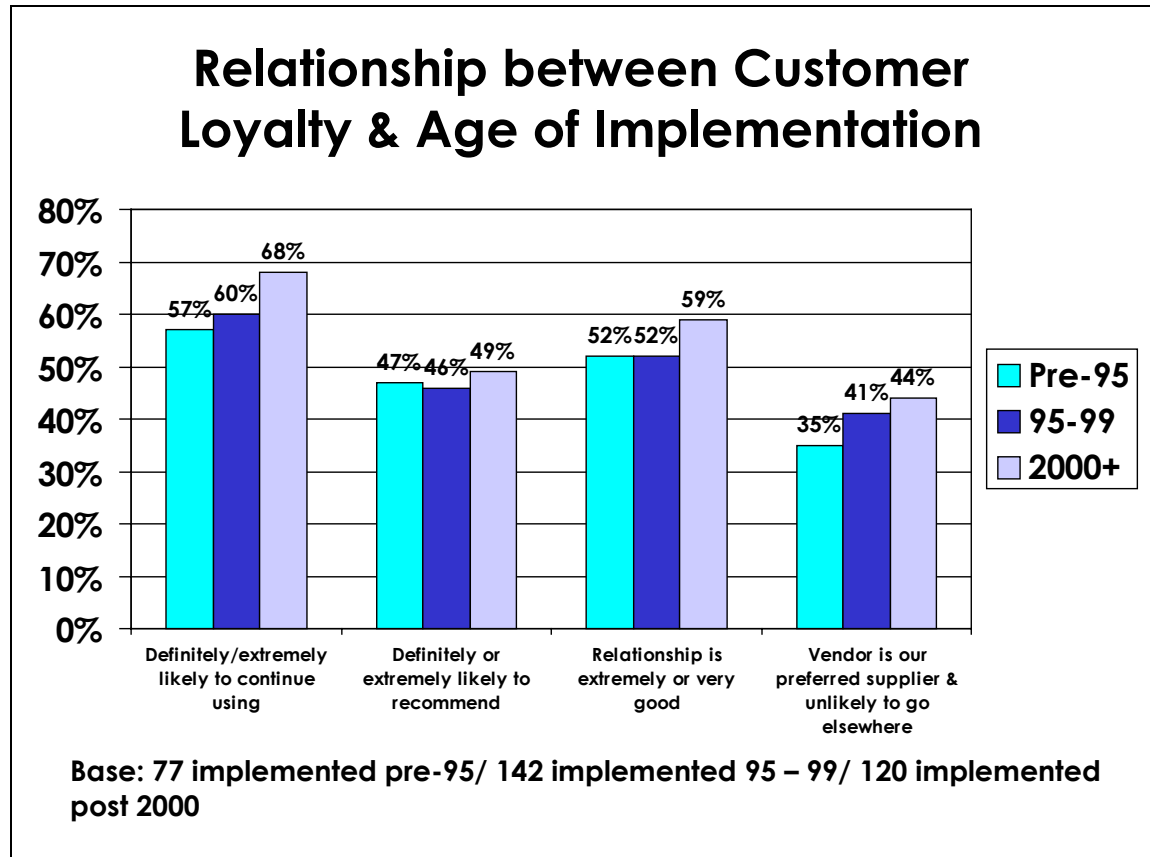


Figure 10

Note how the system age impacts very little on whether a customer is likely to recommend a vendor or not. Those with systems originally installed before 1995 are just as likely to recommend as those with systems installed far more recently (post 2000). The most recent (post-2000) installations are likely to enjoy a better/closer customer/vendor relationship but aside from this age has limited impact on the closeness of the relationship. Age most certainly influences whether or not people say they are likely to continue using the system, with recent implementations, significantly more reluctant to say that they are not. Similarly, more recent implementations are more likely to say that their vendor is their preferred supplier.

Generally speaking, however, the age of the implementation has less of an impact on these loyalty factors than the level of bespokeing or, indeed, some of the satisfaction scores given earlier in this report.

12. Customer categorisation

Using results for individual questions the data is then weighted to give an overall loyalty measure. Benchmark use five customer categories:

- ◆ Loyal advocates: customers that are firmly wedded to the vendor, satisfied and likely to recommend to others, typically score between 90 and 100% overall for the most positive end of the scale on the various loyalty questions asked.
- ◆ Loyal users: customers that are committed and satisfied but overall less enthusiastic typically between 76 and 90%.
- ◆ Satisfied but uncommitted: reasonably satisfied and committed typically between 45 and 75% overall.
- ◆ Vulnerable: slightly dissatisfied and if an attractive alternative supplier came along they might be inclined to change, typically between 31 and 44%.
- ◆ Looking to switch: disillusioned and actively looking to find a new supplier typically scoring between 20 and 30%.

An analysis of the situation as it stands in 2004 reveals a significant improvement over the analysis originally conducted in 2002. Table 17 compares the analysis for both years.

Table 17: Depth of Commitment for the ERP Market 2004 vs. 2002

Depth of Commitment	2002	2004
Loyal Advocates	12%	22%
Loyal	29%	31%
Satisfied but uncommitted	47%	41%
Vulnerable	9%	4%
Looking to switch	3%	1%

Base: 539 in 2002 / 339 in 2004

13. Key Drivers of Depth of Commitment

During the course of the 2004 survey we asked customers to provide ratings for a total of 46 different attributes. All of these have some influence over the overall levels of depth of commitment recorded, however, some are far more important in determining customer loyalty than others.

When comparing the satisfaction scores for different attributes against depth of commitment we found that the kind of factors most likely to strongly influence depth of commitment were not related to implementation, or product functionality, or even perceived benefits – but to customer service. The quality of customer service and support provided is most likely to have the biggest influence over customer loyalty.

Primary factors influencing customer loyalty are as follows:

- Speed at which questions/problems are dealt with by the vendor
- Pro-activity of Account Managers
- Quality of the overall level of support/service
- Easy to adapt the software system to changing business needs

A vendor that can improve their performance in these four specific areas will do more to enhance customer loyalty than by focusing on improvement in any other area.

Other important (but less critical influences) included:

- Software perceived to be leading edge technology
- Trouble free upgrades
- The way upgrades/new releases are managed by the vendor
- The vendor appears committed to the future of the product
- Quality of training support available
- On-going running costs
- Ability to demonstrate cost savings in the manufacturing process
- More reliable delivery of customer orders
- Faster delivery of customer orders
- Reduced costs of stock control

14. Depth of Commitment of Customers to their Suppliers

The depth of commitment to specific SME vendors is illustrated below:

Table 18 Depth of Commitment by Vendor – SME Market

Loyalty:	Exel (new)	infor: (revised)	K3 (new)	Syspro (new)	Sage Enterprise (new)	Softbrands (new)
Base:	30	43	30	63	45	28
Loyal Advocates	32%	12%	17%	35%	17%	21%
Loyal	35%	23%	3%	38%	30%	46%
Satisfied but uncommitted	29%	58%	73%	25%	48%	32%
Vulnerable	3%	5%	3%	-	2%	-
Looking to switch	-	2%	3%	2%	2%	-

The depth of commitment to specific Mid and Corporate Market vendors is illustrated below:

Table 19 Depth of Commitment by Vendor – Mid & Corporate Market

Loyalty:	Epicor (Revised)	Geac (new)	IFS (Revised)	Mapics (Revised)	Oracle (Revised)
Base:	44	30	15	18	26
Loyal Advocates	7%	23%	20%	11%	31%
Loyal	20%	33%	40%	44%	27%
Satisfied but uncommitted	57%	37%	40%	33%	35%
Vulnerable	14%	7%	-	11%	8%
Looking to switch	2%	-	-	-	-

Loyalty:	PeopleSoft (Revised)	QAD (new)	Sanderson (Revised)	SAP (Revised)	SSA (Revised)
Base:	42	31	18	43	36
Loyal Advocates	14%	23%	28%	21%	3%
Loyal	26%	35%	22%	49%	11%
Satisfied but uncommitted	48%	35%	33%	28%	56%
Vulnerable	7%	6%	17%	2%	22%
Looking to switch	5%	-	-	-	8%