

WHAT ACUMATICA CUSTOMERS WANT ... AND GET

About Acumatica

Acumatica is a leading provider of cloud business management software for small and mid-size businesses. Built on the robust and flexible xRP cloud platform, Acumatica delivers a suite of fully integrated ERP modules, including Financials, Distribution, CRM, Project Accounting and most recently Field Service and eCommerce.

With over 2,000 customers, Acumatica operates with 3 different go-to-market models:

- ✓ Acumatica branded resellers: Acumatica Cloud ERP is 100% sold through channel partners
- ✓ Private label (OEM) business: Visma, and MYOB, Acceo, Senior Software and LexWare give Acumatica expanded international reach
- ✓ xRP Cloud Platform for vertical ISVs (e.g. hotel or property management, non-profit fundraising, public housing, etc.)

OPPENNESS, COLLABORATION, INNOVATION, ACCELERATION

Talk to any Acumatica customer and very quickly you hear the word “open.” That’s most often cited as a primary reason the company chose Acumatica’s Enterprise Resource Planning (ERP) over other solutions. Why? Because these customers value fit and functionality and completeness of a solution, but they also need flexibility, and often “best of breed” and/or customized functionality to help them differentiate themselves from their competition. But customizing the solution can’t build barriers to growth and change. And for these small to midsize enterprises (SMEs), a flexible, differentiated solution can’t add unwanted complexity and it can’t break the bank.

While many ERP providers today try to be “one stop shops,” the downside of this is added complexity and cost. Acumatica instead chooses to provide an open platform and take a collaborative approach to accelerate innovation, collaborating with customers to plot a product roadmap and with partners to fill gaps and provide specialized functionality. While Acumatica customers don’t necessarily expect ERP to satisfy all their needs, they also don’t want to wind up with a hodge podge of disparate, disconnected solutions. In fact, that is what many are replacing. They turn to Acumatica to facilitate easy integration and connectivity.

This “open” approach provides the added benefit of agility. Face it: We live in disruptive times and disruption can have a cascading impact on business application requirements, making the ability to easily innovate, evolve and change equally, if not more important than current functionality.

WHY OPEN? A MEANS TO AN END

Acumatica’s “openness” can in part be attributed to the fact that it portrays itself as a “technology” company. While other ERP solution providers dedicate a considerable percentage of their operating budgets to sales and marketing, Acumatica relies 100% on its channel for sales and is therefore able to redirect that funding back into the product. The risk in this approach: Technology for technology sake. But Acumatica avoids this trap by having a keen focus on its customers. While it dedicates significant resources to developing its xRP Cloud Platform, Acumatica does this for the express purpose of delivering more functionality and more innovation, faster.

As noted in the Mint Jutras report on [What Acumatica 6 Means to Digital Transformation](#), Acumatica has invested heavily in creating platform capabilities that support customization without creating barriers to upgrades. This approach also elevates the importance of integration capabilities that encourage customers to extend the solution rather than make invasive changes in place. To this end, Acumatica has made its latest releases more flexible by supporting REST ([representational state transfer](#)) API (application programming interface) with web services, making the platform more adaptable and customizable. “Open” is not the goal. The goal is to accelerate innovation collaboratively.

In order to fully appreciate the significance of, and the potential benefits derived from this approach, we need a new and fresh way of thinking about ERP solutions and how they are constructed. We need to revisit the age-old debate between an integrated suite and “best of breed,” but with a new twist.

ERP is at the very core of this debate, since by definition it is an integrated suite. Mint Jutras defines ERP as an integrated suite of modules that forms the operational and transactional system of record of a business. This is a rudimentary definition, not only because different types of businesses have different requirements, but also because today ERP is likely to do much more than this. As the footprint of ERP has expanded over the years, the pendulum has swung in this direction, in favor of complete end-to-end solutions.

As a “suite” all modules of an ERP solution share a common database, and all are developed using the same tools and technology. This eliminates data redundancy and any need for separate integration efforts. Traditionally they all move forward in lock step.

A common platform for development is beneficial to both the customer and the vendor, and yet this approach has stifled innovation. When new features and functions are added to ERP, this tight integration implies that all modules, all functions, and therefore all departments within an organization must move forward together. This can slow down the upgrade cycle, but even more troublesome: It takes massive efforts of coordination for all departments within a customer’s organization to take those next steps all together. And all might not have the same level of motivation. If customizations are added through invasive code changes, this adds even more barriers to moving forward.

An open environment can be an effective antidote to taking a step backwards towards independent point solutions that need to be interfaced or integrated back into ERP. Openness provides a new way of constructing a complete solution, one that is “component-based” or “service-based.” This is the Acumatica approach.

The concept and the approach differs from traditional ERP where all features are embedded and all modules are very tightly integrated. In a nutshell: When

it comes time to offer up new features and functions, instead of inserting lines of code directly into ERP, you instead call upon a standard “service.” When it comes time to upgrade or add new functionality, simply swap out the old “service” for the new. You might also view these services as external components, which can be offered either by Acumatica or by one of its growing community of partners. While this is an oversimplification, it conceptually describes how Acumatica can effectively deliver new, targeted innovation without forcing all departments served by ERP to march forward together.

An open platform also provides a vehicle by which partners can offer additional functionality targeted to specific industries or even specific customers in search of differentiation. Of course the risk is in this becoming a “free for all” whereby any developer with some coding skills can throw something out there. But Acumatica doesn’t let that happen. It is quite rigorous in accepting and certifying potential partners. That said, over 30 new value added reseller (VAR) partners joined in 2016 for a total of over 250. In addition, Acumatica partners with over 100 independent software vendors (ISVs) who provide vertical solutions to better service specific industry sectors like manufacturing, non-profits or property management, to name just a few.

CHOOSING PARTNERS WISELY... AND STRATEGICALLY

While Acumatica doesn’t try to be a customer’s entire universe, it does want to be at the center of that universe. Therefore it chooses its partners carefully. Of course sometimes the converse is true. Some partners choose Acumatica. Long-time partner [JAAS Systems](#) extends Acumatica’s solution with manufacturing capabilities. Operating much like Acumatica, it too partners with other Acumatica resellers who want to sell into manufacturing. And Fusion Software provides retail management, warehouse management and point of sale (POS) extensions for retailers. And of course there are many more that have been part of the Acumatica community for years now.

More recently announced partnerships (January 2017) include those with [DocuSign](#), [Magento](#) and [InfinityHR](#). These three have a few things in common. First of all they address fairly universal needs. What company wouldn’t benefit from DocuSign’s electronic signature technology? More and more companies today, even those that operate exclusively in a business-to-business (B2B) environment, also require an eCommerce platform. Magento’s open source framework makes it affordable for even the smallest of companies but then provides room to grow. And of course, all but the tiniest of companies must manage employee benefits, human resources (HR) and payroll.

In addition, these are not companies that tend to get lost in a crowd offering solutions in very fragmented markets. DocuSign is a clear market leader. Magento is gaining in popularity and has the added advantage of being an

attractive and affordable platform for small to midsize businesses (SMBs) (Acumatica's declared target). And while automated HR might seem like a luxury to a small company, InfinityHR is based in the cloud and fully integrated to Acumatica, making it also affordable and attractive to SMBs.

While these three partnerships speak volumes, the recently announced integration with Salesforce speaks the loudest in terms of Acumatica's openness and its willingness to listen to its customers. Acumatica also provides customer relationship management (CRM), so obviously its first choice is to include this offering. But in this case, integration to Salesforce CRM is in direct response to customer demand.

Microsoft is also an important partner resulting in a CRM plugin for Outlook, which puts a button right in your Microsoft Outlook tool bar that allows you to easily add a new person (prospect?) to Acumatica CRM upon first contact. And then there is integration to [Microsoft's Power BI](#) for powerful visualization and data analysis. Instead of an arm's length interface and multiple downloads, Acumatica is simply added as a data source to Power BI.

And finally, Acumatica is working with a select group of partners to push its customers along in terms of digital transformation. Mint Jutras applauds this gentle push. The 2016 Mint Jutras Enterprise Solution Study found 84% of participants agree that digital technologies have the potential of fundamentally changing the way we do business and 88% agree that embracing digital technologies is necessary for survival. Yet we also found that 77% to 89% still rely at least in part on spreadsheets, or even worse, paper and manual processes, to perform basic activities (Table1). So this push is indeed necessary in many instances.

Table 1: To what extent are these activities performed/managed digitally?

	Complete digital	Digital and spreadsheets	Primarily spreadsheets	paper and manual
Financial planning and budgeting	17%	45%	29%	8%
Demand Planning	21%	43%	20%	8%
Sales and Operations Planning	18%	48%	21%	10%
Workforce Planning	15%	38%	24%	14%
Talent management	11%	36%	18%	18%
Sales opportunity and pipeline management	18%	42%	22%	12%
Product design / Engineering	23%	43%	19%	10%
Project Management	14%	46%	21%	9%
Marketing	18%	43%	17%	13%
Customer support	23%	48%	14%	10%

Source: Mint Jutras 2016 Enterprise Solution Study

Data Source

In this report, Mint Jutras references data collected from its 2016 Enterprise Solution Study, investigating goals, challenges, status and performance of software used to run a business.

A total of 525 responses were collected from companies across a broad range of industries, ranging from very small to very large enterprises.

Acumatica is looking to push the boundaries on several fronts, actively investigating a wide range of options including Blockchain technology, machine learning, bots and a natural language interface using an Amazon Echo device. The company has gone so far as to produce prototype demos of each. But the partnership with [Abbyy Cloud](#) is perhaps the one closest to fruition.

Abbyy Cloud provides optical character recognition (OCR), document capture and language software intended to simplify converting paper documents to digital data. If Acumatica customers receive purchase orders and/or supplier invoices in pdf format via email, they can automate the subsequent manual entry into Acumatica. With the embedded artificial intelligence and machine learning capabilities of Abbyy Cloud, the transformation into digital data is not only automated, but becomes cleaner and more efficient very quickly as it “learns.”

COLLABORATING WITH CUSTOMERS AS WELL

While these forays into digital technologies are Acumatica initiatives that should serve to educate and inspire customers, it also keeps as ear to the ground in terms of listening to what customers want and need now. And that relationship with the customer is getting stronger. While customers often use partners as their first line of support, Acumatica also offers a premium support package, whereby the customer can get support directly from Acumatica. And now Acumatica is taking that one step further and bundling direct support into the license or subscription (Acumatica offers multiple deployment options: on-premise, public or private cloud) for the first year at no additional charge.

Customers are also strongly encouraged to use the Acumatica customer portal to request enhancements. Acumatica uses this site to gauge interest, allowing customers to “vote” on requests. When Acumatica makes a change to the software as a result, the request is marked as “shipped” and all those who voted on the enhancement get an email notifying them of the change.

This is happening more and more frequently these days since Acumatica introduced its optional “continuous release cycle” featuring bi-weekly updates. Of course this is really only feasible for those operating in the public cloud, which is why it is optional. This is offered in addition to the long-term support option previously offered, giving customers a choice as to which upgrade process best fits their business needs. But it also provides added incentive to customers to move in this direction. Those who choose to stay on the old program will not be able to immediately take advantage of the new features as they are introduced.

CLOUD PLAYS A KEY ROLE

Acumatica’s continuous release cycle is not the only benefit customers realize by operating in the cloud. Mint Jutras has been tracking perceptions and

Cloud versus SaaS

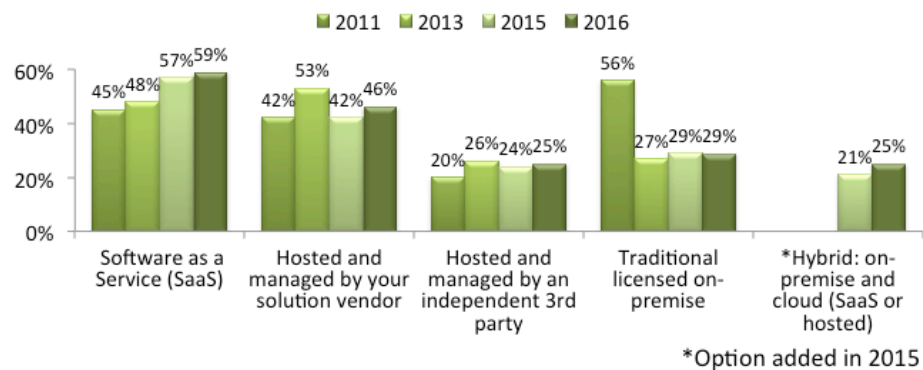
Cloud refers to access to computing, software, storage of data over a network (generally the Internet.) You may purchase a license for the software and install it on your own computers or those owned and managed by another company, but your access is through the Internet and therefore through the “cloud,” whether private or public.

SaaS is exactly what is implied by what the acronym stands for: Software as a Service. Software is delivered only as a **service**. It is not delivered on a CD or other media to be loaded on your own (or another’s) computer. It is accessed over the Internet and is generally paid for on a subscription basis.

Using these definitions, we can confidently say **all SaaS is cloud computing, but not all cloud computing is SaaS.**

preferences for different deployment options for years now, along with the anticipated benefits and those actually realized. Mint Jutras has long been a fan of cloud deployment, long before cloud and SaaS became well accepted. We have watched as more and more of our research participants are willing to consider SaaS and fewer and fewer are drawn to a traditional licensed model. In 2013 we observed a large drop in interest in on-premise solutions. Beginning in 2015, Software as a Service (SaaS) has been the deployment option most widely considered for new purchases (Figure 1) and very early results from our 2017 study continues this trend with 67% willing to consider SaaS and 51% selecting this deployment option as their first choice (new question in 2017).

Figure 1: If you were to select a system today, which deployment options would you consider (Select all that apply)?



Source: Mint Jutras Enterprise Solution Studies

While Acumatica has been engineered in the cloud, the company offers all of these different options. SaaS is equivalent to its public cloud option, while its private cloud option is really equivalent to a hosted environment. But Acumatica customers can also license and deploy the software on premise. Those that choose on-premise but extend or surround the solution with SaaS-only solutions are running hybrid environments.

In some ways Acumatica customers follow this trend, with fewer and fewer opting for on-premise deployments. However, in the Acumatica installed base there is still a strong preference for private clouds. Mint Jutras would caution those that feel a private cloud is more flexible and agile to consider this: All of the customizations that can be built in a private cloud, using the xRP platform, can also be built in AWS, which is where Acumatica delivers its public cloud version. And which is ultimately more scalable? Your own data center, that of a partner’s or the massive resource-rich environment of AWS? Where will you get immediate and automatic roll-over in the event of a natural or man-made disaster? And where will you have the option of a continuous release cycle?

Mint Jutras research the appeal of SaaS growing each year. And when we compare the anticipated benefits of SaaS and those actually realized, we find SaaS is generally delivering more benefits than anticipated (Table 2).

Table 2: Anticipated versus Realized Benefits of SaaS?

	Anticipated Benefits	Benefits Actually Realized	% More than Anticipated
We have substantially lowered our risk	29%	46%	59%
Ability to treat as OpEx versus CapEx	37%	52%	41%
Improved IT security	35%	46%	31%
More viable business continuity plan	35%	45%	29%
Ease of bringing up new remote sites	26%	33%	27%
Speedier business innovation	20%	25%	25%
Ease of remote access for distributed workforce	49%	54%	10%
Lower start-up costs	33%	35%	6%
More innovation through more frequent updates	41%	43%	5%
Elimination of hardware & associated maintenance	45%	47%	4%
Lower total cost of ownership	47%	49%	4%
Reduced cost and effort of upgrades	57%	52%	-9%
Reduced or eliminated IT staff	45%	37%	
More strategic use of our IT resources than just "keeping the lights on"		52%	

Source: Mint Jutras 2016 Enterprise Solution Study

The single exception is in anticipating the reduced cost and effort of upgrades, but we attribute this to an exceptionally high percentage anticipating this as a benefit in 2016, much higher than in prior years.

Table 2 is actually a compilation of answers to two different (but very similar) questions. The first was posed to those not running SaaS (therefore anticipating the benefits) and the second to those running SaaS. The questions on IT staffing were slightly different; hence no comparison is presented.

Based on experience and these survey results, Mint Jutras would suggest some of the Acumatica customers running in private clouds might experience even more value through moving to a public cloud. And we would strongly recommend any running on-premise to move to the cloud.

CONCLUSION AND RECOMMENDATIONS

Many companies, particularly SMBs, struggle with a hodge podge of disparate and disconnected solutions. They take valuable time away from running and growing their businesses to deal with these systems and yet get little in return. In short, they need to replace those existing systems and more and more companies today of all sizes seek a complete, end-to-end solution. They need a good fit, a lot of functionality, and the ability to tailor and customize to differentiate their businesses. And if they go into a new selection with their

eyes wide open they realize the requirements they have today will change over time as their businesses grow and evolve.

If you find yourself in this position, searching for that solution that will grow and change with you, we offer the following recommendations:

- Look for a solution that meets the lion's share of your functional needs today. Fit and functionality and completeness of solution are still of primary importance.
- If there are features and functions missing, before you reinvent the wheel, look first to see if a complementary solution exists. Then look to see if integration is available and if so, is it seamless. A clumsy, arms-length interface is sometimes worse than none. Are the two vendors even on speaking terms? Are they partners? And is the ERP solution "open" to complementary solutions.
- If you find you need customizations, ask yourself if they will provide you with differentiation in your market. If not, consider eliminating them in favor of using standard functions. If yes, can you add them without building barriers to consuming innovation your solution provider offers? You're paying for it. You might as well use it.
- Look for a strong partner community. That is a testament to the solution providers relationship building capabilities in addition to a testament to its development platform.
- Consider a SaaS deployment. A private cloud brings you much of the benefits (e.g. lower costs, including the cost of obsolescence, reduce effort of upgrade, access anytime, from anywhere), but a public cloud can bring you additional innovation, faster.
- And finally... look for openness, collaboration, and innovation to accelerate both your implementation as well as your business.

Acumatica has built its business around these abilities. It might be a good place to start.

About the author: *Cindy Jutras is a widely recognized expert in analyzing the impact of enterprise applications on business performance. Utilizing over 40 years of corporate experience and specific expertise in manufacturing, supply chain, customer service and business performance management, Cindy has spent the past 11 years benchmarking the performance of software solutions in the context of the business benefits of technology. In 2011 Cindy founded Mint Jutras LLC (www.mintjutras.com), specializing in analyzing and communicating the business value enterprise applications bring to the enterprise.*