

June, 2008

## 2008 ERP in the Mid-Market

In the face of rising energy costs and fear of a global economic downturn, mid-size companies face pressures to reduce costs. Yet in order to preserve revenue streams and market share, cost reductions cannot come at the expense of customer service. In evaluating business drivers impacting Enterprise Resource Planning (ERP) strategies, Aberdeen's annual [2008 ERP in Manufacturing](#) (June 2008) benchmark report found pressures resulting from anticipated growth down by 33% since last year, while the need to reduce costs inched ahead as the top business driver. Increased global competition combined with rising costs place continued pressure on mid-size companies to optimize resources, meet tighter delivery schedules for products and services, and improve overall responsiveness.

### Context

As mid-size companies grow, they are increasingly likely to operate in a distributed environment. The [2008 ERP in Manufacturing](#) report found that ERP implementations in mid-size companies supported an average of 4.1 separate operating locations. This is in stark contrast to small companies – 61% of which operate from a single facility and another 22% operate two, and 9% operate three, leaving only 8% with four or more. As environments become more distributed, visibility across functions, departments and operating locations becomes increasingly important. Providing this visibility is the top strategic action of mid-size companies.

ERP provides a framework for standardization of business processes. From the end user's perspective the key benefits gained from integrated ERP include:

- Better control over costs
- An improved customer experience by being easier to do business with
- Improved customer response times
- Streamlined and automated processes
- Visibility to data and business process status, from prospect to cash
- Consolidation and compliance with financial reporting requirements

### Aberdeen's Hypothesis

In today's competitive global economy, ERP serves as the primary vehicle to provide the visibility to business processes across functions and departments needed to control costs while improving customer service and response.

### Research Preview

A Research Preview provides an advanced look at an upcoming study and the research hypothesis which will be explored based on prior research

### How to Participate in the Study

If your company is:

- ✓ An ERP user
- ✓ A Mid-size company considering ERP

[Participate in the survey to get a free copy of the report once complete!](#)

- ✓ An ERP solution provider
- ✓ A consulting firm or systems integrator involved in ERP implementations

[Contact us now to get involved in this study!](#)

Aberdeen hypothesizes that pressures to reduce or contain costs without sacrificing customer service and response times will force companies to:

- Standardize and accelerate front and back-office processes
- Provide visibility across all processes from quotation to cash collection
- Coordinate resources across functions, departments, and operating locations
- Take fuller advantage of features, functions, and the underlying technology of ERP

The objective of these strategic actions will be to reduce operational and administrative costs while improving schedule compliance and complete and on time deliveries.

Table I contains a partial list of the pressures mid-size companies are facing, and the resulting actions, capabilities, and enablers that they are employing to drive reduced cost through ERP implementation.

**Table I: The Best-in-Class PACE Framework**

Pressures	Actions	Capabilities	Enablers
<ul style="list-style-type: none"> <li>▪ The need to reduce costs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Provide visibility to business processes across functions and departments</li> <li>▪ Standardize and accelerate operational and back and front office business processes</li> </ul>	<ul style="list-style-type: none"> <li>▪ Process: Standardized enterprise-wide procedures for order management, procurement, cash collection, and financial reconciliation</li> <li>▪ Knowledge: Real time visibility into status of all processes from prospect to cash</li> <li>▪ Performance: Decision-makers are notified in anticipation of exceptions in order to respond proactively</li> <li>▪ Organization: Line of business ultimately owns the success of the implementation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Integrated ERP modules: general ledger, accounts payable, accounts receivable, fixed asset management, MRP, shop floor control, purchasing, inventory control, after market service, ECM, CRP, DRP, MPS, forecasting / demand planning, human resources, order management, project management, EAM, supplier collaboration / scheduling, sales and marketing, product configurator, payroll</li> <li>▪ Business Intelligence (BI) platform and tools</li> <li>▪ Corporate / Enterprise Performance Management (EPM)</li> <li>▪ Workflow automation / Business Process Management (BPM)</li> <li>▪ Event management</li> <li>▪ Access to ERP through mobile devices</li> <li>▪ For all companies, effective extension of traditional ERP with CRM, SRM</li> <li>▪ For manufacturers and distributors, effective extension of ERP with EDM / PDM / PLM, QMS, MES, SCP, TMS, WMS</li> </ul>

Source: Aberdeen Group, June 2008

## Case in Point

Water Gremlin is an example of a company that has recently gone through an ERP assessment and implementation process. The project was

spearheaded by Scott Schulz, Vice President of Finance at the lead-acid battery terminal and fishing sinker manufacturer. Schulz identified the need to upgrade his company's systems (which had been pieced together over the years to support billing, inventory, general ledger and accounts payable functions) to a single, integrated ERP implementation.

"The biggest initial bang for the buck was the forcing of some business discipline," he says. "We often shipped parts under one part number that were much the same, but were technically different due to material costs or other factors that should have required a unique part number." He adds that their old paper-based system meant inventory transactions used to be manually written up before being entered. Schulz states, "We used to run at about a 50% error rate on our perpetual inventory. Our ERP implementation went live in December in manufacturing and our accuracy is now at about 98%. This has allowed us to improve customer service and lower the time to accurately locate materials."

Water Gremlin has already seen improvements in inventory accuracy and are now turning their attention to measuring improvements for the meat and potato items like Material Requirements Planning (MRP) and long-range production planning. It's still a little early to quantify how their ERP implementation has benefited them, but their great successes so far leaves Schulz optimistic about the return on his investment.

"One factor that was part of our consideration in undertaking this ERP implementation project was the concept of 'one version of the truth.' So many people had their own little Excel spreadsheets to address many of the business processes that are now included in the system. Now, everybody who should have access to the correct information all the time."

~Scott Schulz,  
VP of finance  
Water Gremlin

## Methodology of this Research

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Aberdeen's research methodology will include a quantitative survey, followed by qualitative interviews of mid-level to executive managers involved in the implementation of ERP in mid-size companies.

The performance metrics which will be used to determine Best-in-Class companies are:

- Reduction in inventory costs
- Reduction in operational costs
- Reduction in administrative costs
- Current performance of complete and on-time delivery
- Number of days to close a month

Other metrics to be considered in this study include:

- Current performance of inventory accuracy
- Current performance of internal schedule compliance
- Improvement in complete and on-time shipments
- Improvement in internal schedule compliance

## Solution Snapshot

Table 2 lists some of the most prominent ERP solution providers in the mid-size market, along with their general industry focus and the products offered by each.

**Table 2: ERP Solution Landscape**

Company	Industry Focus	Products Offered
Abas <a href="http://www.abas-usa.com">www.abas-usa.com</a>	<ul style="list-style-type: none"> <li>▪ Automotive</li> <li>▪ Electronics</li> <li>▪ Fabrication / Assembly</li> <li>▪ Chemical</li> <li>▪ Aerospace and defense</li> <li>▪ Distribution</li> <li>▪ Industrial Machinery</li> </ul>	abas ERP, abas Distribution
Cincom <a href="http://www.cincom.com">www.cincom.com</a>	<ul style="list-style-type: none"> <li>▪ Aerospace and defense</li> <li>▪ Industrial products and heavy machinery</li> <li>▪ Transportation equipment</li> <li>▪ Communications and telecommunications equipment</li> </ul>	Cincom Manufacturing Business Solutions
Consona <a href="http://www.consona.com">www.consona.com</a>	<ul style="list-style-type: none"> <li>▪ Aviation</li> <li>▪ Electronics (including printed circuit boards)</li> <li>▪ Furniture</li> <li>▪ Industrial and commercial equipment</li> <li>▪ Medical devices</li> <li>▪ Metals, wire and cable, and metals service centers</li> <li>▪ Metal fabrication</li> <li>▪ Plastics</li> <li>▪ Custom and project-based manufacturing</li> </ul>	Made2Manage, DTRPlastics, Cimnet, Axis, EnCompix, Intuitive
Deacom <a href="http://www.deacom.net">www.deacom.net</a>	<ul style="list-style-type: none"> <li>▪ Building Component Manufacturing (floor truss, lumber dealers, manufactured buildings, millwork, roof truss, wall panels)</li> <li>▪ Process Manufacturing (adhesive, cosmetic, food &amp; beverage, mixed-mode, paint, ink &amp; coatings, pharmaceutical, specialty chemical)</li> </ul>	DEACOM Integrated Accounting and ERP Software
Epicor <a href="http://www.epicor.com">www.epicor.com</a>	<ul style="list-style-type: none"> <li>▪ Aerospace and defense</li> <li>▪ Automotive</li> <li>▪ Capital equipment</li> <li>▪ Electronics</li> <li>▪ Fabricated metals</li> <li>▪ Machine builders</li> <li>▪ Medical devices</li> <li>▪ Mold making</li> <li>▪ Rubber and plastics</li> <li>▪ Screw machinery</li> <li>▪ Sign building</li> <li>▪ Stamping tool and die</li> </ul>	Enterprise, iScala, Vantage, Vista, Dataflo, Manfact

Company	Industry Focus	Products Offered
<p>Exact Software <a href="http://www.exactamerica.com">www.exactamerica.com</a></p>	<p>The Macola product line is a horizontal solution targeting mid-size manufacturers The JobBOSS product line is designed specifically for job shops, custom manufacturers, and high-tech shops including both high-volume production shops as well as a quantity one proto-types, machine builders, tool builders, or assembly shops</p>	<p>Macola, Kewill ERP, MAX, JobBoss</p>
<p>Everest Software <a href="http://www.everestsoftwareinc.com">www.everestsoftwareinc.com</a></p>	<p>Serves businesses from a wide variety of industries originating in verticals that include retail, wholesale, distribution, e-Commerce, and also mail-order, including apparel, furniture, computers, industrial equipment and tools, Food Services, and a variety of consumer products</p>	<p>Everest On-Demand and Everest On-Premise</p>
<p>Fullscope <a href="http://www.fullscope.com">www.fullscope.com</a></p>	<ul style="list-style-type: none"> <li>▪ Process Industries (including Food &amp; Beverage, Chemicals, Primary Metals, Pharmaceuticals, Pulp &amp; Paper)</li> <li>▪ High Tech and Electronics</li> <li>▪ Discrete and General Manufacturing (including automotive, A&amp;D, Medical Devices and others)</li> </ul>	<p>Microsoft Dynamics AX</p>
<p>Global Shop Solutions <a href="http://www.globalshopsolutions.com">www.globalshopsolutions.com</a></p>	<ul style="list-style-type: none"> <li>▪ aerospace and defense</li> <li>▪ oilfield and petrochemical</li> <li>▪ sheet metal fabricators</li> <li>▪ machine shops, screw machine shops, wood shops</li> <li>▪ machine builders, repair facilities</li> <li>▪ electronics, medical instrumentation</li> <li>▪ store fixture manufacturers</li> </ul>	<p>One-System ERP Solutions</p>
<p>Glovia <a href="http://www.glovia.com">www.glovia.com</a></p>	<ul style="list-style-type: none"> <li>▪ Electronics</li> <li>▪ Capital equipment</li> <li>▪ Automotive</li> </ul>	<p>Glovia (Xerox Chess) and GSInnovate</p>
<p>Harris Data <a href="http://www.harrisdata.com">www.harrisdata.com</a></p>	<ul style="list-style-type: none"> <li>▪ Manufacturing</li> <li>▪ Distribution</li> </ul>	<p>HarrisData ERP Manufacturing (also HarrisData Distribution Management Systems)</p>
<p>IFS <a href="http://www.ifsworld.com">www.ifsworld.com</a></p>	<ul style="list-style-type: none"> <li>▪ Aerospace and defense</li> <li>▪ Automotive</li> <li>▪ Construction, contracting and service management</li> <li>▪ High-tech and medical devices</li> <li>▪ Industrial manufacturing</li> <li>▪ Process industries</li> <li>▪ Utilities and telecom</li> </ul>	<p>IFS Applications</p>

Company	Industry Focus	Products Offered
<p>Infor <a href="http://www.infor.com">www.infor.com</a></p>	<ul style="list-style-type: none"> <li>▪ Aerospace</li> <li>▪ Apparel &amp; footwear</li> <li>▪ Automotive</li> <li>▪ Chemicals</li> <li>▪ Consumer packaged goods</li> <li>▪ Food &amp; Beverage</li> <li>▪ High-tech &amp; electronics</li> <li>▪ Industrial equipment &amp; machinery</li> <li>▪ Life sciences</li> <li>▪ Metal / plastic fabrication</li> <li>▪ Shipbuilding</li> <li>▪ Electrical / Industrial / Janitorial</li> <li>▪ Paper</li> <li>▪ Plumbing / Heating / Ventilation / Air Conditioning</li> <li>▪ Communications</li> <li>▪ Facilities Management</li> <li>▪ Financial Services</li> <li>▪ Healthcare</li> <li>▪ Hospitality</li> <li>▪ Insurance</li> <li>▪ Public Sector</li> <li>▪ Retail</li> </ul>	<p>COM, BPCS, ERP LN, ERP LX (BPCS), MANMAN, MK Manufacturing, KBM, MAXCIM, CAS, PRMS, Masterpiece, Infinium, Prism, Protean, BAAN, Visual, TRANS4M, Xpert, XA, Syteline, Adage, System 21, A+, FACTS, SX.e, Anael, Sun Systems, and Varial</p>
<p>IQMS <a href="http://www.iqms.com">www.iqms.com</a></p>	<ul style="list-style-type: none"> <li>▪ Plastics</li> <li>▪ Automotive</li> <li>▪ Consumer products</li> <li>▪ Packaging</li> <li>▪ Medical</li> <li>▪ Appliance</li> <li>▪ Electronics</li> <li>▪ Computers / business machines</li> </ul>	<p>EnterpriseIQ ERP</p>
<p>Lawson <a href="http://www.lawson.com">www.lawson.com</a></p>	<ul style="list-style-type: none"> <li>▪ Fashion</li> <li>▪ Financial services</li> <li>▪ Food and beverage</li> <li>▪ Healthcare</li> <li>▪ Wholesale distribution</li> <li>▪ Asset intensive industries</li> <li>▪ General manufacturing</li> <li>▪ Public services</li> <li>▪ Rental management</li> <li>▪ Retail</li> </ul>	<p>S3, M3 (Movex)</p>
<p>Microsoft Dynamics <a href="http://www.microsoft.com/dynamics">www.microsoft.com/dynamics</a></p>	<ul style="list-style-type: none"> <li>▪ Automotive</li> <li>▪ Chemicals</li> <li>▪ Consumer packaged goods</li> <li>▪ Hi-tech and electronics</li> <li>▪ Oil and gas</li> <li>▪ Utilities</li> <li>▪ Manufacturing (including IE)</li> </ul>	<p>Microsoft Dynamics AX, Microsoft Dynamics GP, Microsoft Dynamics NAV, Microsoft Dynamics SL</p>

Company	Industry Focus	Products Offered
<p>NDS Systems <a href="http://www.ndsapps.com">www.ndsapps.com</a></p>	<ul style="list-style-type: none"> <li>▪ Manufacturing</li> <li>▪ Distribution</li> <li>▪ Service Providers</li> </ul>	<p>On Oracle ERP Solution and Xephra, a Business Information and Integration System</p>
<p>NetSuite <a href="http://www.netsuite.com">www.netsuite.com</a></p>	<ul style="list-style-type: none"> <li>▪ Software and IT Resellers</li> <li>▪ Wholesale Distribution</li> <li>▪ eCommerce</li> <li>▪ Service Providers</li> <li>▪ Media and Publishing</li> <li>▪ IT Resellers</li> <li>▪ Advertising</li> <li>▪ Manufacturing</li> <li>▪ Non-profit</li> <li>▪ Retail</li> </ul>	<p>NetSuite, NetSuite OneWorld, NetSuite Small Business</p>
<p>Oracle <a href="http://www.oracle.com">www.oracle.com</a></p>	<ul style="list-style-type: none"> <li>▪ Banking</li> <li>▪ Communications</li> <li>▪ Financial services</li> <li>▪ Healthcare</li> <li>▪ High technology</li> <li>▪ Public sector</li> <li>▪ Retail</li> <li>▪ Utilities</li> <li>▪ Aerospace &amp; defense</li> <li>▪ Automotive</li> <li>▪ Chemicals</li> <li>▪ Consumer goods</li> <li>▪ Education &amp; research</li> <li>▪ Engineering &amp; construction</li> <li>▪ Industrial manufacturing</li> </ul>	<p>E-Business Suite, Peoplesoft Enterprise, JD Edwards EnterpriseOne, JD Edwards World</p>
<p>Plexus Systems <a href="http://www.plex.com">www.plex.com</a></p>	<ul style="list-style-type: none"> <li>▪ Automotive</li> <li>▪ Aerospace and defense</li> <li>▪ Medical devices</li> <li>▪ Packaged Foods</li> </ul>	<p>Plexus Online</p>
<p>QAD <a href="http://www.qad.com">www.qad.com</a></p>	<ul style="list-style-type: none"> <li>▪ Automotive</li> <li>▪ Consumer packaged goods</li> <li>▪ Electronics</li> <li>▪ Food and beverage</li> <li>▪ Industrial manufacturing</li> <li>▪ Life sciences</li> </ul>	<p>QAD Enterprise Applications (MFGPRO)</p>
<p>Ramco <a href="http://www.ramco.com">www.ramco.com</a></p>	<ul style="list-style-type: none"> <li>▪ Aviation</li> <li>▪ Banking and financial services</li> <li>▪ Food and beverage</li> <li>▪ Discrete and Process manufacturing</li> <li>▪ Shipping and transportation</li> </ul>	<p>Ramco Enterprise Series</p>

Company	Industry Focus	Products Offered
Sage Adonix <a href="http://www.adonix.com">www.adonix.com</a>	<ul style="list-style-type: none"> <li>▪ Food &amp; Beverage</li> <li>▪ Chemicals</li> <li>▪ Life Sciences</li> <li>▪ Hard Goods Manufacturing</li> <li>▪ Wholesale Distribution</li> <li>▪ Multi-channel Retail and Direct Marketing</li> </ul>	Sage ERP X3 Process Suite, Sage ERP X3 Discrete Suite, Sage ERP X3 Distribution Suite
Sage Software <a href="http://www.sagesoftware.com">www.sagesoftware.com</a>	<ul style="list-style-type: none"> <li>▪ Distribution and Retail</li> <li>▪ Automotive and Industrial</li> <li>▪ Construction and supply</li> <li>▪ Consumer Goods</li> <li>▪ High Tech</li> <li>▪ Process Manufacturing</li> <li>▪ Non-profit and government</li> <li>▪ Healthcare</li> </ul>	Sage Accpac ERP, Sage MAS 90/200/500, Sage Pro ERP, Sage PWF ERP
SAP <a href="http://www.sap.com">www.sap.com</a>	<ul style="list-style-type: none"> <li>▪ Aerospace</li> <li>▪ Automotive</li> <li>▪ Chemicals</li> <li>▪ Consumer products</li> <li>▪ Engineering, construction, operations</li> <li>▪ High-tech</li> <li>▪ Industrial machinery and components</li> <li>▪ Life sciences</li> <li>▪ Mill products</li> <li>▪ Mining</li> <li>▪ Oil and Gas</li> </ul>	R/3, SAP Business Suite (including SAP ERP), SAP Business One, SAP All-in-One, SAP Business By Design
SYSPRO <a href="http://www.syspro.com">www.syspro.com</a>	<ul style="list-style-type: none"> <li>▪ Food</li> <li>▪ Medical Devices</li> <li>▪ Electronics</li> <li>▪ Machinery and Equipment</li> </ul>	SYSPRO
Tectura <a href="http://www.tectura.com">www.tectura.com</a>	<ul style="list-style-type: none"> <li>▪ Food &amp; Beverage</li> <li>▪ Pharmaceuticals</li> <li>▪ Life Sciences</li> <li>▪ Machinery and Equipment</li> </ul>	Microsoft Dynamics AX, Microsoft Dynamics NAV, Microsoft Dynamics GP, Microsoft Dynamics SL
Vormittag Associates Inc. <a href="http://www.vai.net">www.vai.net</a>	<ul style="list-style-type: none"> <li>▪ Medical</li> <li>▪ Automotive</li> <li>▪ HVAC / Plumbing heating</li> <li>▪ Metals</li> <li>▪ Building supply</li> <li>▪ Electrical supply</li> <li>▪ Pharmaceutical</li> <li>▪ Food</li> <li>▪ Apparel</li> <li>▪ Electronics</li> <li>▪ Industrial</li> <li>▪ Janitorial</li> </ul>	S2K Enterprise Edition



Company	Industry Focus	Products Offered
Workwise Inc. <a href="http://www.workwiseinc.net">www.workwiseinc.net</a>	make-to-order, engineer-to-order, repetitive, make-to-stock and mixed-mode manufacturers	WorkWise TCM™ (Time Critical Manufacturing®)

Source: Aberdeen Group, June 2008

For more information on this or other research topics, please visit [www.aberdeen.com](http://www.aberdeen.com).

Related Research	
<a href="#"><i>The 2008 ERP in Manufacturing Benchmark</i></a> ; June 2008 <a href="#"><i>The 2007 ERP in Manufacturing Benchmark</i></a> ; July 2007 <a href="#"><i>The 2007 ERP in the Mid-Market Benchmark Report: Serving the Needs of 1.2 Million Businesses</i></a> ; September 2007	<a href="#"><i>ERP in SMB: Exploring Growth Strategies</i></a> ; December 2007 <a href="#"><i>The Order-to-Cash Cycle: Integrating Business Processes to Improve Operational Performance</i></a> ; March 2008 <a href="#"><i>Two Worlds Converge: Enterprise Applications Meet the Desktop</i></a> ; September 2007
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