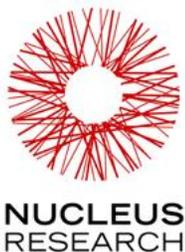


TECHNOLOGY VALUE MATRIX FIRST HALF 2015

ERP



THE BOTTOM LINE

The last six months saw major new product announcements and user interface (UI) redesign investments by some of the largest vendors as well as significant releases from a number of smaller players. As some maturing solutions struggle to maintain position, leaders are accelerating their investment to make applications more rapid and less risky to deploy and more usable for a broad enterprise user base. Those without a viable cloud alternative will be increasingly marginalized as customers want to know cloud is an option for their future investment.

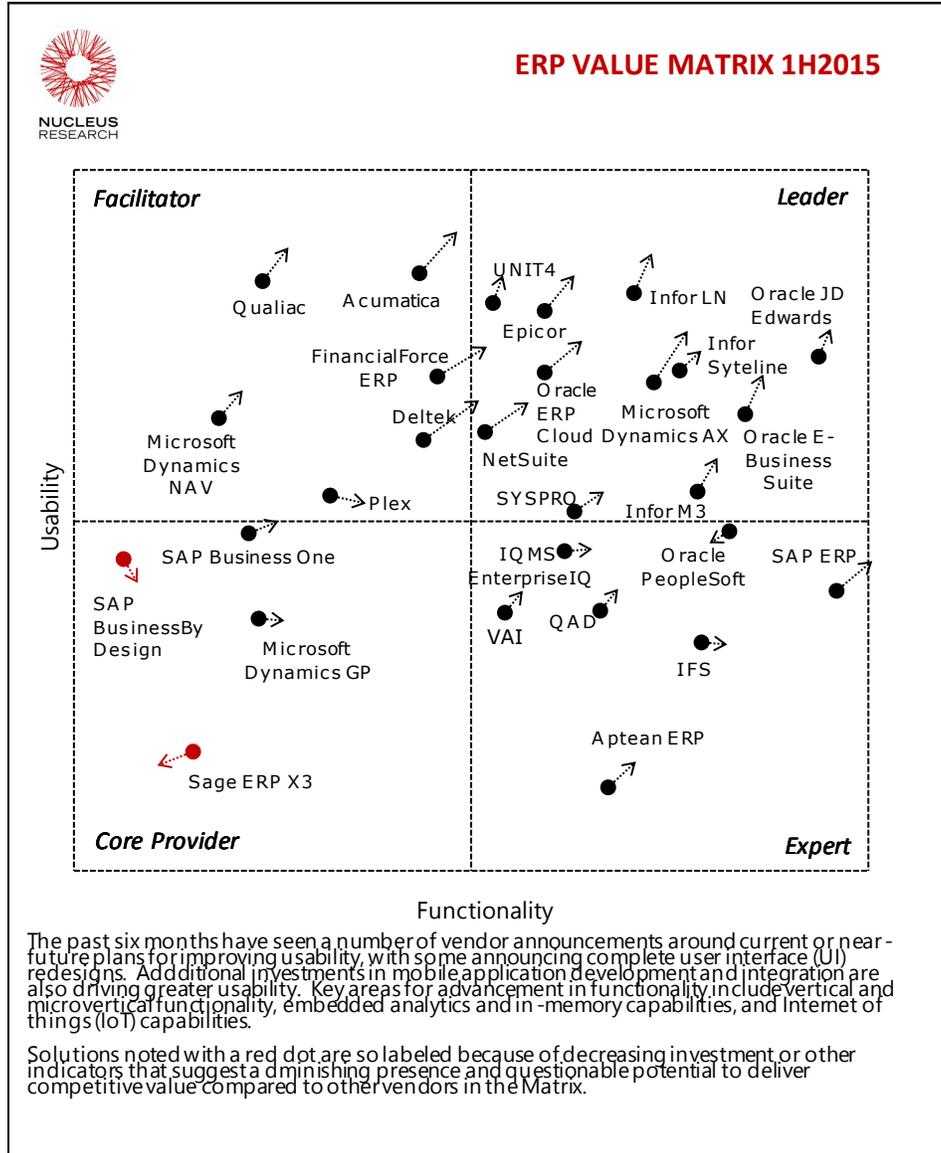
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The ERP Value Matrix for the first half of 2015 reflects the continuing evolution of the enterprise resource planning (ERP) market, with vendors continuing to invest in vertical capabilities that require less customization as well as configuration capabilities that accelerate time to value. This move toward configuration is largely driven by growing market awareness of the benefits of cloud solutions. Most leaders in the Matrix today offer cloud options, as do many facilitators. This is not surprising, given that Nucleus found back in 2012 that cloud applications deliver 1.7 times the ROI of on-premise ones (Nucleus Research *m108 – Cloud delivers 1.7 times more ROI*, September 2012) – and more recent data suggests an even higher cloud multiplier, as companies have matured in their understanding of the benefits and best practices for achieving value from the cloud.

Although ERP customers have been slow (compared with other decision makers) to move to cloud, those that do are gaining significant benefits in lower initial and ongoing costs and greater flexibility. They also gain benefits from faster time to deployment (an average of 5 months versus 1.1 years for on-premise ones), lower ongoing IT costs, and greater flexibility for extension and change. In fact, Nucleus has found that, moving forward, companies that do not take advantage of the cloud to support employee access to enterprise application data will be increasingly challenged to compete (Nucleus Research *p56 – ERP Market Outlook – “haves” and “have nots,”* April 2015). Most of the emerging and fastest-growing ERP vendors are cloud native, and almost all vendors have, at the very least, a cloud story today. As market awareness and demand grows, those vendors who do not offer a cloud option will be increasingly challenged.



This Matrix also reflects investments vendors have made in key areas such as:

- Usability. As enterprise applications move from transaction systems of record to applications which automate work processes for users across an organization, exposing key parts of the application data to those in specific roles to increase productivity is a focus. Many vendors have introduced significant user interface (UI) redesigns and are increasing the availability of task-specific mobile applications.
- Integration. Although few companies are willing to completely replace their existing ERP footprint today, many are looking to take advantage of new innovations like cloud to deliver new capabilities or integrate other business applications in the supply chain and HR areas (such as payroll) to drive further automation and less reduplication of data.

- Embedded analytics and in-memory computing. Static dashboards and reports are not enough; today customers expect ERP to take advantage of faster processing and big data capabilities for more data-rich decision making capabilities and rapid visibility into the business.

LEADERS

Leaders in the ERP Value Matrix include Deltek, Epicor, Infor LN, Infor M3, Infor Syteline, Microsoft Dynamics AX, NetSuite, Oracle E-Business Suite, Oracle ERP Cloud, Oracle JD Edwards, and SYSPRO.

DELTEK

Deltek offers industry-specific functionality for professional services, project-oriented businesses, and government contractors. Some of Deltek's capabilities include visibility into employee availability, business performance management, resource allocation, and project cost and planning. The company has a number of ERP offerings such as Costpoint, Vision, Maconomy, and Deltek First, which is its cloud-based product.

Deltek continues to make enhancements to the usability and is also making many of its solutions, such as Costpoint, available in the cloud. In addition, the company is showing initiative to reach further into its specific industries to provide solutions built for SMBs. In order to accomplish this, Deltek is acquiring companies, such as Axiom, and integrating those products with their own solutions to reach customers that have under 150 employees. As Deltek continues to improve both organically and through acquisition, it will continue to improve on its Matrix position.

EPICOR

Epicor takes a modular approach to its ERP solutions, which allows it to support a wide range of functionality including financial management, supply chain management, production management, and human capital management. The company has global ERP solutions focused on manufacturing, distribution, and retail. It is a strong competitor for companies that are outgrowing ERP solutions because Epicor is built with multi-site capabilities, and the modular structure allows companies to implement gradually, which is suitable for growing companies. In December and January, Epicor announced updates to its retail solution suites including:

- A partnership with AJB Software Design, Inc. that will enable AJB FIPay (Flexible Integrated Payment) to integrate with Epicor Retail Store 6.4.
- The acquisition of ShopVisible, a cloud-based e-commerce company that supports business-to-consumer and business-to-business order processing, which Epicor will combine with its point of sale (POS), mobile POS, omnichannel Enterprise Selling, customer relationship management (CRM), Mobile Commerce, eCommerce Sales Audit Merchandising, and Warehouse Management solutions.

With ShopVisible, Epicor will be able to leverage its cloud-based products with omnichannel access to better compete in the market and to leap-frog over much of the e-commerce competition that is still focused on on-premise solutions (Nucleus Research, *p4 – Epicor retail updates*, January 2015). In February, Epicor released a new version of BisTrak with specific functionality built for lumber and construction companies. These investments have placed Epicor well versus many of its competitors, and Nucleus expects that by continuing to advance on its cloud initiatives with industry-specific capabilities, Epicor will continue to improve its Matrix positioning.

INFOR LN

Infor LN maintains its leader position in the Matrix because of ongoing investment in its core verticals, including industrial machinery and equipment, general manufacturing and distribution, high tech, automotive, and aerospace and defense. LN also benefits from the usability investments that Infor has made to bring a new, more intuitive user interface to all its ERP products.

In January, Infor announced an enhanced version of Infor LN with deeper vertical and microvertical functionality for manufacturing as well as functional improvements in order management, invoicing, procurement, warehouse management, project planning, and quality management. Infor LN is multitenant enabled and available both via the cloud and on premise. The latest version of LN also included an upgraded user experience, with support for HTML 5 and Infor Ming.le for social collaboration. These enhancements enabled LN to maintain its position in the Matrix, and Nucleus expects continued investment in microvertical functionality will both accelerate time to value and improve LN's functionality position in the Matrix.

INFOR M3

Infor's ongoing investments in M3 continue to drive its solid position in the Matrix, as does its support for national and international manufacturers and distributors. With deep functionality for food and beverage, fashion, chemicals, distribution and equipment dealers, service providers, and rental companies, M3 provides multi-site, multi-company, and multi-currency support. Infor announced a number of releases in the fall to provide greater functionality to its key verticals. In March, Infor announced general availability of two new additional Implementation Accelerators beyond those already released: the Infor Implementation Accelerator for Equipment Rental and the chemicals industry with preconfigured templates for industry processes, which will accelerate implementations and time to value for new customers. Infor has also made a number of announcements around its Xi investments, enhanced big data analytical capabilities, and industry-specific Infor CloudSuites. Nucleus expects that these investments will impact future positioning of M3 in the Matrix as more M3 customers can take advantage of those investments. Nucleus is closely monitoring the roadmap and adoption of Infor's industry-specific CloudSuites as their deep industry functionality are likely to be part of the future roadmap for many Infor customers.

INFOR SYTELINE

Infor SyteLine maintains a leader position in the Matrix as Infor's ERP solution for manufacturing and distribution. Moving forward, Syteline's positioning in the Matrix will be influenced by delivery of additional SyteLine-based CloudSuite industry solutions as well as the impact and ease of adoption of Xi-related investments for Syteline users.

MICROSOFT DYNAMICS AX

Microsoft continues to add functionality and usability improvements to its premier ERP application, Microsoft Dynamics AX. Dynamics is moving its products to become a more complete solution for enterprises through bundling products together, such as Dynamics AX and Dynamics CRM, which is enabling users to leverage an integrated solution.

At its Dynamics conference in March, Microsoft discussed plans for AX 7, which highlighted investments in four key areas including:

- User experience. Microsoft continues to leverage the benefits of the Dark Cockpit to increase productivity by simplifying processes (Nucleus Research, *o214 – How Microsoft Dynamics AX is moving toward the Dark Cockpit, October 2014*). The new user interface is consistent with Office 365, which allows for more seamless use of the two products.
- Vertical functionality. AX leverages industry-specific functionality and templates to accelerate the time to value and to increase deployment predictability. In addition, it documents processes and records those in the business process model.
- Lifecycle services. AX uses a notification framework to make implementation and ongoing updates faster and less disruptive.
- Cloud deployment. AX is available on Microsoft Azure and for users that want to implement the system on premise, the Azure fabric is built into the underlying architecture in order to allow for easier migration to the cloud if desired.

Microsoft is recognizing Dynamics as a premier option for enterprises and it is ramping up its investments to provide users with solutions. The company's partner ecosystem continues to be a valuable resource for customers that desire edge capabilities; however, Dynamics and the broader Microsoft portfolio of advanced capabilities are only beginning to be brought together to increase the value proposition for Dynamics customers.

NETSUITE

NetSuite maintains its leader position in the Matrix and continues to invest in capabilities for manufacturing and distribution, services, software, and nonprofits. Key announcements impacting NetSuite's position in this edition of the Matrix include:

- In October, NetSuite announced its premier payroll service to support streamlined payroll workflows and data validation, gross-to-net calculations, and employee self service.
- In November, NetSuite announced NetSuite for Android, extending the application's ERP capabilities to users of Android-based devices.

NetSuite has also announced support for global expansion and a number of new c-level appointments in the past six months. Although these announcements clearly don't impact usability and functionality directly, further growth for NetSuite should enable increased investment in global capabilities and usability that will impact its position in future Matrices.

ORACLE E-BUSINESS SUITE

Oracle E-Business Suite maintains its position as a leader in the Matrix based on improvements in usability and functionality, including the leveraging of Oracle in-memory processing for accelerating areas such as in-memory cost management. In December, Oracle announced integration of E-Business Suite with the Oracle solution for Project-Driven Supply Chain, to enable business users to more rapidly make decisions about schedule delays and other project-related issues with real-time insights.

Nucleus has also been working with the Oracle user experience lab and sees the research and innovations driving Oracle's UX styles and patterns. Oracle E-Business Suite (EBS) is implementing those UX styles and patterns starting with EBS 12.2.4, released in August 2014, with a new icon-based page and universal header as well as tablet optimizations of gesture support and tablet optimized spacing for finger touch built in Oracle Application Framework. Such support delivers UX improvements across the E-Business Suite. EBS will continue to deliver more framework enhancements as well as improved page flows as a top investment priority moving forward.

EBS now supports both iOS and Android for its 14 OOTB smartphone apps with the release of iOS in October 2014 and Android in March 2015. These smartphone apps provide on-the-go access to horizontal functions targeted for all employees as well as role-based line of business functions across the suite. Customers can deploy them without upgrading because they are compatible with Oracle E-Business Suite R12.1.3 and 12.2.3 and above. Nucleus expects that with the execution of the planned integration of the lab's research into E-Business Suite, and future upgrades that take advantage of those innovations will likely improve the solution's usability rating in the Matrix.

ORACLE ERP CLOUD

Oracle ERP Cloud includes Oracle Financials Cloud, Oracle Procurement Cloud, and Oracle Project Portfolio Management Cloud. Oracle continues to deliver new capabilities that make it a leading cloud-native vendor in terms of functionality in the Matrix. Release 9 in September included expanded industry-specific (public sector, higher education, and high tech) capabilities and country coverage and enhanced mobile access capabilities, as well as integrated quote-to-cash and transportation and global trade management.

In Nucleus's work with the Oracle user experience lab, we've found Oracle is making significant investments in usability. Nucleus expects upcoming releases will reflect

integration of these innovations and drive improved usability positioning for ERP Cloud in the Matrix. Based on Oracle's product roadmap for ERP Cloud, Nucleus expects that further capabilities in areas such as professional services and discrete manufacturing as well as further capabilities in the core modules such as financials, project portfolio management, and procurement will positively impact ERP Cloud's future functionality positioning in the Matrix.

ORACLE JD EDWARDS

Oracle JD Edwards maintains its position as a leader in the Matrix as it continues to invest in both usability and new functional capabilities for the application. In November, Oracle announced:

- Eight new mobile enterprise applications, which allow users to review and approve batch general ledger, invoice, receipt, and voucher transactions from their mobile devices; and review the associated transactions within the batch prior to approval.
- Enhancements to EnterpriseOne Rental Management including EnterpriseOne One View Reporting for Rental Management for greater visibility.

In February, Oracle announced enhancements to EnterpriseOne including:

- New mobile applications for smartphones and tablets with a number of new capabilities including project time entry, project status review, field progress, and service work orders.
- New features for Rental Management with enhanced visibility into contracts, increased automation capabilities, and support for new contract billing capabilities.
- New real-time Grid Summarization that allows users to click on grid columns and view it in new formats.

JD Edwards also continues to take advantage of Oracle's In-Memory investments. Nucleus expects that future usability developments may be influenced by the current work in Oracle's usability labs, which would further improve JD Edwards's position in the Matrix.

SYSPRO

SYSPRO provides highly scalable ERP solutions in either a cloud, on-premise, or mobile deployment model to more than 15,000 mid-sized manufacturing and distribution companies in over 60 countries. The single-source (organically built, not acquired) solutions are offered in a modular format on an integrated, contextual architecture with a flexible, easy-to-use interface that allows smaller sized businesses to implement gradually, and larger ones to leverage a complete suite of vertical-market embedded features and functions. In January, SYSPRO announced a new container tracking module to help manufacturers and distributors have greater visibility into the location and projected arrival of inventory to improve inventory allocation.

In its review of SYSPRO's roadmap, Nucleus has found planned investments in a number of areas, including supply chain extensions, collaboration, big data, neural networks, and

Internet of things (IOT) capabilities, which will likely improve SYSPRO's functionality positioning in future versions of the Matrix.

EXPERTS

Experts in the ERP Value Matrix include Aptean ERP, IFS, IQMS EnterpriseIQ, Oracle PeopleSoft, QAD, SAP ERP, and VAI.

APTEAN ERP

Aptean offers ERP solutions for a number of specific manufacturing microverticals for process manufacturing, custom made-to-order manufacturers, engineering manufacturers, plastics manufacturers, metal, wire, and cable manufacturers, and other manufacturers of highly-regulated products. In January, the company acquired Verdiem, which provides power management for PCs, Macs, network, and print devices. With this expansion, Aptean aims to provide customers with significant energy savings. Aptean offers advanced microvertical capabilities and, with further investments in its user interface to balance its extensive functionality, it will improve its ranking in the Matrix.

IFS

IFS Applications offers ERP solutions built for automotive, aerospace and defense, high tech, industrial manufacturing, oil and gas, process manufacturing, industrial manufacturing, construction and contracting companies. The company continues to work on improving its customers' time to value with investments in usability and industry-specific functionality. IFS has also been working on providing users with asset management capabilities by leveraging Internet of things (IoT) capabilities.

In February, it announced that its corporate performance management solution is available for companies in the power generation sector with plug and play implementation. This will allow users to enhance their preexisting ERP solutions through analytics capabilities with minimal downtime. In March the company announced an agreement with Accenture that would improve its sales and deliveries in the Nordic region by leveraging the IFS Academy.

To advance its usability ranking, IFS should make further investments in its user interface so that there will be consistency across different applications, which would provide users with increased productivity and an accelerated time to value.

IQMS ENTERPRISEIQ

IQMS offers ERP solutions for manufacturers in industries including automotive, medical devices, plastics, and aerospace and defense. The solution is built as modules and some of its functionality includes order management, quality management, CRM, job process and costing, and shipping and distribution.

In March, IQMS announced that it will be showcasing new features at the International Plastics Showcase, NPE 2015, which will address the need for capacity growth without increasing resources and the industry's new compliance and regulation requirements. In order to enable increased capacity, IQMS will leverage automation capabilities in its planning, scheduling, and process monitoring modules to collect and analyze data, which will allow users to adapt production schedules. Nucleus finds that investments in a solution's user interface which allow users to more effectively balance a high level of functionality with usability, would also improve the company's position in the Matrix.

ORACLE PEOPLESOFT

Oracle PeopleSoft maintains its position as an expert in the Matrix and the company continues to make investments to maintain its ground in usability and functionality including:

- In January, Oracle announced a new simplified user experience for PeopleSoft Financial and Supply Chain Management solutions based on the PeopleSoft Fluid Interface (coming on the heels of the UI for PeopleSoft HCM, released in September). The latest update also includes transaction simplification, embedded analytics, and compliance support.
- Oracle has also announced application of Oracle's In-Memory capabilities in areas such PeopleSoft General Ledger to drive faster analysis and shorter financial period close.

QAD

QAD offers ERP solutions for global manufacturing companies in the automotive, life sciences, industrial products, consumer products, food and beverage, and high technology industries. Its main products, QAD Enterprise Applications and QAD Cloud ERP, provide users with both cloud, on-premise, and hybrid deployment options. In 2015 the company made several product enhancements including:

- In January, a division of QAD, DynaSys, announced the launch of DynaSys DSCP 2015, which will offer users a new version of demand and supply chain planning solutions. One of the goals in this release is to help customers accelerate their time to value with in-memory forecasting, planning, optimizing, and performance analysis capabilities. To improve usability, DynaSys also made investments in its user interface and its web portal for better mobility and collaboration capabilities. DSCP is also available in the cloud as QAD Cloud DSCP.
- In January, QAD also announced the release of its Serialization solution for life sciences companies, which will help users meet the new requirements of the U.S. Food and Drug Administration's Drug Quality and Security Act (DQSA). Primarily, the solution will enable users to track prescription drugs distributed in the U.S. on an interoperable solution, making it easier to maintain compliance.

With further investments in its vertical capabilities and its user interface, QAD will continue to be a strong contender for its specified industries and will improve its position in the Matrix.

SAP ERP

SAP continues to hold a high functionality position in the Matrix with support for more than 25 industries, 37 languages, and 46 localizations. On February 3, 2015, SAP announced the next generation of its Business Suite, Business Suite 4 SAP HANA. This is a further step in SAP HANA's evolution from simply a database to an underlying platform that delivers the speed of in-memory computing to SAP business applications. Business Suite 4 SAP HANA seeks to improve system efficiency by eliminating query response times, reducing the size of data stores, and reducing data transfers. These advances, as well as the further development of Fiori-based user interfaces, should drive greater productivity and improved decision making.

In December, SAP announced the availability of the SAP Manufacturing Execution application. This provides a suite for manufacturers that includes the SAP Manufacturing Integration and Intelligence application, SAP Plant Connectivity software, and machine-to-machine integration. By leveraging the SAP HANA platform, the new offering allows companies to analyze cost, quality, asset utilization, and performance. This is a bundled suite that offers industry-specific functionality for manufacturers, which allows for an accelerated time to value and more predictable deployments. Nucleus is monitoring adoption and product development of Business Suite 4 SAP HANA and expects that further investment will improve SAP's positioning in future versions of the Matrix.

VAI

VAI appears as an expert for the first time in the Nucleus Value Matrix. VAI S2K Enterprise includes capabilities for financial management including general ledger, accounts payable and receivable, fixed assets; customer orders; inventory management; sales analysis and forecasting; purchasing; manufacturing management including material requirements planning, shop floor control, product quality, capacity requirements planning, and finite scheduling; integrated e-commerce; service and repair; warehouse management; customer relationship management; and analytics (based on IBM Cognos).

The S2K Smart Center user interface leverages IBM Websphere Portal technology and provides a configurable browser-based interface that supports single sign-on, role-based views, work flow alerts and key performance indicators. S2K Enterprise Portal provides self-service e-business access for customers and trading partners, and S2K Mobile provides disconnected mobile applications for order processing and proof of transaction.

VAI also supplies industry-specific capabilities for the medical, HVAC, electrical supply, food, electronics, janitorial, automotive, building supply, pharmaceutical, and apparel industries.

FACILITATORS

Facilitators in the Matrix include Acumatica, Deltek, FinancialForce ERP, Microsoft Dynamics NAV, Plex, Qualiac, and UNIT4.

ACUMATICA

Acumatica offers a cloud-based ERP solution tailored to small and medium-sized businesses (SMBs) and follows an entirely partner-led strategy which provides some modules that partners can build upon. The company's partner ecosystem is very strong and allows users to fully integrate with specific functionality such as e-commerce.

In January, the company released a new version of its ERP product, Acumatica 5.0. In this release Acumatica adds new features including a new B2B portal, payroll functionality, mobile capabilities for the iPhone and Android, and integration with Microsoft Exchange. The B2B portal includes functionality such as online ordering, status updates, and updated pricing and inventory details, for self service. In addition, the new version has an enhanced user interface that allows for customers to tailor the solution to their needs without coding (Nucleus Research, *p18 – Assessing Acumatica position in the ERP Value Matrix*, January 2015). Acumatica has a strong front-end user interface, and, with a .NET architecture, it offers strong usability. Nucleus expects that as Acumatica continues to invest in functionality and takes advantage of ecosystem investments in industry-specific functionality that its functionality position will improve in the future in the Matrix.

FINANCIALFORCE.COM

FinancialForce ERP maintains a strong facilitator position in the Value Matrix with its suite of cloud applications based on the Salesforce1 platform. FinancialForce ERP provides modules for financial management, ordering and billing, supply chain management, professional services automation, human capital management, and analytics. FinancialForce ERP also leverages the capabilities of Salesforce such as Chatter and Wave (FinancialForce joined the Salesforce Wave analytics cloud ecosystem in October).

In October, FinancialForce announced Everyday HCM, which embeds human capital management (HCM) within CRM and ERP processes.

On February 18, 2015 FinancialForce announced the release of Rebate Revenue Management, part of its supply chain management (SCM) offering. Automating rebate revenue management enables distributors and resellers to more effectively manage rebates and enable distributors and resellers to increase profits by capturing rebate dollars from manufacturers that otherwise might be lost (Nucleus Research *p32 - FinancialForce.com releases rebate management capability*, February 2015).

In March, FinancialForce announced it had raised \$110 million in funding to accelerate product development, sales, marketing, alliances, and customer support. Nucleus expects the resulting product investment will further improve the company's positioning in future Matrices.

MICROSOFT DYNAMICS NAV

Microsoft Dynamics NAV is an ERP solution designed for midsize to global companies. It offers functionality for financial management and accounting, supply chain, manufacturing, and shipping, project management, business intelligence and reporting, marketing, sales, and services with automation features. For global companies, they can customize their solutions to meet the needs of their regions. Nucleus has found that many customers still gravitate to Microsoft Dynamics NAV. NAV therefore continues to be a valuable solution for companies looking for a more manageable application while still supporting global capabilities. If Microsoft invests further in decreasing the need to customize, users will experience an accelerated time to value and the solution will improve its positioning in the Matrix.

PLEX

Plex provides ERP products to manufacturers, and offers functionality including business intelligence, human resources management, inventory management, quality management, supply chain management, customer and sales management, product and program management, and accounting and finance capabilities. The company has not made any announcements since the last Matrix, and while it does provide vertical functionality for manufacturers, it needs to make further advancements in its user interface in order to compete effectively. Since it has such a wide range of functionality, it needs to promote usability so that its customers will not be overwhelmed by that wide range of capabilities.

QUALIAC

Qualiac maintains a strong usability position in the Matrix based on the solution's high level of configurability and usability, embedded analytics and reporting capabilities that can easily be accessed and manipulated by business users. Qualiac is strong in a number of industries including finance and banking, real estate, business services, health care and pharmaceuticals, manufacturing, media, and nonprofits. Qualiac also recently released its public sector vertical offering. Qualiac investments in 2014 resulted in a number of enhancements including new capabilities for its foundations module, collaborative task management capabilities, new mobile applications, and new order and project management capabilities. Nucleus expects that further productization of Qualiac's industry-specific expertise and assets will drive improved functionality position for Qualiac in the Matrix. Additionally, Qualiac's addition of guided assistants to lead users through processes are expected to drive continued strong usability positioning as well.

UNIT4

UNIT4 offers a flexible and highly customizable ERP solution for midmarket and upper midmarket companies. UNIT4 has recently made several announcements including:

- UNIT4 Financials. In March, UNIT4 rebranded its enterprise ERP solution, Coda, as UNIT4 Financials with enhancements to the user experience and increased data capture and in-memory visualization.
- UNIT4 Business World. In March, UNIT4 rebranded its people-centric ERP solution, Agresso as UNIT4 Business World and added domain-oriented Experience Packs including Smart Budgeting, Communities, self-driving Payroll, Appraisals, and Requisitions

Nucleus has found that UNIT4 offers a high level of flexibility because of its VITA architecture, which allows for users to change the ERP system at will with little disruption. This is well suited to growing companies with complicated organizational structures. In addition, UNIT4 has a competitive initial price point, which is important for midsized organizations looking to justify ERP deployments for their bottom line (Nucleus Research, *p11 - Anatomy of a Decision – UNIT4 Agresso versus Microsoft Dynamics NAV*, January 2015). Moving forward, Nucleus expects that the company will offer more industry-specific functionality for some of its core verticals such as non-profits, education, and local government, which will help the company's Matrix ranking.

CORE PROVIDERS

Core providers in the Matrix include Microsoft Dynamics GP, Sage ERP X3, SAP BusinessByDesign, SAP BusinessOne, and SYSPRO.

MICROSOFT DYNAMICS GP

Microsoft Dynamics GP is a business management solution that is geared specifically towards SMBs. In December, Microsoft made its 2015 version generally available, which offers customers expanded workflows, a new service-based architecture, and single sign on with the Azure Active Directory. Microsoft's increased Azure integration also helps users to more easily access Office 365. Microsoft has put significant investment into its AX solution for enterprises, but still has a strong customer base in GP and, with an increase in functionality enhancements, it can improve its positioning in the Matrix.

SAGE ERP X3

Sage continues to focus on providing SMBs with an ERP solution that can integrate with its other offerings in CRM and HR. In January, Sage announced the European launch of its Certified Profession and Certified Solution programs for Sage ERP X3. The purpose of this initiative is to provide users with the tools to develop Sage ERP X3 themselves, which is intended to help customers tailor their solutions on their own without relying on Sage customer service. Sage ERP X3 version 7 enhances some of its preexisting core capabilities

such as more advanced inventory management and deeper integrations with Microsoft Office. Some of its new features include a mobile app, an Online Help Center, and new functionality including currency conversion options. Starting in May, the company will begin to provide customers with updates every 6 months. If the company uses these updates to provide users with enhanced usability, it will be able to improve on its position in the Matrix.

SAP BUSINESSBYDESIGN

SAP BusinessByDesign includes functionality for financials, human resources management, sales and marketing, sourcing and purchasing, customer relationship management, and supply chain management with a cloud-based architecture. There have not been any recent announcements surrounding this branch of SAP's cloud portfolio, and the direction of the product remains unclear. However, since it was moved to the SAP HANA platform, it has potential to better its positioning in the Matrix with investment in functionality and an update to the user interface.

SAP BUSINESSONE

SAP Businessone is designed specifically for SMBs and runs on SAP HANA. The company has not released any updates to this offering since the last Matrix, which makes for an ambiguous direction. Many ERP vendors offer solutions built for SMBs and in order to remain competitive, SAP will have to make investments to provide users with a modern user interface and more advanced functionality.