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## SYSPRO BusinessLive: Offering Deployment Choices

Aberdeen's [SaaS ERP Trends and Observations 2010](#) noted a 70% increase in willingness to consider Software as a Service (SaaS) deployment of Enterprise Resource Planning (ERP) solutions over the past year. While only 23% of survey respondents would consider a SaaS deployment in 2009, that percentage jumped to 39% in 2010. Certainly one of the limiting factors in the past has been the lack of SaaS ERP options, yet over the past year there has been a steadier stream of ERP solution providers jumping on the SaaS bandwagon. One of the recent entries into the SaaS ERP market has been veteran ERP vendor SYSPRO with its SYSPRO BusinessLive offering, providing an alternative to traditional on-premise deployment.

### Vendor Offering: SYSPRO BusinessLive

Over the course of the last 30 years SYSPRO has accumulated over 14,500 customers in 60 countries around the world. It is one of the very few well-established ERP vendors which has had and continues today with a single contiguous product sold to manufacturers and distributors. Although a broad solution, SYSPRO focuses on four specific verticals: food, medical devices, electronics and machinery/equipment. The latest version of the product (version 6.1) was released earlier this year with over 1500 enhancements including SYSPRO Workflow Service, SYSPRO Process Modeling, Inventory Optimization (IO), Warehouse Management, a revitalized User Interface and Enterprise Performance Management (EPM).

SYSPRO BusinessLive targets small to medium size manufacturers and distributors with affordable subscription based pricing in the range of about \$250 per user per month. Three bundles are offered: manufacturing, distribution and accounting. The solution is customizable using SYSPRO tools, which allow the solution to be tailored to the individual and to the company. Yet beyond these options for personalization, and unlike some other SaaS solution providers, SYSPRO creates and manages a separate instance for each subscriber. As a result, the solution may be customized in the traditional sense in addition to the configuration options available.

This separate instance also supports portability between different deployment options. SYSPRO customers may decide to start using a SaaS model, but the instance of the software and the associated database can easily be moved to an on-premise environment. The opposite is also true. On-premise deployments can be easily moved to the cloud.

### Research Brief

Aberdeen's Research Briefs provide a detailed exploration of a key finding from a primary research study, including key performance indicators, Best-in-Class insight, and vendor insight.

### SaaS ERP Series

This Research Brief is part of a series of Aberdeen research reports exploring the topic of SaaS ERP, starting with [SaaS ERP Trends and Observations 2010](#). While several ERP solution providers are currently equipped to deliver ERP using SaaS deployment models, how these different SaaS solutions are delivered varies quite significantly. This report focuses on SYSPRO's SaaS ERP offering.

## Understanding the Options

While current SaaS ERP implementations are still rare, Aberdeen's annual ERP survey asks respondents to select all deployment options they would be willing to consider now and in the future. Figure 1 compares responses over the past several years. The willingness to consider SaaS deployment options remained relatively steady from 2007 to 2008 and actually dipped slightly in 2009 but finally jumped by 61% in 2010 for a 16 percentage point gain.

However, we make a cautionary note that there is still significant confusion over terminology associated with software as a service and cloud computing. Terms such as 'SaaS,' 'On-Demand,' 'Hosted,' 'appliances,' and now 'private clouds' and 'public clouds' are often used interchangeably, and yet each has its own implications and some of these approaches can be co-mingled.

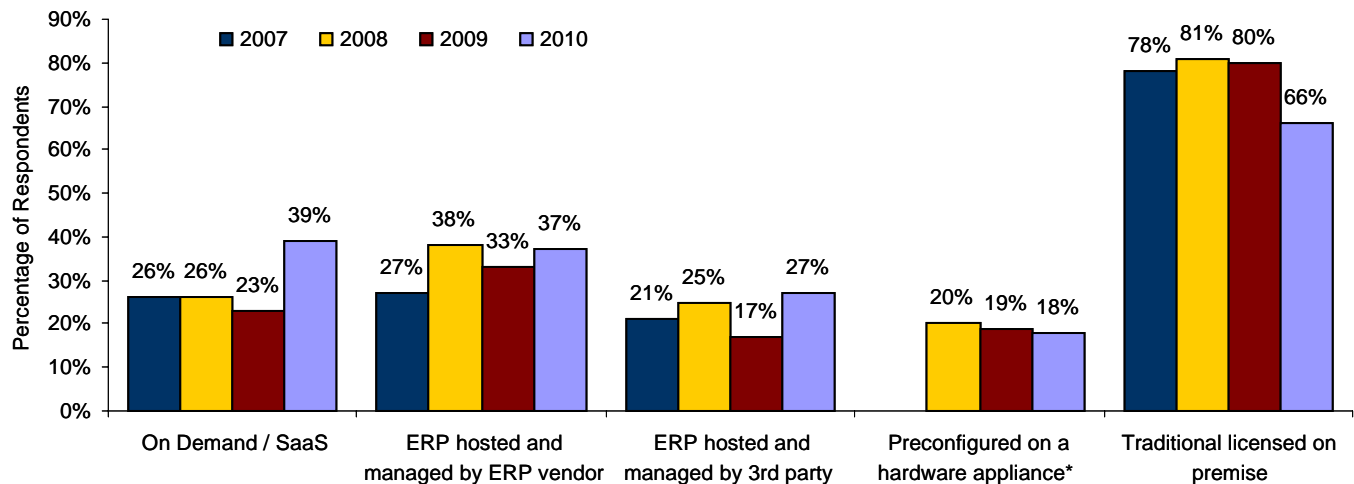
As a managed cloud service with a separate copy of the software for each client, SYSPRO BusinessLive appears intuitively to be closer to a hosted model. Yet it is delivered as a service and would therefore qualify as SaaS. See the sidebar on the next page for Aberdeen's definitions of the options that appear in Figure 1.

### ERP SaaS Deployments

The Aberdeen Business Review found a small percentage of ERP deployments operating using the SaaS deployment model:

- √ 9% of ERP deployments in companies with revenues less than \$50 million (small)
- √ 1% of ERP deployments in companies with revenues between \$50 million and \$1 billion (midsize)
- √ 3% of ERP deployments in companies with revenues more than \$1 billion (large)

**Figure 1: Willingness to Consider Deployment Options**



\* The delivery option "pre-configured on a hardware appliance" was added to the survey in 2008  
Source: Aberdeen Group, June 2010

This approach may indeed broaden the appeal to those that are unwilling to consider a SaaS deployment but are willing to consider one of the hosted environments. One of the topics that are often debated regarding SaaS deployment is multi-tenancy. In a multi-tenant SaaS environment multiple companies use the same instance of hosted software; configuration settings, company and role-based access personalize business processes and protect data security. With multi-instance SaaS, (which is the current SYSPRO offering) each company is given its own instance of the (hosted) software,

but may share common services, such as an integration platform, security and permissibility models, or optimization engines.

A multi-instance solution provides more opportunity for customization and is easily transported from on-premise to the cloud or from the cloud to on-premise. Often both SaaS vendors and industry observers will point to the ability to deliver a true multi-tenant solution as a form of value delivered to the SaaS customer. In reality, whether the vendor delivers multi-tenant or multi-instance matters far more to the vendor than to the end user. It is the vendor that benefits most directly from being able to offer a multi-tenant solution because this allows them to scale delivery with less cost of sale and service. Obviously delivering bug fixes and product innovation to a single instance of software supporting many different customers places far less burden on the vendor.

Because of the need or desire for more customization, the end user may in fact prefer a multi-instance solution. Indeed SYSPRO regards "freedom" and "security" as differentiators, pointing to ownership of the instance, customizability and the freedom to schedule upgrades on the customer's own timeline as specific benefits. This actually addresses what emerged this year as the top concern of those survey respondents that are not willing to consider SaaS ERP - the desire to control their own upgrade process. However, ease and lower cost of upgrades was also cited by those that would consider SaaS as a particularly strong incentive:

- 68% of those willing to consider SaaS found the reduced cost and effort of upgrades appealing
- 56% of those unwilling to consider SaaS are unwilling to relinquish control over upgrades

Therefore SYSPRO BusinessLive may appeal to a different audience than might ordinarily be targeted by a SaaS ERP solution provider.

Security concerns also create unease for 50% of those that are reluctant to move ERP to the cloud. This has been a consistent concern over the past three annual surveys. In spite of increased pervasiveness of electronic forms of communication by both businesses and consumers today, this, coupled with the 38% who express concern over the risk of ERP not being accessible because of downtime tells us that the confidence level could be higher. However, Aberdeen would caution those concerned to take a close look at their own on-premise operations today. Are they really as secure as they should be? The maturing of supply chains and extension of distributed business networks makes interoperability a basic business requirement today. This interoperability will challenge those who today operate in a closed, insular environment and introduce a new level of vulnerability that cannot be ignored. On-premise environments may indeed not be the most secure.

For SYSPRO BusinessLive customers, assurance of data back-up is provided at a second site. The data centre is audited annually to comply with the

#### Definition of terms:

For the purposes of this document, Aberdeen defines the following terms:

- ✓ **SaaS or on-demand:** The software itself is not licensed or owned by the end user; it is provided as a service.
- ✓ **Hosted:** Licensed applications are hosted by a third-party. This may be in a separate instance on a separate piece of hardware (dedicated to your company), or in a separate virtual instance (dedicated to your company) where the application is housed on hardware shared by multiple companies.
- ✓ **Preconfigured on a hardware appliance:** Licensed software is pre-configured and pre-installed on the hardware. Pre-configuration may be industry-specific and include best practices templates for workflows and role definitions.
- ✓ **Traditional license on premise:** Software is not bought and sold; instead it is licensed for use. It may be licensed to be used on a particular computer or by other criteria such as number of users.

ISO/IEC 27001 standard for information security; this certifies that a high level of information security controls is in place.

## Key Insights

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While Aberdeen has observed a surge in the willingness to consider SaaS as a deployment option for ERP, the 70% increase in willingness to consider SaaS only moved the needle from 23% to 39%. This means the feeling is not yet pervasive. The top reason given by those that were unwilling to consider this option was the desire to control their own upgrade process (56%). SYSPRO's strategy of providing unique instances for each SaaS may sufficiently address this concern. This places the control back in the hands of the user in terms of features and functions without relinquishing the responsibility for and control of the underlying technology.

For those unsure of the relative pros and cons of considering SaaS ERP, we summarize our conclusions from [SaaS ERP Trends and Observations 2010](#):

- Not all SaaS ERP solution providers treat upgrades and customization in the same way. Explore all your options carefully before deciding between SaaS and more traditional models, and if you view SaaS as a viable option, compare all aspects of the solution and the solution provider. Fit and function are extremely important, but so are many other factors such as continued vendor viability, references, ease and speed of implementation, and ease of use. And of course, cost also weighs heavily in the decision.
- For those concerned about security, exercise caution and perform due diligence, but remember that the vendors' continued success and very existence is at stake. Those that offer viable SaaS options are experts in security, and are potentially better equipped to protect your data than you would be in an on-premise environment.
- In evaluating alternative ERP solutions and deployment options today, consider the full solution including functionality, the ERP vendor standing behind the software and the delivery. SYSPRO's cloud offering includes the full functionality of the SYSPRO ERP application; there is no difference in the software between the on-premise version and SYSPRO BusinessLive. Underlying security and architectures have come a long way to support any number of different approaches to software deployment. As cloud computing and virtualization becomes more pervasive, it is quite likely that one day soon we may wake up and wonder what took so long to get to the point where deployment model is simply one of many different configuration choices.

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

### Related Research

<a href="#"><u>SaaS ERP Trends and Observations 2010; September 2010</u></a>	<a href="#"><u>Are the Barriers to SaaS ERP Breaking Down?: June 2008</u></a>
<a href="#"><u>SaaS ERP Trends and Observations: December 2009</u></a>	<a href="#"><u>ERP: The Last Bastion of Resistance to Software as a Service: July 2007</u></a>
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