



March 2011

Document L33

RESEARCH NOTE ANATOMY OF A DECISION: ORACLE JD EDWARDS ENTERPRISEONE

THE BOTTOM LINE

There are many reasons beyond purchase price that influence an enterprise application investment decision. In its exploration of JD Edwards EnterpriseOne customers that also considered Microsoft Dynamics, Nucleus found that functionality, reporting capabilities, staff skill availability, and partner and vendor support capabilities were key factors driving a decision to invest in EnterpriseOne.

Oracle JD Edwards EnterpriseOne is an integrated suite of business management applications with financial management, customer relationship management, human capital management, order management, supply chain planning, supply chain logistics, and procurement capabilities. Focused vertical components of EnterpriseOne include:

- Asset lifecycle management capabilities including capital planning and budgeting, procurement and operations, and maintenance and repair help companies in asset-intensive industries cost-effectively manage their plants, facilities, and equipment.
- Applications to support food and beverage product manufacturers automate information flows from crop to product and give managers greater visibility across the supply chain.
- Manufacturing and engineering capabilities help process, discrete, repetitive, and mixed manufacturers develop, build, and distribute products.
- Project management capabilities help project-based businesses streamline project costing, project and government contract accounting, and contract and service billing.
- Real estate capabilities help real estate organizations to manage real estate properties from site selection to lease negotiations and ongoing property management.
- Home construction management capabilities help builders to manage the life cycle of repetitive construction projects including building site selection, home buyer preferences, subcontracts and procurement, and service and warranty management.
- Apparel management capabilities help manufacturers with complex product assortments manage detailed product attributes, automate order entry, and optimize manufacturing based on consumer demands.

Oracle also provides design, integration, change management, and administration and monitoring tools to reduce the cost of operating EnterpriseOne, as well as tools

TOPICS

Enterprise Applications
Supply Chain
Management

to develop and support custom workflows and processes, manage updates, and monitor application performance and security. Because it is built on open standards, EnterpriseOne enables companies to choose technologies that align with their existing IT infrastructure. For example, the HTML server, which can run on Oracle, IBM, or Microsoft technology, enables users to access EnterpriseOne applications from anywhere via a Web browser.

Midmarket companies have a number of options for enterprise application suites, from vertically-focused point solutions to mid-tier applications to full ERP suites from vendors including Oracle and SAP. As part of Nucleus Research's ongoing investigation into the ERP strategies of growing midmarket organizations, Nucleus analysts interviewed a number of companies that had moved from a point or mid-tier application to Oracle JD Edwards EnterpriseOne about their experiences and the factors impacting their choice of EnterpriseOne. This research note focuses on the experiences of companies that chose EnterpriseOne over Microsoft Dynamics. Key themes EnterpriseOne users noted for choosing EnterpriseOne included completeness of functionality, references, reporting capabilities, availability of skilled support staff, and partner and vendor capabilities.

FUNCTIONALITY

Nucleus found many customers that chose EnterpriseOne had previous experience with another ERP application and, based on that experience, believed they needed to move to a solution with deeper functionality to support their business processes. Customers said:

- *"There were a number of modules that Microsoft was missing. For both preventive maintenance and production planning, with Dynamics we would be required to work with a partner to get it."*
- *"Corporate was using Solomon for corporate accounting and consolidation purposes. We didn't look at Microsoft Dynamics GP because we had worked with it before. It was a nice package but it was more of a mid-tier accounting package on the same level as [Microsoft Dynamics SL]."*
- *"We needed more functionality because we have a unique situation with SKUs. We do a lot of multiple prices for customers if they're quoting a certain type of job, and [EnterpriseOne] could handle multiple price lists."*
- *"MRP [material requirements planning] was something we hadn't done before, and we wanted robust MRP planning tools."*
- *"There was a lot of functionality in JD Edwards that didn't need customization. It's a lot more scalable and had the inventory controls we needed. NAV was OK when the company was tiny but it grew 150 percent sales wise in a year. NAV didn't have the controls and we had inaccurate inventory numbers. JD Edwards had a lot better trace and track capabilities that were tightly integrated with the finance modules."*
- *"For our specific industry, it has the Accelerator which we find quite useful because it's aligned to our business. It took us a month to deploy it."*

Other customers noted JD Edwards tools (such as the User Productivity Kit for building content) and customization capabilities were key motivators in selecting EnterpriseOne:

- *"There were features in terms of training users. With the User Productivity Kit you can create custom user training videos. It was a clear selling point."*

- *“With JD Edwards if there’s a piece that just doesn’t work for us, we can modify it to make it do what we want. Of course there’s a cost associated with that, but it’s unlike a mid-tier system where you like it or leave it.”*

Nucleus found that customers were also considering how their enterprise application strategy would position them for growth. One customer said, *“We purposefully asked the question, ‘What is the extended outlook for our company? Do we plan to stay status quo, acquire, or be acquired?’ Our direction was the latter, and if you are in the acquiring or being acquired stage, having top-tier systems makes a huge difference.”*

REFERENCES

Not surprisingly, Nucleus also found references played a role in EnterpriseOne customers’ decision making process. Customers said:

- *“We needed purchase orders, inventory control, and maintenance modules and JD Edwards essentially had all of those and several of the accounting people had worked in similar locations before where they had used JD Edwards and they said it worked.”*
- *“GP had the functionality but we weren’t totally clear on some of the customizations that might have been needed. The partner said we didn’t need customizations but all the reference accounts had customized the package.”*
- *“The biggest thing that made a difference was that we were comfortable that it worked in our business because we had seen it used in our industry.”*

In a number of cases, seeing how an industry peer was already using the application made decision makers feel comfortable that it could support their business. In others, references validated Oracle’s claims about ongoing support and investment in EnterpriseOne, or clarified comparative capabilities of the applications.

REPORTING CAPABILITIES

Being able to extract and analyze data from enterprise applications is important to provide greater visibility for decision making and increase productivity. Nucleus found many customers were attracted by EnterpriseOne’s reporting capabilities and the ability to rapidly build and deliver reports on current transactional data. One customer that migrated from Microsoft Dynamics GP to EnterpriseOne said, *“GP didn’t work for us. Reporting was really bad; there were so many things we had to do outside of the system that it was essentially a big Access database. With the [old] system we were six to eight weeks before we got a report – at which point we couldn’t take any steps to fix anything.”*

Other customers found:

- *“JD Edwards is Web based and management can log into JD Edwards wherever they are.”*
- *“Reporting in JD Edwards gives management much better visibility into the business.”*
- *“The biggest benefit is everything is in one system and it flows through to the financials. At the end of the day it’s more than just sending product out the door, it’s what do the financials look like. JD Edwards gave us more visibility and quick visibility.”*

Nucleus found that the capability of Oracle Business Intelligence to provide more extensive reporting and analysis was attractive to customers as well.

STAFF AVAILABILITY

Nucleus found organizations, particularly those that had relied on consultants for ongoing support and maintenance of enterprise applications in the past, considered the availability of qualified staff to support their deployment as a factor in the selection process. One customer said, *“Part of it was an HR issue. We couldn’t find people who had experience with Microsoft Dynamics when we hired but there were plenty of people with Oracle, SAP, and JD Edwards skills.”*

PARTNER AND VENDOR CAPABILITIES

Customers also considered vendor investment and vendor and partner support capabilities when selecting enterprise applications. This evaluation was based on their previous experience with other vendors and products as well as the vendors’ and partners’ presentation of their products:

- *“We did an analysis of the products out there, and when the companies came to present their software to us, there was a vast difference – JD Edwards sent a team of very professional people to present to us. The other companies didn’t do that as well.”*
- *“Partners on the GP side were one of our frustrations. If we had a problem it would take them four to five days and then they would send us to Microsoft and say it was a Microsoft problem. With EnterpriseOne, once we’re live we don’t go to the partner anymore – we go to JD Edwards. We had one bug and it took them a few days to get it replicated. We would have gone months or longer or it wouldn’t have happened with GP.”*
- *“The main reason [for looking beyond Dynamics] was that the support people of Dynamics weren’t very competent. We did ask for a bid from them, but their cost was more than we expected and the way they operated their business, we were sure they would go beyond the estimate.”*
- *“When you contact Oracle you have someone in a few hours and it’s the right person. It’s not at all that way at SAP or Microsoft.”*
- *“One factor [in our decision] was the VAR network for Microsoft. It’s a little bit confusing and it’s hard to get your hands around who owns the issue – do you go to Microsoft directly or do you go to the VAR for support?”*

A differentiator for JD Edwards in the eyes of many customers was the availability of Oracle subject matter experts that would be accessible if they had questions or challenges with EnterpriseOne or with other Oracle applications.

CONCLUSION

As mid-sized companies grow, their enterprise application needs and demands change. In its analysis of JD Edwards EnterpriseOne customers that had recently made a new enterprise application investment decision, Nucleus found companies often considered both less costly mid-tier applications such as Microsoft Dynamics and applications from vendors such as Oracle and SAP that require a more significant investment. With EnterpriseOne, companies evaluated the benefit of broader functionality, better reporting, and both internal and external support skills (as well as the ability to customize the application when needed) and determined

that the benefits outweighed the cost savings they might have experienced with a solution such as Microsoft Dynamics. In a number of cases, customers said the pricing was very competitive between Microsoft and Oracle. With the continued investment of JD Edwards in tools to more cost-effectively deploy and manage EnterpriseOne (such as Oracle Accelerators, for example), cost may be even less of a differentiator for tier-2 enterprise applications in the future. Companies investing in EnterpriseOne found they had greater visibility and controls over key factors in their business and were better positioned for growth or acquisition.