

A Special Report from TechVentive

A Growing Roar – Agresso’s Momentum Building

Agresso – Even More Wins – Displacing the Big Boys

At the recent JRocket Marketing Grape Escape analyst briefing in Boston, Agresso executives disclosed a number of new, key wins. These wins are notable as they:

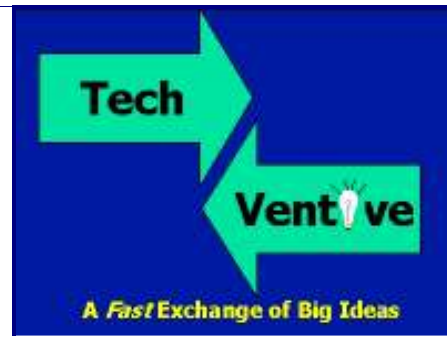
- are very large in size
- came against major ERP competitors SAP, Oracle and Microsoft
- represent rapid growth in the North American marketplace for Dutch-based Unit4/Agresso

Today it’s rare *and* refreshing to see an ERP vendor expand its market share without the use of inorganic acquisitions. In Agresso’s case, the market appears to be rewarding this firm for its significantly more flexible architecture.

That architecture, an architecture which permits easy and frequent post-implementation software change, is an infrequent occurrence in the ERP space. Very infrequent! To put this change capability in perspective, remember that there are many systems integrators that make fortunes by charging clients hundreds of millions of dollars just to install an ERP system. Two executives from two different integration firms recently waxed poetically about a \$1 billion ERP implementation. They weren’t talking about Agresso, though.

Agresso’s architecture suits the needs of businesses today while too many ERP offerings are still caught in a time warp solving the business problems of yesteryear. Today’s firms need to be agile and nimble. Readers of today’s business books (e.g., **The Only Sustainable Edge** by John Seely Brown/John Hagel or **The World is Flat** by Freidman) understand that businesses exist in a far different world today than what existed just ten years ago. Businesses have to be agile or they’ll get killed by competitors.

Business Agility



How dynamic is your firm? Are your technologies up to the challenge?

	Is This Your Firm?
Strategy	
- Moving into all new markets (e.g., new countries)	_____
- Transferring more production offshore	_____
- Utilizing more 'partners' to co-develop new offerings	_____
- Recent divestitures	_____
- Centralizing or decentralizing the company	_____
- All new product lines being introduced	_____
- Product lines being constricted	_____
- Utilizing more inorganic means to grow firm	_____
Organization/People	
- New CEO on board	_____
- More knowledge workers, fewer trades and management personnel	_____
- Significant process re-engineering efforts underway	_____
- Undertaking a shared services initiative	_____
Internet	
- Significant revenues originating via web	_____
- Cyber-terrorism threats growing/impacting business	_____
- Non-traditional Marketing methods being used (e.g., Google ads, blogs, etc.)	_____
Oversight	
- Board involvement significantly increased	_____
- Regulation oversight increasing	_____
Technology	
- Customer technical demands growing (e.g., requiring RFID)	_____
Supply chain	
- Adopting Lean while also extending supply chain into India & China	_____
- Volatile fuel costs	_____
Competition	
- Large number of non-traditional competitors encroaching space	_____
Wall Street	
- Shareholder activism increasing	_____
- Private equity firms are threatening	_____
Operational	
- Quality improvement initiatives in use	_____

Dynamic firms require a different kind of solution than many of today's ERP vendors offer. This is why Agresso is winning now.

The Proof

Vendor announcements sometimes need to be taken with a grain of salt. Most editors won't dedicate precious ink to a vendor or product line unless those announcements concern new customer wins. That's actually a good policy as marketplace success is the acid test of market interest in a product.

At the Grape Escape recently, Agresso announced the following market wins:

- \$1.36 million deal with Canadian Commercial Corporation - Oracle and Microsoft were in contention for this
- \$1.2 million deal with Kelowna – This is a PeopleSoft replacement that also saw Microsoft as a competitor
- \$2.5 million deal with Landauer – This selection was facilitated by Keane.

While many see Agresso as a mid-market ERP vendor, their recent market successes clearly indicate that their solution is appealing to much larger entities than just SMB buyers.

To complete the picture, an Agresso client, Paul Williams the CIO of Alvarez & Marsal, briefed analysts as to their business requirements, success with Agresso and future business needs. His remarks, in essence, included:

- Their firm was founded by two turnaround executives and has grown massively in the last few years. QuickBooks was the accounting system until high growth forced an upgrade to Agresso.
- Recent growth included a 43% headcount increase last year. The company now has 32 offices and approximately 1500 employees.
- Regularly, the company used the financial system to produce over 1000 Profit & Loss statements – one per employee.
- Re-organizations, client changes, etc. require frequent (almost daily) adjustments to the system and the reports required to run the business without involving the system vendor or changing code and programs.

What was particularly impressive about his remarks, though, was his frank discussion of the very small size of his IT department and how it is often understaffed. Yet, he claimed that he never misses a beat when meeting change requests or applying upgrades. Furthermore, he was quite confident that Agresso's architecture was what was facilitating his IT flexibility in the face of a rapidly growing, rapidly evolving and constantly understaffed firm.

Product Line Extension

Agresso also announced its new "Field Force" application. This product is targeted for companies with a two-pronged need of maintaining large physical infrastructure alongside the separate needs of high-frequency, diversified services contracts. One

example of this type of firm would be an electric utility that must service and maintain its significant power generation equipment/physical plant facilities while also fielding a large customer facing service organization that installs individual power lines to homes and businesses. This application is interesting as:

- It provides a powerful “two for one” solution for two very disparate business service needs
- Few ERP vendors have a full-featured, integrated solution for both asset maintenance and field workforces.
- As manufacturing jobs continue to move out of North America and more service jobs are created, the need for service, repair, field maintenance solutions should increase.

Summary

It’s nice to describe ERP activity that isn’t focused on the SAP/Oracle duopoly or the latest software consolidation victim.

Agresso’s recent market successes should be seen as:

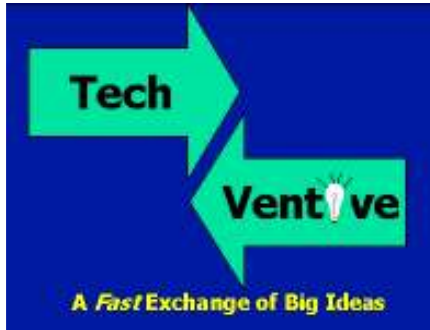
- fitting for an evolving and growing customer type – the customer that must be nimble if it is to prosper
- evidence that older solutions are less relevant for today’s software buyers
- proof that Agresso’s entrance into North America is picking up steam

Agresso’s wins and product line expansion will get noticed by competitors. However, as many of these are years into their new re-architected platforms and product re-development, they cannot change their product evolution to meet Agresso in the marketplace. This should provide Agresso a market advantage for 1-3 years.

Competitors hate to see new entrants, particularly better competitors, enter their space. We should expect to see more vendors behave more aggressively and negatively against Agresso; however, software buyers should see this as validation that Agresso is hurting these vendors and not necessarily that Agresso’s strategy and architecture are wrong. Being different, that is being flexible post-implementation, is okay in ERP.

Software buyers in dynamic markets/businesses (see Business Agility checklist page 2) need to add Agresso to their short list.

About TechVentive



TechVentive, Inc. was founded in 2001 to provide strategic guidance and content on the technology sector. Some of TechVentive's recent clients included Progress Software, Intel, SAP, Primavera Systems, Workday and many more leaders in the technology sector.

TechVentive has published a number of thought leadership pieces on the BPO, project management and professional services sectors. This paper is another example of relevant expertise in the space where technology, people and business intersect. Guidance, a newsletter for technology CEOs, is another TechVentive publication.

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