Magic Quadrant for Midmarket and Tier 2-Oriented ERP for Product-Centric Companies

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Despite mergers and acquisitions, there are many ERP offerings for midmarket companies and firms deploying Tier 2 ERP systems. This Magic Quadrant evaluates products that have a global presence and are specifically tailored for product-centric midmarket companies with roughly 100 to 1,000 employees.

WHAT YOU NEED TO KNOW

The Magic Quadrant for Midmarket and Tier 2-Oriented ERP for Product-Centric Companies addresses the needs of product-centric companies or divisions of enterprises with between 100 and 999 employees, and with annual revenue between $50 million and $1 billion. These enterprises have limited IT resources and seek ERP systems that support their differentiating business processes well with deep functionality, but do not require significant overhead in the nondifferentiating business areas (meaning the systems must minimize total cost of ownership [TCO] and complexity).

Although some see this market as large and mature, Gartner sees this market as undergoing a "changing of the guard," with older, established systems with deep functionality being displaced by more modern and agile systems. The key trends driving changes in this market are:

• The packaging of industry-specific functionality

• Technology modernization using service-oriented architecture (SOA)

• The need for global deployments

As this change continues, Gartner concludes that only one offering qualifies as a leader in the market at this time: Microsoft Dynamics AX. The product is robust, it delivers low TCO through integration with other Microsoft products, and, most importantly for the midmarket, Microsoft is adept at managing its channel of resellers. However, this offering has challenges with global implementations, and users are dependent on both Microsoft and the implementation partner for support.

Two offerings are rated as visionaries. SAP Business All-in-One is one of the broadest and deepest solutions in the market, and its Best Practices and the fast-start program reduce the effort needed for the early phases of an implementation. However, challenges with solution complexity and cost prevent this offering from becoming a leader just yet. The other

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visionary is Epicor Vantage. Epicor released Epicor 9, which, through its use of modern technology, places it as the most visionary and complete offering in the market. Epicor is a comparatively small vendor, and the product isn't as functionally robust as others, which are challenges for Epicor.

There are 10 other offerings in the Challengers and Niche Players quadrants. Some of these offerings have superior functionality in particular parts of the market, so users should investigate these options. However, these offerings do not have a compelling vision for leading the market, or have other critical challenges detailed in the individual product summaries.

MAGIC QUADRANT

Market Overview

ERP Market and Vendors

According to Gartner, the overall ERP software market (for both large and midmarket accounts) was $23.8 billion in total software revenue for 2008; with a predicted growth to approximately $24.5 billion by year-end 2009. Given the current economic and business climate, Gartner has a cautious, but still positive, forecast for the ERP software market. The midmarket ERP market is very fragmented, and is served by hundreds of vendors covering every conceivable geography and industry. According to Gartner's market share data for large and midmarket ERP software in 2007, the top five vendors in market share were SAP (28%), Oracle (14%), Sage (7%), Infor (6%) and Microsoft (4%). Of the top five vendors, three (Sage, Infor and Microsoft) are focused on the midmarket, while SAP and Oracle serve the midmarket with parts of their ERP portfolios: SAP with Business All-in-One, and Oracle with JD Edwards and the Accelerate offerings for E-Business Suite (EBS). Further down in terms of market share, there is a large number of midmarket-focused vendors, such as Epicor, IFS, Lawson, QAD, Exact Software and others, that are specifically focused on regions or niche industries. The diversity of vendors, therefore, demonstrates how important and vibrant this particular segment of the market is.

The following major trends have influenced ERP systems for product-centric companies in the midmarket during the past few years:

Figure 1. Magic Quadrant for Midmarket and Tier 2-Oriented ERP for Product-Centric Companies

Source: Gartner (May 2009)

- Industry-specific functionality or verticalization of the systems

- A fundamental modernization using SOA to transform the systems into model-driven packaged applications with embedded analytics

- Globalization, which is no longer an exclusive characteristic of large global enterprises

- A consolidation in the market by a number of mergers and acquisitions of ERP vendors

Verticalization is approached in two different ways: Some vendors, such as Lawson, IFS and QAD, focus on specific industries, and are reluctant to enter into those beyond their specific areas of expertise. Others, especially Microsoft, leave the verticalization of a horizontal core system to their partner ecosystem. In another example, SAP's approach is mixed: Its messaging heavily relies on an industry-by-industry approach, but most of the industry-specific functionality for the midmarket is developed and implemented by partners. Therefore, while the midmarket ERP landscape is fragmented in terms of vendors, the choice with regard to industry focus is often narrowed to a small selection. In reference calls made for this Magic Quadrant, there was a consistency to vendor evaluation lists across customers, and there are common patterns of referencing across vertical lines in selection patterns.

Modernization: Many of the ERP systems that are in the market today and analyzed in this Magic Quadrant are rooted in the 1980s, having made the transition from material requirements planning (MRP) to ERP to ERP II. The arrival of SOA has shifted the focus from monolithic, inflexible systems toward collections of services that can be composed more flexibly into applications, and can be adapted more easily to fast-changing business requirements. A vendor's ability to transform its solutions into user-centric and model-driven packaged applications with embedded analytics is directly reflected in its system's completeness of vision rating. A system with a low ranking might be a good choice to support today's business needs, but will show significant deficits during the system's use lifetime. Companies that select a system with a low vision score risk falling behind their competition if the competition undertakes a major IT modernization effort.

Globalization has long been a topic only for large, multinational corporations operating around the globe. But, increasingly, midmarket companies are building more of an international presence, either directly or through channel approaches. In many cases, this is not an entirely voluntary decision, but can be driven by their major customers, which require their suppliers to follow them into new geographies. Companies facing a similar decision in upcoming years need to make sure that their ERP systems can support their business processes in all relevant countries. To do so, it is not sufficient that the system's user interface (UI) is translated into the respective languages, to enable use by local employees in their native language. Rather, the systems have to be localized, including legal and statutory requirements. For the most important countries, the vendor should deliver the necessary "country versions" directly; for smaller countries, this could be done by partners. In both cases, the systems need to have the certificates necessary in some countries, and the vendor should have the intention and the means to maintain its presence in the country for many years to come. The vendor has to provide support and consulting resources during and after the implementation, either directly or through channel partners. For these reasons, only systems that are available in more than one geography were included in this Magic Quadrant (see the Inclusion and Exclusion Criteria section).

Consolidation: The fourth major trend that the ERP market has seen is a high level of mergers and acquisitions, with Oracle, Infor and Sage being the most active acquirers. But even if a vendor has a global presence, the same is not true for all of its products. Additionally, within many of the "collector" vendors,

there is no vision or plan to consolidate functionality or offerings across acquired products. This means that there may be no plans for converging a vendor's midmarket offerings as there might be in other markets where vendors acquire products that are then consolidated. Therefore, this Magic Quadrant is not based on vendors themselves, but rather on each vendor's particular midmarket offerings individually.

The Role of SaaS and Open Source in Midmarket ERP

Gartner sees an increasing availability of software-as-a-service (SaaS) ERP solutions, and, unlike in large enterprises, where SaaS ERP use is limited, SaaS ERP is playing an increasingly important role for back-office solutions and front-office applications for midmarket companies. Cost reductions in implementation and operation are one of the important drivers for SaaS ERP, and SaaS offerings avoid the need for upfront capital expenditures because they can be funded as an operational expense. However, when analyzing the TCO of SaaS ERP over five years, Gartner finds that SaaS is not necessarily less expensive than on-premises ERP.

NetSuite (www.netsuite.com) is the largest example for a SaaS-based ERP suite. It offers a broad range of application modules, including financials and accounting, purchasing, payroll, order management, inventory control, and employee management, as well as built-in integration with its CRM and e-commerce capabilities on the same platform. Gartner has spoken to customers that expressed a high level of satisfaction with NetSuite's offerings.

Other notable SaaS ERP players are Plex Online (previously Plexus Online, www.plex.com) and Glovia (www.glovia.com). SAP has also announced an on-demand ERP solution called SAP Business ByDesign.

Open source has been used extensively in infrastructure components, but open source has a limited impact on ERP at this point. In the past two years, however, some new open-source software (OSS) ERP vendors have emerged with a focus on leveraging OSS to reduce the TCO of business applications, and to enable customizations that would be difficult to achieve without access to source code. Although we have doubts as to whether OSS business models actually confer these advantages on OSS ERP, these early stage offerings are nonetheless promising and should be evaluated. Examples for OSS ERP suites include Compiere (www.compiere.com) and Openbravo (www.openbravo.com).

Although increasing in importance, none of the SaaS or open-source ERP solutions met the inclusion criteria for this Magic Quadrant, due to their number of sales or product focus. Our ERP Magic Quadrant criteria do not explicitly exclude SaaS or open-source solutions. As these offerings continue to grow, we expect their inclusion in future versions of this Magic Quadrant, and are actively tracking their progress.

Market Definition/Description
ERP Systems in Midmarket Companies and Divisions of Large Enterprises

ERP systems are one of the core business applications of most companies above a minimum complexity. The basic concepts and functionalities have been developed and sold for more than 20 years, but the term was only coined by Gartner in the 1990s. ERP systems' functionality normally covers the following areas: finance and accounting (general ledger [G/L], accounts payable and accounts receivable), sales or customer order management, operations management, purchasing, and human resource management (for a more complete description of ERP, see "ERP, SCM and CRM: Suites Define the Packaged Application Market").

Most of today's ERP systems were developed for the needs of product-centric companies, and these companies typically use most of the functional areas of ERP. They traditionally fell into the following categories:

• Manufacturing companies focus their business activities around the development, manufacturing, assembling and selling of products, and the delivery of their related services. This includes all kinds of discrete products, from small and simple consumer products to the most complex products (such as airplanes or power plants). It also includes products that are generated in process manufacturing, such as most products in food and beverage, chemical industries or pharmaceuticals. Other companies are active in utilities, rental and services, aerospace and defense.

• Distribution companies focus on buying, storing, moving, repackaging, selling and delivering products and their related services, both discrete or process. Depending on the structure of their sales channel and customers, companies in wholesale and distribution, and those in retail, fall into this category.

• The administrative core of ERP systems has been adopted by institutions in state and local government, and in federal government, as well as by companies and institutions in healthcare, professional services and the financial sector.

The boundaries between these three types of enterprises have been slowly disappearing in the past few years, with more manufacturing companies distributing and servicing their products, which has led to tighter integration of ERP, CRM and supply chain management (SCM) solutions. The combined manufacturing and distribution functionality is used by enterprises in industries as different as third-party logistics, utilities and the energy sector. Although this list is not exhaustive, it does indicate that product-centric ERPs are successfully used in a variety of industries.

Product-centric companies vary significantly in size and complexity, ranging from less than 10 employees up to the Global 2000 companies, which have hundreds of thousands of employees. The latter are often subdivided into divisions of smaller size. Therefore, ERP systems also are comprised of varying functional depth and breadth to meet the needs of these different-size companies. In order to keep the ERP systems comparable, this Magic Quadrant focuses on ERP systems that are primarily used by independent companies or divisions of large enterprises with a range of 100 to 999 employees per site, which roughly equates to organizations with $50 million to $1 billion in revenue.

Many would analyze this market under the mistaken assumption that "midmarket" means "ERP-lite," or that these enterprises are "simpler" than their larger counterparts. Gartner has produced research that analyzes this market with a unique process framework, and this will form the basis for our thought-leading analysis of this market. Most midmarket enterprises or divisions have a core set of business processes that are as complex or more complex than those of large enterprises. However, outside of these core processes, the majority of the business processes in most enterprises or divisions in this segment do not have the scale to require a highly sophisticated or automated solution to support them. Instead of being simpler, these enterprises apply a more information-centric approach to executing many of their processes, seeking solutions that offer "good enough" support. The ability to support a core set of global-class strategic processes, combined with offering good-enough capabilities for the less-strategic, but still important, information-based processes, thereby limiting the overall complexity of the solution, will be a key part of our analysis of this market.

In addition to deployments in stand-alone midmarket enterprises, many of the ERP offerings in this market are also commonly used in implementations at the plant level of a large enterprise. This is commonly referred to as second-tier or Tier 2 ERP deployments. Although the user requirements between stand-alone and Tier 2 ERP deployments are substantially similar, there are some differences in requirements, such as the capability to be integrated with the backbone Tier 1 system, and the ability to switch off parts of the functionality without impacting the process integrity of predominant core capabilities in a two-tier deployment. In this analysis, the superset of features that includes stand-alone midmarket as well as Tier 2 ERP deployments is taken into account. Because none of the features are mutually exclusive, these two deployment styles are commonly evaluated by users as occupying the same solution space, which is why Gartner evaluates midmarket and Tier 2 ERP deployments in the same market.

The user organizations in this market are defined like this:

• They are independent companies or divisions (business units, subsidiaries or branches) of enterprises.

• Their size is between 100 and 999 employees, which roughly equates to $50 million to $1 billion in revenue. Typically, companies or business units of this size have limited IT resources and seek ERP systems with low TCO. Nevertheless, they look for solutions that offer broad and deep functionality.

• They seek systems that can support their differentiating, specific requirements, but do not require a huge overhead in the nondifferentiating business areas. The systems must be adaptable to changing business needs, because they have to react flexibly to changing market conditions and react quickly to new opportunities.

• Support for industry-specific requirements and business processes are key to these companies. In some cases, they need combinations (for example, when combining processes with discrete manufacturing, or when they're being manufacturers and distributors of their products).

- They have some international presence, either by doing business or by having or building a direct presence in multiple countries or geographies. Therefore, they seek ERP systems that are available and supported in more than one geography. Divisions of large enterprises tend to have a higher degree of internationality than midsize stand-alone companies.

- Although they offer some product-related services, the majority of their business is product-centric, falling into manufacturing, distribution or a combination of both.

Inclusion and Exclusion Criteria

- **Geography:** The vendor must serve at least two of the following three global regions (North America; Europe, the Middle East and Africa [EMEA]; and Asia/Pacific). The product must have a minimum of 20% of new customer entities in at least two of these three geographies.

- **Installed base:** The installed base distribution must be at least 20% in two of the three geographies.

- **New license sales:** Of quarterly revenue per product, 10% must come from new customers. Also, two of the three geographies must contribute at least 20% of new license sales each.

- **Viability:** The offering must be a viable and supported offering at the time of publication of this Magic Quadrant.

- **Installed base size:** The vendor must have at least 1,000 customers in a product's installed base to qualify.

- **Application functionality:** The functionality provided by the vendor in the application must contain at least six of the following systems of record: G/L, order data, customer master, employee master, vendor and supplier master, purchasing, product master, contracts, assets, pricing, cost, quality and planning.

- **Architecture:** The majority of an application must be in one architecture and data model (application platform), or the vendor must have a credible vision for accomplishing this.

Added
The following products have been added since the Magic Quadrant for the ERP manufacturing midmarket was last published in 2005, in line with the inclusion criteria above:

- Syspro ERP
- Exact Globe
- Epicor Vantage
- Microsoft Dynamics NAV
- Infor ERP LN

The following products have been renamed, mainly due to a vendor acquisition or, in some cases, a product rebranding exercise:

- SAP All-in-One to SAP Business All-in-One
- Mapics SyteLine ERP to Infor ERP SyteLine
- Intentia Application Suite to Lawson M3 Enterprise Management System
- IFS to IFS Applications
- QAD MFG/PRO to QAD Enterprise Applications
- Microsoft Axapta to Microsoft Dynamics AX

Dropped
The following products have been removed since the Magic Quadrant for the ERP manufacturing midmarket was last published in 2005, due to the inclusion criteria listed above:

- MAPICS iSeries (today, Infor ERP XA)
- SSA ERP LX (today, Infor ERP LX)

Evaluation Criteria
Ability to Execute
Midmarket ERP vendors' product breadth, depth and technology are highly rated components of their ability to execute. But the most comprehensive systems are not automatically the best choice for midmarket companies, which, in many cases, have neither the need for very specialized functionality nor the means to cope with it. The right mix of good-enough functionality in commodity processes with strong support for fewer, but strategic, processes is more important. Because midmarket companies have only very limited IT resources to assign to running an ERP system, the lowest possible TCO throughout the application life cycle (from selection through implementation, optimization, operation and management, to retirement) is a key requirement, and is one important differentiating factor.

The ability to serve as a Tier 2 solution (that is, as an operational system running smaller divisions or subsidiaries of corporations) is another important criterion used in this analysis. Companies that have the size or complexity of upper-midmarket enterprises should focus on the broader systems, while companies with simpler requirements might be best served by a variety of solutions that focus on their specific critical requirements. Therefore, the Product/Service criterion has a high weighting.

Vendor/product viability and risk remain important criteria. Although viability is important, it should not overshadow product fit, vendor expertise, TCO, and service and support. Several of the vendors included in this Magic Quadrant are small, and although there are some viability concerns, all other factors being equal, viability

alone should not preclude users from considering these vendors. Many smaller vendors have been profitable and in business for many years. While their revenues may not be in line with larger megavendors, their overall persistence in successfully serving their target markets over a number of years merits their consideration. Likewise, the intensive acquisition activities of the past few years have shown that ERP systems whose architectures are not overly dated and that have an active user base of a certain size are not automatically taken off the market, even when their vendor is taken over by a competitor with an overlapping offering. Therefore, the Overall Viability criterion has a standard weighting.

Sales execution and pricing are significant differentiators in the midmarket ERP segment. Those ERP systems with their core market in the upper-midmarket or large-enterprise space are often significantly more expensive in terms of TCO. Although even high discounts on license fees can often be negotiated, other important cost factors (such as rates for consultants and maintenance rates) are less flexible. Several vendors have a huge portfolio of additional components, such as product life cycle management (PLM), CRM, SCM and others, but the prices for these components are often much higher than the core ERP licenses. Many midmarket firms only realize this after they have made a significant investment in time and resources deploying the ERP system, expecting, but not finding, similar pricing on extended components once their evolving requirements demand them. Finally, most of the vendors covered in this Magic Quadrant do a huge portion of their business through an indirect channel, and the development and sustainability of the channel is an equally important factor. For these reasons, the Sales Execution/Pricing criterion has a high weighting.

The midmarket ERP market is a slowly evolving market. Most solutions have been around for more than 10 years, and, in some cases, the roots of the systems are 20 years old or more. Because of this level of maturity, market responsiveness is less important for the core ERP functionality, and the Market Responsiveness and Track Record criterion has a low weighting.

Marketing execution, while important to market visibility, is not an important element of the overall evaluation process, and most of the vendors covered do not have the means to be highly visible in multiple regions. Vendors that can afford to run global marketing campaigns suffer from the fact that the portion of their messaging that is focused specifically on midmarket companies is hidden under the highly visible, but very generic, overall messaging, which is mainly targeted at the largest enterprises. Therefore, the Marketing Execution criterion has a low weighting.

An ERP vendor's ability to use and exploit functionality to drive business value and provide a good customer experience is a critical element of a provider's ability to execute. ERP systems touch almost all parts of a company, and the implementation of an ERP system is one of the most complex projects in many companies. Midmarket companies do not have the workforce capacity to allow many business users to exclusively support the implementation; rather, the implementation work has to be done in addition to the daily workload. Vendors with a long track record in the midmarket have designed and built their systems and tools to support this resource constraint, and their consultants and professional services are well-acquainted with this. Also, the lower level of specialization that is typically prevalent in the midmarket's IT force requires support organizations on the vendor side that can deliver

technical and business support most efficiently. For international deployments, it is important that this level of quality and ability is equally present in all regions where the systems are available, either directly or through the partner channel. For these reasons, the Customer Experience criterion has a high weighting.

Finally, operations looks at a vendor's internal ability to meet its goals and commitments on an ongoing basis. Factors include the quality of the organizational structure, including skills, experience, programs, systems and other vehicles that enable an organization to operate effectively and efficiently on an ongoing basis. Because the external factors that are important for companies that deploy any of the systems are included in the criteria described above, the Operations criterion has a low weighting.

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product/Service	High
Overall Viability (Business Unit, Financial, Strategy, Organization)	Standard
Sales Execution/Pricing	High
Market Responsiveness and Track Record	Low
Marketing Execution	Low
Customer Experience	High
Operations	Low
Source: Gartner (April 2009)	

Completeness of Vision

Market understanding assesses ERP vendors' ability to understand buyers' wants and needs, for ERP, in general, but midmarket ERP, in particular, and translate them into products and services. Vendors that show the highest degree of vision listen, anticipate and understand buyers' wants and needs, and can augment them with their own ERP visions. Vendors that simply respond to current market requirements without anticipating future requirements will not likely be successful over the long term due to the complexity of functional and technical enhancements that will have to be made to the products, even in the comparably slow-moving ERP market. Vendors' domain expertise, technology vision and vision for the midmarket ERP of the future rank highly, which is why the Market Understanding criterion has a high weighting.

A vendor's marketing strategy has a low impact on the ERP market. Although important, marketing strategy is not highly differentiated across vendors. Most vendors in this market struggle with their visibility and market awareness, and, in the case of well-known brands, it is not obvious that they are relevant players in the midmarket ERP space. Therefore, the Marketing Strategy criterion has a standard weighting.

A good vision for the sales strategy will remain an important success factor in the future. Midmarket companies have some

specific buying behaviors, and vendors that want to be successful in this market have to build strategies and organizational structures to comply with these. A concise and transparent mix of indirect versus direct channels is important, because customers expect similar structures and consistent conditions in all regions where they need to deploy the solution. Therefore, the Sales Strategy criterion has a high weighting.

Product strategy is critical, and refers to a technology provider's approach to development and delivery that emphasizes differentiation, functionality, technology, methodology and feature set, as they map to current and future midmarket ERP requirements. It also refers to technology evolution, which includes important topics such as SOA, embedded analytics, model-driven packaged application awareness, master data management (MDM), social software, process of me, and the emergence of business process platforms (BPPs) and multienterprise BPPs. In addition, for the purposes of this evaluation, Gartner measures vendor strategies for building end-to-end processes that span functional areas across the enterprise. The vendors' understanding of market changes, and their product strategies for successfully navigating these changes, significantly influences their completeness of vision, which is why the Offering (Product) Strategy criterion has a high weighting.

Vendors' business models (that is, the soundness and logic of providers' underlying business propositions) are not critical, except as they apply to delivering overall midmarket customer satisfaction; therefore, the Business Model criterion has a low weighting.

Industry-specific functionality is an important differentiating factors among midmarket ERP systems. Some vendors have selected a number of industries on which they focus exclusively, while others offer more horizontal functionality, and have their partner channel complement and complete the solution. As stated earlier, some vendors support a variety of industries, but do so by relying on their channel partners to develop the needed functionality. In this case, in order to avoid customers being overly dependent on partners, which are typically much smaller and often less viable than the vendor itself, it is important that the vendor and the partners show a high level of mutual engagement, and work closely together through joint development and rigid certification programs to ensure clarity and consistency in relaying timely messages to the customer base. Because most vendors in this Magic Quadrant have developed an approach to offer industry-specific functionality, although each for a different set of vertical markets, the Vertical/Industry Strategy criterion has a standard weighting.

Most midmarket ERP vendors do not have the size nor the financial means to drive massive innovation programs. Rather, they tend to be very pragmatic, taking a "just in time" approach to delivering process and feature innovations, based on when their customers expect and can use them, rather than an "invent and they will come" mentality. As visible in recent developments such as role-based UIs or industry-specific orientation, major trends are often developed by some of the larger vendors. As they are generally accepted and sought out, they become quickly adopted by the smaller vendors as well. Therefore, the Innovation criterion has a low weighting.

Geographic strategy looks at a technology provider's strategy for directing resources, skills and offerings to meet the specific needs of internationally active midmarket companies. Since more midmarket companies are participating in globalization trends and

are present in multiple countries or regions, it is important that their ERP vendors can accompany and support them in all relevant territories. Most of the vendors included in this Magic Quadrant have a market presence that is restricted to some regions, so this is an important selection criteria to determine whether the vendor covers all markets that are, and will be relevant, to the selecting company. Therefore, the Geographic Strategy criterion has a standard weighting.

Table 2. Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Market Understanding	High
Marketing Strategy	Standard
Sales Strategy	High
Offering (Product) Strategy	High
Business Model	Low
Vertical/Industry Strategy	Standard
Innovation	Low
Geographic Strategy	Standard
Source: Gartner (April 2009)	

Leaders

Leaders demonstrate vision and the ability to execute. Midmarket ERP leaders have deep and robust functionality that address a range of core user requirements. Not necessarily the largest vendors in terms of revenue, these vendors do have proven products, as well as track records of customer success and demonstrated momentum in growing their market presence. Leading vendors have offerings that appeal to the specific process needs of midmarket customers, are straightforward and simple to use, and are designed for low TCO, while being available in multiple regions.

Leaders are well-prepared to evolve their products to model-driven applications to allow for high flexibility, with tools for embedded analytics and UIs that allow for easy adoption by different types of users. Leaders have compelling strategies for addressing the ongoing market changes related to emerging technologies, such as SOA and BPPs. They also have built structures to extend their systems with industry-specific solutions, which deliver the best support for the specific processes in vertical markets, while offering good-enough support for the less-differentiating processes. Finally, leaders cultivate a broad and generally overwhelming level of customer satisfaction in a number of geographies and industries.

Challengers

Challengers have broad and mature ERP systems, with a strong international presence, either directly or through indirect channels. Although their solutions can be configured to the needs of midmarket companies, they may not have a clear strategy for fundamentally modernizing their solutions (for example, a lack of financial potential for the significant investments needed, architectures that do not allow for evolution or the existence of other solutions in their portfolio, which, in

Gartner's view, will be preferred over them [such as Fusion Applications as Oracle's next-generation offering]).

Challengers offer solid support for companies that do not expect to undergo dramatic changes. All the products listed in the Challengers quadrant of this Magic Quadrant will presumably not disappear, even if their vendors are acquired. They have stable consulting and support structures in multiple geographies. Finally, despite any noted shortcomings, which vary depending on the product offering and vendor itself, one clear, distinguishing feature of a challenger is a vocal and satisfied base of customers across the geographies and industries the vendor serves.

Visionaries

For the visionary solutions, there is a compelling vision for achieving a differentiated position in the market, such as a full SOA/model-driven packaged application strategy, high ease of use, implementation and operation, but they lack certain characteristics in their ability to execute. Visionaries might have compelling product strategies, but they lack the market momentum or have limited market presence to move higher in their ability to execute. For those enterprise-class solutions that are moving down market, they have not fully reached the low TCO that is crucial for midmarket companies. Generally, customer satisfaction, as with ability to execute, is limited, mixed or ambiguous due to the newness of recently introduced innovation(s), or because the vision, although noteworthy and theoretically appropriate to the midmarket, has delivered mixed results in vendor practice.

Niche Players

The niche players in this Magic Quadrants fall into two different categories. The first category comprises solutions that are often functionally adequate, and, in some cases, are the best choice for specific types of customers. However, they lack the full depth, breadth or robustness of functionality demanded by the most complex and sophisticated users, and often do not have a vision for attaining, nor the level of persistence required to attain, the status of becoming a next-generation ERP. These vendors often lack the broad experience, new client numbers, customer references or investment levels compared with the leading vendors in the market. This is not to say that niche vendors are not viable; in fact, they can be good ERP vendors for many buyers. In some cases, such as user companies that only deploy to a few countries, or companies with minimal complexity or sophistication, or in a few very specific target vertical markets, these niche player vendors could be the best choice.

The second category of products in the Niche Player quadrant comprises solutions that were originally designed as, or over time have been developed to become, solutions for large enterprises. Although these systems have broad and deep functionality in most areas, their scope, complexity, cost and scalability can sometimes be much more than required by midmarket or Tier 2 users. In some cases, lack of skilled consulting resources and limitations in the availability of partners have to be overcome to improve these solutions' ability to execute.

For both categories, we find the products in this quadrant do not have a clear and credible vision for how to turn the solutions into modernized offerings (as outlined in the Market Overview section of this Magic Quadrant), be it because of a lack of financial means to execute against a vision or because the company pursues other visionary plans that are not directly applicable to the products analyzed here.

Vendor Strengths and Cautions

Epicor Vantage

Epicor Vantage targets midsize to large-scale make-to-order and mixed-mode manufacturing companies, while additionally offering a range of SCM and distribution capabilities. Vantage is a product-centric ERP solution, and it is built on an SOA using Microsoft .NET, Progress and Web services. The architecture exposes all functionality as Web services combined with a rich user experience. In December 2008, Epicor released Epicor 9 as a more global successor to Vantage, with improved functionality, especially in the financial and distribution areas. Users can expect an upgrade to Epicor 9 from Vantage, which is why we are considering Epicor 9 as a component in Vantage's completeness of vision.

Vantage is strong in the midmarket, particularly in "to order" environments based on a powerful native configurator. It also operates well in mixed-mode environments. Vantage has a high degree of satisfaction based on Epicor's continual innovation of the product, and the fact that it utilizes a combination of direct sales and service personnel in North America, bolstered by an exclusive affiliate channel in other regions. Although Vantage is available globally, the majority of its customers are in North America. Because Vantage is primarily centered in North America and hits its stride mostly within engineer-to-order (ETO) environments, and because Epicor 9 awaits vendor execution in the market, we give it solid, but not above-average, grades for global execution.

Epicor is rated as a visionary in this Magic Quadrant. Although recently released and not fully tested in the market, Epicor 9, the successor to Vantage, is the most visionary and complete solution we've seen made generally available in recent years. It is easily enhanced and extended based on its mature .NET-based SOA architecture. It comes complete with a role-based UI, and offers tightly integrated ERP, business intelligence (BI), CRM and SCM. It also leverages and integrates with Microsoft Office and Outlook. Gartner believes that Epicor 9 is the broadest midmarket-specific solution currently on the market offering global financial management, manufacturing and distribution, service and project-specific capabilities all in a single code-line. While Epicor 9 has only recently been introduced, as of May 2009 it had already been shipped to over 400 companies globally. We will be closely following how Epicor 9 continues to be received in the market.

Strengths

- The combination of .NET and Progress OpenEdge in Vantage makes the solution relatively easy to modify and extend, and supports a range of platforms.

- Vantage's dependence on Progress for its SOA provides an advantage for companies that encourage technology platform independence among business units.

- A strong configurator makes Vantage ideal for midmarket configure-to-order, ETO and mixed-mode environments.

- Vantage is served through direct sales and service or through very closely integrated exclusive affiliates.

- Epicor has a clearly defined future road map and has shown consistent milestone execution. The road map includes migration paths for all of Epicor's major product lines to Epicor 9, which was released in late 2008 with the broadest globally available functional footprint, specifically architected for and targeting the midmarket and smaller enterprises. The architecture of Epicor 9 makes it the closest solution to a model-driven packaged application available today.

Cautions

- Vantage is not a global solution, nor is it evenly dispersed from a global perspective. It is primarily strong in North America. The newly released Epicor 9, which replaces Vantage, will likely be a truly global solution. However, although Epicor has recently put resources in place to serve initial rollout countries, it is likely that the assistance of Epicor iScala partners and the recruitment of additional resources will be required to deliver consistent and strong support in all the territories eventually targeted.

- Epicor's revenue position and broad solution set make it continuously attractive as an acquisition target. Any acquisition carries with it the possibility of disruption, which could impact customers.

- Vantage is built on .NET and Progress OpenEdge, but can sit on Microsoft SQL Server. The use of Progress creates an additional layer of dependency on top of the Microsoft Windows environment. Customer reports showed high satisfaction in terms of performance and adaptability.

- The flexible platform enablement features of Progress are arguably offset by Microsoft .NET's growing popularity as a small or midsize (SMB), SOA-based development framework. The pool of trained resources associated with Progress is limited by comparison.

- Although extremely broad for a midmarket ERP solution, some areas of Epicor 9 will be richer and deeper than others in initial releases.

Exact Globe

Exact Software has acquired a number of applications since it was established in 1984. For the purposes of this Magic Quadrant, we are evaluating Exact Globe, which is Exact's primary ERP application for midmarket organizations. This product provides core financials and manufacturing support capabilities; for further functionality, Exact Globe is sold with Exact Synergy, which bolsters Exact Globe with capabilities such as CRM, collaboration tools and a more intuitive UI to navigate across the application. The latest version of Globe is 390, and it became generally available in September 2008.

Compared with other vendors in this Magic Quadrant, Exact appears to have a less-formalized schedule for releasing new versions and functionality, which makes it harder for businesses to plan for upgrades. For example, there were three releases in 2008, two releases in 2007, one release in 2006 and one release in 2005. At the time of this publication, a future release schedule for Exact Globe was not available. Exact Globe was born with a financial management heritage prior to evolving into support for product-centric operational processes, and

customer comments to Gartner have highlighted the relative strength on the financial management side. From a go-to-market strategy, subindustry and microindustry support and specialization has not been a declared strategy for Exact thus far. Exact is also very closely aligned with the Microsoft technology stack (running only on SQL Server), which may preclude Exact from situations where businesses have other infrastructure technology provider preferences.

Exact primarily meets the needs of a concentrated group of users with good functionality and technology, but it has a weak strategy for broader market leadership or industry-based expansion. This has led to Gartner placing Exact Globe in the Niche Player quadrant.

Strengths

- Exact has a large user base in its home market of Northern Europe, with a competent support organization to address customer queries.

- Exact has a sizable professional services presence, which allows the company to directly support most international deployments without the need for substantial third-party resources.

- Exact enjoys a high brand awareness among ERP buyers in the European midmarket.

- Exact has, in previous years, invested early in innovative concepts, such as collaboration and user-centricity, within the e-Synergy add-on product, which lessens the need for user training.

- There is potential for embedded CPM functionality into the core Globe/e-Synergy products due to Exact's acquisition of Longview Solutions in 2007.

Cautions

- Despite the availability of Exact Synergy for some time, the overall adoption of Exact Synergy within the existing Globe customer base remains slow, which suggests that sales execution and strategy have not been optimal.

- Reference customer feedback has suggested some product scalability issues when deployed across multiple sites or countries.

- Exact has not articulated a strong industry strategy, which may limit the application's appeal to subindustries with very specific process support requirements.

- Outside of its home market of the Netherlands and the U.S. (where it has benefited from the acquisition of Longview), Exact's channel strategy is less-defined and needs further clarity to help prospects during the selection phase.

- Exact's product/enhancement release schedule appears less-formalized than its peers, making it harder for customers to plan their application strategies.

IFS Applications

IFS is an established name in the industry, with a global presence, but the majority of customers and revenue remains heavily European-centric. IFS has recognized the intense competition in the midmarket and has responded during the past three years by shifting its sales focus toward larger, more-complex and more project-centric ERP deals. The most recent version, IFS Applications 7.5, became generally available in October 2007, and there are ongoing efforts to migrate customers on older product versions to the latest version.

In conversations with reference customers, IFS was mainly chosen because of its ability to deploy in multiple geographies, and the flexibility afforded by the modular nature of the IFS application. Price-wise, IFS was neither the most expensive nor the least expensive on customer shortlists, but, generally, customers were happy with the functionality provided and the implementation quality from IFS professional services.

In terms of the quality of technical support, a more mixed opinion arose from the reference calls, with basic faults and questions resolved quickly, but others taking much longer, and, in some instances, requiring the involvement of IFS professional services on a paid engagement. Customers also commented that getting specific resources from IFS can sometimes be challenging during the summer months, where vacation periods tend to be longer in Scandinavia than in the U.S. For customers contracting with pan-European and global external service providers, this is less of an issue. None of the customers we spoke to were significantly impacted because of this; however, for companies not used to dealing with European-based vendors, this is something they should be aware of, especially if they are planning a major go-live or critical milestone during the summer months.

Although IFS serves many customers well in its core industries with a strong technology platform, it has limited appeal and a weak strategy for broader market leadership. This makes this offering a niche player.

Strengths

- IFS has a clear industry focus with deep vertical functionality for a select range of subindustries. It is especially strong in project-based manufacturing and EAM.

- IFS has a mature and solid service-oriented component architecture, allowing customers to implement components on a case-by-case basis.

- The majority of implementations use IFS's professional services organization, rather than external service providers, therefore allowing closer contact between IFS and its customers.

- IFS has a high customer loyalty rate, with 95% or more of customers on maintenance contracts. The majority of customers have subscribed to "higher value" (solution and premium support) maintenance programs.

- The new IFS Enterprise Explorer UI (which will be made available for IFS Applications 7.5 in 2009) has deep integration with the application, offers very powerful search mechanisms, and shows a high level of product investment and innovation.

Cautions

- Despite its long heritage in the industry, IFS still suffers from a lack of global brand awareness, which hinders its ability to appear on vendor shortlists.

- IFS has shifted its new sales focus toward more project-oriented industries, rather than its historic industrial manufacturing customer base. Although some subindustries within this catchment are still relatively healthy (such as aerospace and defense), given the current environment, spending strength in these industries is not guaranteed, which may result in slower company growth, and, therefore, product investment in the short term.

- For customers using IFS professional services directly, it should be noted that many of IFS's key resources are based in Scandinavia, and customers have commented that timely access to appropriate resources may be constrained during Swedish vacation periods. This may impact critical project milestones if this is not factored into project schedules.

Infor ERP LN

Previously known as the ERP product of the Dutch company Baan, Infor ERP LN was acquired by Infor Global Solutions in 2006. In the late 1990s, it was considered one of the strongest competitors of SAP's R/3, but a series of changes in ownership and product strategy has damaged its reputation, has caused uncertainty about its future, and has reduced the number of consultants and system integrators supporting the solution. Infor selected LN to be its flagship product to target international companies in the upper midmarket. LN is a broad and mature solution, but its implementation requires significant effort, which, in combination with a lack of resources, makes it a risky choice. Infor is investing to improve consulting issues (for example, by acquiring local consultancy firms), but it will take time to make a significant change on a global scale. Infor is also working on improving the situation with its OnePoint methodology and its Fast Start program for LN.

Companies that are looking for a broad solution should consider LN, but should be aware of the underlying complexity of the system and the fact that the provision of skilled consultants can be a major challenge.

Infor ERP LN is rated as a niche product due to the following factors: Its broad and deep functionality creates high complexity and costly implementation, for which a sufficient supply of skilled consultants or implementation partners is hard to get. Infor's huge ERP portfolio and its financial situation will make it difficult to dedicate the R&D resources that will be needed to fundamentally modernize LN and to execute a next-generation vision. The current focus of Infor Open SOA on integrating the many solutions in its portfolio does not support the transformation of LN into a model-driven, packaged application with embedded BI, easy-to-use UIs and MDM awareness, which will cause LN to lag in the market.

Strengths

- LN has a broad and mature functionality base in multiple industries, offering strong industry-specific functionality for industrial engineering and machinery, complex asset-intensive manufacturing, high tech/electronics and aerospace.

- LN and its previous versions (especially Baan IV) have a large customer base and a long track record. Because of the slow momentum to upgrade, Infor treats Baan IV as a product of its own, retrofitting various solutions to this release.

- Infor treats LN as its flagship product for upper midmarket companies with complex requirements, both from a development and a go-to-market perspective.

Cautions

- LN is a more complex product than most other midmarket systems, and its implementation requires significant efforts.

- As an approach to a stable core ERP system, Infor offers a series of feature packs, but users have to be aware that their quality and stability do not allow for painless adoption.

- Prior to the acquisition of ERP LN by Infor, there was a drain of consulting resources for the product. Infor is investing to make progress in addressing this, but there are not enough third-party system integrators, and customers should verify coverage in their regions.

- Infor's Open SOA strategy primarily aims at allowing easier integration between the various products in Infor's portfolio via Web services, or through XML documents, using a publish-and-subscribe paradigm. It also supports modeling of business process flows across various systems, but it will not turn LN into a model-driven application.

- Infor has released Infor MyDay as an initial user entry point into LN with Infor Decisions, which offers dashboards and graphical visualization of metrics from various data sources, but which is not consistent with Gartner's vision of embedded analytics.

- Existing Baan users that deployed one of the industry extensions in Baan IV have to check before an upgrade whether the corresponding functionality is available. Some vertical solutions (such as that for automotive suppliers and for aerospace and defense) have yet to be finished.

- Customers have reported the upgrade from Baan IV to Infor ERP LN to be a huge step. Some standard reports are even weaker than before, and the usability was not improved in general. Only the thin client has seen some enhancements and performance improvements, but in order to benefit from them, users have to switch from the Windows-based client to the thin client, which can be a disruption for long-term users.

- We believe that Infor currently carries at least $4.5 billion in debt, used primarily to fund acquisitions (Infor has indicated that this figure is materially overstated, but has not provided additional information). This is a highly leveraged company by enterprise application software vendor standards. Gartner suggests that users bear this in mind in discussions with Infor and seek assurance that it has the wherewithal to execute on the components of its strategy that are relevant to customers' specific strategic requirements.

Infor ERP SyteLine

Infor SyteLine offers an integrated suite of ERP, CRM and SCM tools to 5,000 or more discrete manufacturers. Support ranges from repetitive to ETO. SyteLine is built on the Microsoft .NET technology platform and supports managing multisite global organizations. It presents data in a Microsoft-like interface, which provides the data management capabilities of standard Microsoft productivity applications such as Microsoft Office. Infor's broader UI strategy is centered on providing role-based, personal interfaces that support workflow, and that enable broader business processes across traditional functional silos in the business.

SyteLine's strongest vertical sectors are industrial equipment, high tech and electronics, metal fabrication and specialty vehicles, but the vendor also competes in furniture and fixtures, aerospace and transportation equipment industries. SyteLine is a flexible system that is well-suited for midmarket companies looking for a global footprint with dynamic configuration modeling needs, because it allows multiple sites to operate based on their needs, while retaining their corporate governance standards.

SyteLine has a strong installed base, solid functionality, global availability and ease of use that makes it well-suited to the needs of midmarket companies. However, gaps in vision around product modernization and company strategy have placed this offering in the Challengers quadrant.

Strengths

- SyteLine offers a mature .NET architecture that makes the solution relatively easy to tailor, modify and extend.

- SyteLine has reached a good global presence, with a strong presence in Asia/Pacific countries.

- Extension of its footprint via Infor's Open SOA has added access and integration to Infor's EAM (formerly Datastream) and SRM SupplyWeb solutions to SyteLine. This integration should give discrete manufacturers better capabilities for manufacturing processes, purchase order collaboration and asset-tracking.

- From a vision perspective, the upcoming multibooks accounting module is an SOA component that should give global companies the ability to conform to multiple, country-specific accounting standards and currencies. The module can run concurrent with an existing G/L system or serve as the primary accounting module. Further modules are planned under Infor's "evolve" strategy.

Cautions

- Like most other Infor offerings, SyteLine suffers from insufficient marketing and lack of market awareness after a series of changes in ownership and brand names.

- Infor's Open SOA strategy primarily aims at allowing easier integration between the various products in Infor's portfolio, as well as application extension. SyteLine can be addressed via Web services or through XML documents; and by using a declarative subscription mechanism, external applications can also receive notifications via XML when data changes or procedures execute within the software. However, the presence of these capabilities alone do not turn SyteLine into a model-driven packaged application.

- Although Infor's Open SOA strategy contains ambitious plans to modernize SyteLine, it is questionable whether Infor has the resources and the financial means to fully deliver against this strategy when it has so many other products in its portfolio.

- SyteLine is sold directly in some markets and through an indirect channel in others. This hybrid channel strategy can make vendor management more difficult for companies deploying the solution in multiple regions, although Infor's intention is to treat channel partners the same as its internal sales force.

- Infor has no consistent strategy to leverage its sales channel for industry- or region-specific enhancements of SyteLine. Some channel partners can provide limited regional enhancements when specifically required.

- We believe that Infor currently carries at least $4.5 billion in debt, used primarily to fund acquisitions (Infor has indicated that this figure is materially overstated, but has not provided additional information). This is a highly leveraged company by enterprise application software vendor standards. Gartner suggests that users bear this in mind in discussions with Infor and seek assurance that it has the wherewithal to execute on the components of its strategy that are relevant to customers' specific strategic requirements.

Lawson M3 Enterprise Management System

Formerly known as Movex from Sweden-based Intentia, which was acquired by Lawson in 2006, Lawson M3 Enterprise Management System is a mature and proven solution focused on companies in equipment service management; rental, food and beverage; fashion; and distribution and retail business. Intentia migrated the product from RPG to Java and released a full Java version in 1999. Additional code for optimization and stabilization was delivered through 2005, completing the transition into a stable and referenceable solution. The primary platform remains the IBM middleware stack. In release 7.1, a new UI, called Smart Office, was built entirely on Windows technology, which is a change in the technology strategy that allows a rich and modern user experience. Although the product offers strong and proven functionality in its target industries, the lack of sufficient professional services has created problems in customer implementations of the rather complex solution, despite the StepWise and QuickStep implementation methodologies. Nevertheless, the momentum of upgrades has improved in recent years.

Lawson has implemented measures, and changed the respective senior management, but improving the availability and quality of skilled consulting resources requires time. Companies have to take contractual measures to make sure that their implementation projects are equipped with the resources that are needed.

Lawson M3 is rated as a niche product for the following reasons: It is one of the few ERP systems that has undergone a fundamental change in its technology foundation, from RPG to Java. However, this does not offer additional middleware deployment options for users, and the underlying complexity of the solution could not be reduced. Although the broad and deep functionality can serve complex requirements in the upper midmarket, its implementation

remains more expensive than most midmarket companies would expect. Customers have consistently reported difficulties in getting the resources and skills that were needed for a successful implementation, leading to severe delays in projects. The Landmark architecture offers a strong technology vision for new modules, such as the new Strategic HCM product, and for add-on modules. However, it does not facilitate modifications or smaller enhancements of existing M3 functionality. Instead, the graphical workflow design tool, ProcessFlow Integrator, can be used to adjust some of the existing processes, create integrations and build composite applications. Nonetheless, even taken together, Landmark plus ProcessFlow Integrator do not provide a complete road map to transform Lawson M3 into a fundamentally modernized, model-driven packaged application with embedded analytics.

Strengths

- Lawson M3 is a mature and proven solution with broad functionality and deep vertical functionality in its target industries, where it serves more than 2,000 companies.

- The acquisition by the U.S.-based company Lawson gives M3 broader market access (especially in North America) than Intentia could achieve.

- The innovative UI Smart Office, with comparably deep integration with Microsoft Office tools, enables high user productivity, but its rich-client technology requires an upgrade of the client hardware to Windows XP or Vista for companies that used a thin-client UI on less-powerful desktop machines.

- Lawson BI (LBI) offers a set of integrated analytics tools and solutions, including preconfigured analytics, alerts and graphical visualization, that can be accessed from within the Smart Office canvas, and users can switch to them from the transactional screens by following built-in links.

Cautions

- The lack of experienced professional services has put implementations at risk. The situation is best in the Nordic regions in EMEA, and is satisfactory in most Asia/Pacific countries, but has caused issues in the Americas.

- Despite Lawson being a U.S.-based ERP vendor, there are not many deployments of M3 in the U.S., although Lawson is committed to providing the necessary means for successful market entry over time.

- In conversations with reference customers, comments were expressed on M3's complexity and actual vs. expected cost to implement the solution. Overall, M3 is a solution more-suited to the needs of upper midmarket and large enterprises.

- Despite the migration to Java, M3 is only supported on IBM WebSphere middleware. Although WebSphere runs on multiple hardware platforms, this constrains the higher-level platform choice by not supporting other middleware (such as open source).

- If not managed properly, partners tend to overly modify Dynamics AX, which makes it hard to upgrade the solution or roll it out across a group of companies, and the level of governance and discipline that is required on the client's side can be too demanding for midmarket companies on their own.

- Although the technical integration to SharePoint has been performed, the business-process-level integration out of the box is still incomplete. Also, Microsoft does not offer an out-of-the-box integration to Dynamics CRM.

Microsoft Dynamics NAV

Originally know as Navision, Dynamics NAV is now part of the Microsoft Dynamics family. In November 2008, Microsoft released Microsoft Dynamics NAV 2009, which succeeds the 5.0 release from March 2007. This is a year later than originally planned, but the latest version represents a significant architectural and UI shift to the previous version, with the introduction of a new role-based UI, Web services, enhanced reporting service capabilities and a three-tier deployment model. Business-process-wise, the latest version does not represent a major shift from the previous release. Therefore, Gartner expects the majority of customers for Microsoft Dynamics NAV 2009 will be net-new customers, with the majority of existing Microsoft Dynamics NAV 5.0 customers likely to defer upgrading to the new architecture until a later release, where significant new functionality and business functionality is added.

The current installed base is delivered by approximately 3,400 partners across 40 localized versions. Language support is mainly focused on the European marketplace (including the Nordics, eastern Europe and southern Europe), although one recent addition was support for Thai. Microsoft Dynamics NAV is among the most advanced in terms of progress within Microsoft's certification programs (for partner implementation skills and industry solution certification), with approximately 143 solutions certified or tested against the CfMD criteria. Similar to Microsoft Dynamics AX, Microsoft Dynamics NAV is a highly configurable solution delivered exclusively via the channel, and targeted toward single-site operations with up to 100 users. It is noteworthy that, although the product has some manufacturing ERP capabilities, without partner contribution, it is likely only to fit the basic requirements of many small and midmarket, discrete assembly manufacturers.

Implementation success is highly dependent on the quality of the partner's execution, and partner longevity to support the end customers through upgrades and enhancements, which can be an issue with some of the very small partners. (Gartner is aware of a few cases where the original implementation partner ceased to exist, and the customer was faced with no clear path for ongoing support needs). Gartner has also been made aware of some situations where partners have customized and extended the solution well beyond the recommended number of users and use scenarios, and this has resulted in upgrade, scalability and performance issues. But overall, in conversations with reference customers and client inquires, it was found that most customers are satisfied with the application.

Microsoft Dynamics NAV is well-suited to the needs of small and midsize businesses with single-site requirements, but less appropriate for upper midmarket businesses seeking multisite management and a requirement for deeper, prebuilt industry IP "out of the box." As a result of this and the information gleamed from Microsoft and reference calls, Gartner has placed Dynamics NAV in the Niche Players quadrant.

Strengths

- Microsoft Dynamics NAV has a high brand awareness and equity among midmarket businesses in EMEA, making it easy for prospects to talk to existing users to gain additional insight into the product in live use.

- Microsoft Dynamics NAV is a long-established product in the marketplace, and benefits from a large number of experienced local partners who can tailor it to customer requirements.

- Microsoft's partner certification programs (CfMD) and Sure Step implementation methodology have increased the quality of partner implementations with the rollout of CfMD, which is most advanced among Microsoft Dynamics NAV solutions.

- Due to Microsoft's ownership, customers of Microsoft Dynamics NAV have a high assurance level of longevity and financial viability in the marketplace.

- Microsoft Dynamics NAV is a highly flexible application designed for partners to add and extend core functionality to suit microvertical situations.

- Microsoft Dynamics NAV has been designed specifically for lower midmarket businesses, so it is well-suited for Tier 2 ERP deployments. It has consistently been named as the preferred solution for smaller subsidiaries and business units.

Cautions

- Although the core application code is Microsoft, it is sold and implemented exclusively by the channel partner, who often is the first point of contact for technical support issues. Customers should, therefore, exercise a high amount of diligence when choosing their implementation partner, as the relationship will likely run for many years after the initial implementation.

- Microsoft Dynamics NAV is primarily intended as a single-site solution, which is poorly suited for running multiple sites within the same application instance.

- Microsoft Dynamics NAV has become more scalable over the years, but there remains a need for an unambiguous central positioning statement from Microsoft to help prospects decide whether Microsoft Dynamics AX or Microsoft Dynamics NAV is the most appropriate solution for their needs.

- Microsoft Dynamics NAV is better-suited for distribution and light assembly manufacturing scenarios, but its production modules are significantly weaker than Microsoft Dynamics AX and other midsize manufacturing and distribution ERP solutions.

- The business and industry functionality relies exclusively on partners who, in some cases, have overly modified the solution, which has limited the ability of the customer to easily move to newer product versions.

- Although it is an international solution, Microsoft Dynamics NAV has the most user traction and the bulk of partner resources in EMEA. Therefore, prospects in other locations need to carefully assess the certification and financial viability of partners, as well as Microsoft's local resources to support users in the long term.

- As with AX, the process-level integration to SharePoint is still incomplete. Also, Microsoft does not offer an out-of-the-box integration to Dynamics CRM.

Oracle E-Business Suite

Oracle EBS is a global, multiorganization, integrated, scalable solution with industry best practices that utilize Oracle Accelerators in order to deliver rapid midmarket deployments. EBS has strong manufacturing functionality for the high-technology, industrial manufacturing, automotive, life sciences, consumer packaged goods (CPG), chemical, and aerospace and defense industries. Oracle Accelerators are industry solutions tailored to specific business processes that have been defined to provide a base solution. Customers can add, modify and expand the footprint as their business scales, and achieve faster deployments by selecting the industry-specific business transactions they need from the Accelerator catalog. Essentially, Oracle Accelerators allow customers to generate system configuration instructions based on a series of questions that pertain to their industry. Once the configuration instructions are generated, they can be loaded onto an Oracle instance to create the setup required. Although this approach aims to reduce the implementation effort, the overall effort can still be comparable if further refinements are required.

Although EBS has matured into one of SAP's strongest competitors in the ERP market for large enterprises, its intrinsic complexity and lack of a modern, easy-to-use interface restricts its usability for midmarket companies. EBS, at its core, is an engineered suite, but the implementation of the various modules can exceed the resources and capabilities of many midmarket companies, without leveraging significant assistance from Oracle consulting partners. When companies choose to deploy additional applications (such as Agile for PLM, Siebel for CRM or Hyperion for performance management), they have to be aware that the combination is a branded suite, with deeper integrations based on Application Integration Architecture (AIA) being delivered over time.

The combination of high complexity and the associated costs, the relatively limited number of Accelerate solutions available today, and the lack of clear visibility of a next-generation visionary offering is the primary reason why EBS is rated a niche product with respect to midmarket companies.

Strengths

- EBS includes rich domain experience across a number of industries, and the system is very scalable in terms of users, so it is suited for midmarket companies that expect very fast growth, or for upper midmarket enterprises.

- The Oracle Accelerate program allows for faster deployments in the early phases of an implementation, so a conference room pilot system can be achieved with a clear reduction of effort.

- The newest release, R12, of EBS partially makes use of Fusion Middleware, which is well-leveraged and offers strong database integration. Release 12 also follows the guidelines from Oracle's Project Swan, which aims at improving the usability in some parts of the application.

- Oracle, like Microsoft, is one of the few vendors that can deliver a comprehensive solution that includes its own mission-critical business applications, a popular and broadly utilized database management system, and associated middleware.

- The User Productivity Kits (UPKs) and Oracle Tutor are tools that can be used to build process documentation and step-by-step, how-to-use tutorials. They can also reduce the training effort required, but they are of little help in reducing the solution's intrinsic complexity that results from its comprehensiveness.

- Oracle is one of the most stable vendors in financial terms, and has a large global presence.

Cautions

- The broad and complex functionality of EBS makes implementation and adoption expensive, and customization costly. Once the initially templated solution based on Oracle's best practices must be modified or enhanced to support changing business needs, the TCO can quickly exceed initial expectations.

- Although the Oracle Accelerator program aims at reducing implementation efforts, the number of solutions in this program is still limited, and its impact is largely confined to the early phases of an implementation.

- According to customer statements, the UI of EBS was described as "hard to use," and has caused additional training efforts. Changes for the Forms-based UI in Project Swan are focused on changing the color scheme and using different fonts for field values. These changes were mainly made in the technology layer and did not result in significant improvements in terms of usability.

- The acquired "edge" applications, such as Agile and Hyperion, are much more expensively priced than the core modules, and their use suffers from low integration and very different UIs. It is noteworthy that many of these applications have yet to be supported by the Accelerator program.

- The fixed-price/fixed-time component associated with the Accelerator program is primarily targeted at the early phases of implementation and deployment, and requires well-defined scoping. Most implementations involve further tailoring, which affects the ultimate price and implementation time.

- EBS is a very scalable and broad solution, but it is not designed or widely used as a Tier 2-solution for a plant-level complementary system. As mentioned earlier, the majority of corporations that have chosen EBS as their primary headquarters ERP system, and have looked for Tier 2 plant-level solutions, have typically gone with other vendors and products.

- Although Oracle has made some initial announcements about its future Fusion Applications, the scope of that solution and the timelines behind it remain unclear. However, based on the little information that is available today, there will not be a path from EBS to Fusion Applications through an upgrade. Therefore, EBS falls under the Applications Unlimited strategy, which guarantees maintenance, support and functional enhancements, but does not offer a compelling vision for a next-generation product.

Oracle JD Edwards EnterpriseOne

Oracle JD Edwards EnterpriseOne is a mature and broad solution with a long track record. Originally built on IBM technology, it is today available on a variety of platforms, including Microsoft Windows. A range of industry-specific functionality is built into the system, especially for asset-intensive and complex manufacturing, and it is available in 46 country versions. EnterpriseOne benefits from Oracle's Applications Unlimited strategy: Since it was acquired by Oracle in 2005, the system has seen three new releases, with release 9.0 declared generally available in late 2008. Also, some of the products that were acquired by Oracle are being made available to EnterpriseOne users, but the prices are often much higher than the original JD Edwards licenses, and there are not many partners that are familiar with, and few users of, Oracle's AIA.

EnterpriseOne will not experience any fundamental modernization efforts culminating in it becoming a complete model-driven application, and there remains no stated upgrade path toward a future Fusion Application suite, except for promised data migration. Although EnterpriseOne is a strong performer for many types of enterprises (its ability to execute ranks higher than any other offering evaluated in this Magic Quadrant), and it continues to enjoy a high degree of functional, as well as technical, enhancements that improve integration and interoperability, these gaps in Oracle's vision position EnterpriseOne as a challenger in Gartner's evaluation.

Strengths

- EnterpriseOne is a mature and proven solution, and the fewer options available for the predefined business processes make adoption easier by midmarket enterprises.

- A wide range of industry functionality is supported in the core system.

- Multiple deployment options (IBM, Oracle middleware and Windows) allow companies to align with their platform of choice.

- Oracle's Accelerate program delivers partner-built, industry-specific versions aimed at reducing implementation efforts.

- The new release, 9.0, shows the first steps toward embedded analytics.

- JD Edwards has a presence in many countries, either directly or through partners.

Cautions

- EnterpriseOne customers will have no direct access to a future Fusion Applications suite through an upgrade, except for some promised data migration capabilities; rather, they will have to migrate or reimplement. Gartner expects migrations and reimplementations to be nontrivial, especially in the case of highly customized current deployments.

- As a monolithic system, EnterpriseOne, while moving in the right direction with respect to integration and interoperability, and supporting participation in a SOA, currently offers no vision for existing as an open-standards-based, service-oriented or model-driven packaged application suite. Relatively simple, straightforward workflow and configuration capabilities allow the solution to be adapted as needed.

- Oracle's ownership of the JD Edwards application has significantly alleviated any financial viability concerns that customers may have had previously when JD Edwards was independent; but under Oracle's ownership, pre-existing JD Edwards customers have seen some cost of ownership increases due to increased maintenance rates.

- The pricing of additional edge applications, such as PLM, is not in line with the more-favorable pricing of the core application.

- The lack of deep integration into Microsoft technology poses problems for companies with a Microsoft middleware strategy, and some attractive offerings such as Oracle's BI Publisher are easier to deploy when using Oracle middleware. The same has to be said of IBM-centric users of EnterpriseOne.

- The availability of consultants and the quality of support associated specifically with Oracle's entry into the midmarket has created issues that point to inconsistencies in certain regions.

QAD Enterprise Applications

QAD Enterprise Applications (formerly QAD MFG/PRO) is a flexible and scalable application with implementations varying from single-site, with a small number of users to multisite, supporting thousands of users. QAD has a clear focus on supporting the needs of the manufacturing sector, with a particular focus on high tech and industrial manufacturing, automotive, consumer goods/food and beverage, and life sciences. The latest release of Enterprise Applications 2008 became generally available in March 2008. QAD mainly sells and services customers directly through its own resources, with the effort supported in some regions through third parties.

Customers generally implement the core suite, which includes modules such as manufacturing, distribution and supply chain, to support processes such as plan to produce, procure to pay and order to cash prior to taking on more-enhanced modules (such as Kanban, EAM and transportation management system [TMS]). In conversations with QAD reference customers, comments generally centered on the strength of manufacturing support, but a weakness in the core financial management capabilities. However, with the rewrite of the core financial management piece in QAD Enterprise Applications 2008, there

are high hopes of this situation improving. There were no real issues with regards to maintenance costs, although some customers on the periphery of major geographies did express some issues over the quality and availability of technical support resources.

QAD Enterprise Applications performs well and meets the needs of many midmarket enterprises, but the vision of the offering is limited, primarily by a lack of a clear strategy to transform QAD Enterprise Applications into a fundamentally modernized, model-driven packaged application with embedded analytics and MDM awareness, an unclear overall vendor strategy and its underlying Progress technology, making this offering a challenger.

Strengths

- QAD has a long heritage in developing software applications to support the manufacturing sector, with a notable focus on certain manufacturing subindustries.

- QAD has mainly a direct sales and implementation model in many major geographies, allowing the customer and QAD to remain in close contact throughout the implementation phase.

- QAD Enterprise Applications is a highly flexible and scalable application that is suited for single-site and multisite operations, and can support thousands of users.

- During Gartner's reference calls with QAD customers, the ease of implementation and the high quality control of implementations was a noted theme.

- QAD's dependence on Progress for its SOA provides an advantage for companies that encourage technology platform independence among business units.

Cautions

- The PLM module is a third-party product (Windchill from PCT), and although there is prebuilt integration between QAD Enterprise Applications and the module, prospects should be aware that the level of integration is not as extensive to other modules (such as sales force automation [SFA] and TMS), which are owned and developed in-house by QAD.

- QAD is built on Progress and OpenEdge, but can sit on Microsoft SQL Server. The use of Progress creates an additional layer of dependency on top of the Microsoft Windows environment.

- The flexible platform enablement features of Progress are arguably offset by Microsoft .NET's growing popularity as a SMB SOA-based development framework. The pool of trained resources associated with Progress is limited by comparison.

- QAD's innovation in some areas has lagged behind competitors' offerings. For example its Windows UI and rewrite of the company's financial management application has arrived to the market later than its peers.

- In Gartner's conversations with reference customers, there was a feeling that new code is sometimes released too rapidly, with various bugs and some problems, which could have been avoided. Users should be aware of this contrast to the aforementioned quality of implementations, and should ensure sufficient testing.

- QAD's strategy for future company growth may be limited in the short term (some existing industries that QAD targets are likely to experience constrained spending in the current economic climate), which may limit QAD's ability to invest in more innovation in the short term.

- Although very flexible, some manufacturers may find QAD's heavy focus on Lean too restrictive and cumbersome.

SAP Business All-in-One

SAP Business All-in-One applications are prepackaged, industry-specific solutions that use SAP Business Suite functionality to support midmarket businesses. With preintegrated CRM and ERP functionality, SAP Business All-in-One is actually the SAP Business Suite product with a templated deployment methodology implemented by SAP partners. Each partner remarkets and implements an industry-specific offering that uses a combination of SAP industry templates, as well as partner-specific templates, to configure a turnkey solution for the customer with fixed scope and implementation at a fixed price. This approach delivers the full scope of the solution, not a reduced or trimmed solution, and helps to reduce the effort needed in the early phases of an implementation. Additional changes, enhancements and customizations, beyond simple configuration and "turning on" additional functions are possible, but only come with the full complexity of the SAP suite.

From the perspective of SAP Business All-in-One's revenue, growing market share, global penetration, ability to scale and committed resources to serving the midmarket, SAP's capabilities are among the strongest in the market. If Gartner's evaluation were based on these objective criteria, then SAP would be a contender for market leader. It is also worth highlighting that SAP made substantial strides in improving the buying experience for Business All-in-One prospects via improved price transparency and deployment configurability. However, for the target market profile and user considered in this Magic Quadrant, SAP showed higher TCO for the same number of users, increased end-user complexity and more overall rigidity with respect to adherence to predefined best practices that can potentially limit user flexibility when compared with other offerings we evaluated. Because of these shortcomings, when addressing the resource constraints, user experience and overall flexibility required by users associated with our profile, Business All-in-One qualitatively warrants improvements in execution. As stated, SAP has taken credible actions to improve the Business All-in-One buying experience via its fast-start program, and continues to refine processes, enabling its prepackaged subvertical offerings to be productized and delivered via tight collaboration with partners. In these areas, SAP innovates and outpaces other competitors. Because of the significant accomplishments SAP has made in these specific areas, Gartner positions SAP Business All-in-One as one of only two visionary solutions in this Magic Quadrant.

SAP announced Business ByDesign as a new product offering specifically targeted at the midmarket. Some of the innovations that were developed in this context are also being made available

for existing offerings, such as Business All-in-One, through the concepts of side-by-side deployment, through release 7.1 of NetWeaver and through a more Web-supported go-to-market strategy in Solution Configurator. Although Business ByDesign is not generally available, and, therefore, could not be rated in this Magic Quadrant, it did have a positive impact on our rating of SAP's completeness of vision related to the midmarket.

Strengths

- SAP Business All-in-One is a comprehensive and scalable solution that can support thousands of users in one instance, so Gartner considers it best-suited for fast-growing companies or companies in the upper midmarket, as well as for companies that want to prepare for potential acquisitions.

- SAP's partner strategy, including the PartnerEdge program and the Business All-in-One fast-start program, is very complete and consistent. Users can select from a large number of partners, which range from local midmarket independent software vendors (ISVs) and highly competent consulting groups to large, global system integrators. The competency of the partner channel with respect to deployments and post-deployment modifications is very strong in industry proficiency, as well as straightforward in complex deployments and customization.

- SAP released a Web-based Solution Configurator for Business All-in-One, with a pricing module that enables consistent, initial fixed-price bids and is unique in the market. SAP's local partner network can provide comparably affordable pricing options to midmarket customers, and some partners have started to adopt the solution configurator for their own offerings and their individual pricing.

- The Business All-in-One fast-start methodology and prepackaged offerings by major partners helps to improve successful on-time, on-budget deployments.

- SAP has rich domain experience in target vertical markets, and many subsector solutions are offered by a globally diverse partner channel, which is tightly managed. The competency of the partner channel with respect to deployments and post-deployment modifications is strong.

- Despite the recent less-positive news about the impact of the current economic downturn on SAP's financial results, SAP is one of the financially most stable ERP vendors.

Cautions

- Although the Business All-in-One solutions are easier to deploy than the SAP suite, they are still more expensive and complex to design and build than products specifically designed from the ground up to address the needs of midmarket companies. In Gartner's reference checks, all but the larger midmarket companies reported significantly higher efforts and costs, especially when customizations and enhancements outside the preconfigured scope are needed.

- Although SAP's resources are in comparably good supply, they are significantly more expensive than most other midmarket-oriented vendors for anything beyond simple solution tweaks and administrative assistance.

- The operating costs for running Business All-in-One (such as for system administration activities throughout the application life cycle) are clearly among the highest.

- Many of SAP's solutions beyond core ERP (such as SCM, performance management and supplier relationship management [SRM]) have not undergone the streamlining efforts based on Best Practices, and are not priced or scaled properly to the needs of the midmarket. This makes it prohibitive for midmarket users to leverage the full functional footprint SAP touts after the initial deployment of Business All-in-One.

- The quicker implementation enabled by Business All-in-One may not offset the implied long-term value actually delivered by the solution. For example, if the prepackaged Best Practices offered by a particular solution do not align to your current and future business needs, then the advantages of a prepackaged approach may become a disadvantage, because the TCO associated with Business All-in-One can quickly surpass initial expectations if significant changes need to be made to processes, or the scope of the solution grows beyond the core capabilities offered by the program.

- Reference customers commented that the UI of Business All-in-One is not very easy to learn or intuitive to use by midmarket users, which expect a more Windows-like user experience, and SAP failed to deliver further user scenarios based on the Duet framework.

- Business All-in-One is a very scalable and powerful solution, but it is not typically designed or used as a Tier 2 solution for a plant-level complementary system. This is highlighted by the fact that, despite SAP's predominance at the corporate level in many industries and Business All-in-One's being generally available for five years or more, many of these firms still choose to utilize other vendors' midmarket offerings for plant-level operations, despite what would appear to be the ability to simplify and close ranks around a single vendor.

- Although SAP has announced a visionary next-generation product called Business ByDesign, there remains no date for its general availability, and its global market entry has been delayed by 12 to 18 months. Once generally available, the functional scope of Business ByDesign beyond the ERP core, including components for CRM, SCM, human capital management (HCM), project management, and prebuilt integrations to PLM and manufacturing execution system (MES) solutions, together with its deployment as an on-demand solution, will make this a very strong offering for midmarket companies, and possibly an alternative to Business All-in-One.

Syspro

Syspro markets a midmarket ERP solution encompassing 50 integrated modules, which support functionality such as APS, CRM, e-commerce and analytics for single-site and multisite/multicurrency manufacturers (such as repetitive, custom, quick-turn and mixed mode) and distributors. The company was founded in 1978, and is a global business solutions vendor with offices on six continents. Syspro has 150 channel and support partners, and 14,000 licensed customers. Syspro natively develops and offers one product, which is characterized by strong price/performance, balance of functionality, flexibility to tailor the UI, and a framework that allows customers to create additional functionality that "hooks" onto the base application with relative ease. The company markets the solution generically to all midmarket manufacturing and distribution companies, but it has also extended the solution in four microvertical markets: food, medical devices, electronics, and machinery and equipment.

Syspro performs very well in its target market, and is known for customer intimacy and satisfaction, as well as a great ERP value given its level of comprehensiveness. It has mature partner coverage globally that is assisted by Syspro's direct technical field force, as needed. Syspro's vision is pragmatic, as would be expected of a vendor of its scale. It seeks to deliver capabilities that enhance the core ERP product when its target markets demand and is ready for them, rather than being leading edge in terms of functional innovation. Recently, Syspro bolstered its own footprint via strategic alliances with best-in-class specialty providers. Syspro has made its solution more easily, quickly and cost-effectively tailored with the adoption of .NET in the past few years.

Syspro's pragmatic focus on functionality and technology are targeted at the needs of a broad range of midmarket buyers. Execution could be enriched, but is limited, to a degree, by Syspro's size. Overall, given its resources, Syspro does a very good job in servicing its target markets. However, the vendor is small compared with others in the market, leading to Syspro's ranking in the Challengers quadrant.

Strengths

- The manufacturing functionality is scaled to the lower midmarket, and the product is easy to tailor to individual business requirements.

- Syspro's strong service was consistently rated high by customers.

- Reference customer feedback cited the application as providing value for money.

- The application appeals to the lower midmarket and to companies with a multitier ERP strategy.

- Syspro's pragmatic view provides just enough innovation to maintain its competitiveness. A lot of customer-driven innovation was delivered in recent years to build out its footprint and deliver things like roles and BI.

- Syspro offers very strong functionality around landed costs and supply chain transfers. Syspro's Trade Promotion Management module also handles complex rebates that retailers demand.

- Syspro offers a very attractive option as a Tier 2 solution in a multitier strategy.

Cautions

- The optimum operating scenario for the application is at the lower midmarket, and although there have been implementations at the upper end of the midmarket, it is not Syspro's intention to scale and push the solution more upmarket at this time.

- As a comparably small vendor with $60 million in revenue, Syspro's capabilities to invest in development and go-to-market strategies beyond its current target market are limited.

- Syspro's partners are mainly very small and local, with limited international reach. International or more-complex deployments depend on a "team Syspro," which is staffed with a mix of internal and external resources.

- Some customers reported poor performance in some cases; but, overall, no fundamental problems were visible from the sample of customers interviewed by Gartner.

- Syspro's base technology is built on Microsoft .NET, but its product architecture needs significant R&D investment to transform Syspro into a model-driven packaged application with embedded analytics.

Vendors Added or Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets and skills, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability (Business Unit, Financial, Strategy, Organization): Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness and Track Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word-of-mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the Web site, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services, and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.