

CLOUD ERP COMPANY ACUMATICA DELIVERS ENTERPRISE-GRADE PRODUCTS AND SERVICES AT MID-MARKET PRICES

ACUMATICA

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TEC SPOTLIGHT REPORT

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Cloud ERP Company Acumatica Delivers Enterprise-Grade Products and Services at Mid-Market Prices

Acumatica is a cloud enterprise resource planning (ERP) company headquartered in Bellevue, Washington. Though a relative newcomer to the ERP space, the company is currently the fastest growing cloud ERP company in the world with revenue growth averaging more than 100% over the past four years. (Revenue growth in 2015 - 100%, in 2016 – 93%, in 2017 – 144%, in 2018 – 88%). These growth rates are not sustainable in the long term and some of the numbers reflect large deals that may limit long-term upside. But Acumatica is positioned to continue to grow at a healthy rate in the near term. Acumatica has more than 5,000 customers globally and a workforce of more than 250 employees.

Acumatica's vision has always been to provide enterprise-grade software tools to small and mid-size businesses at affordable prices. Historically, small and midsize (or mid-market) businesses were unable to afford the high costs associated with ERP software. Mid-market ERP solutions used to and continue to cost in the hundreds of thousands of dollars. This price includes the cost of the software license and the professional services fees required to setup the software. Acumatica, however, is able to deliver enterprise software solutions at a fraction of the cost of other market players and still provide the capabilities that are seen only in higher-priced ERP solutions.

What Does It Take To Be an Enterprise-Grade ERP?

When we talk about enterprise-grade ERP, we are talking about more than software alone. Enterprise-grade software applications require a combination of industry leading products and services working alongside a healthy partner ecosystem. Moreover, the combined efforts must be led by visionary and seasoned professionals with the financial backing needed to be there long term. In other words, it takes more than a big name pushing a “marketecture” onto its customers yet trying to maintain the historical sales margins. (A marketecture is a portmanteau of the words marketing and architecture.) Let's dig deeper into these dimensions and examine how Acumatica is delivering.

Built on Modern, Open, and Full-Featured Platform

A modern solution needs to be built from the ground up using modern tools and technologies. The Acumatica xRP platform has been built during the current computing era, where concepts like open application programming interfaces (APIs), mobile devices, and cloud computing are the norm.

The xRP platform also includes a number of business platform capabilities to support daily operations including reporting and analytics, workflow management, document management, and security. The platform then enables additional technologies to be integrated into the architecture including artificial intelligence (AI) and the internet of things (IoT). The platform is what enables the ERP solution to remain fresh and alive. This modern architecture has enabled

Acumatica to roll out three large user interface improvements over the last few years.

Deep Industry Functionality

Of course, an ERP system must support the management of the core set of a company's business operations. Acumatica has a strong core set of functional capabilities including support for financial management, customer relationship management, sales order management, project accounting, etc. Acumatica has these core capabilities and delivers significant depth to a number of industry verticals. This depth is delivered through the growing list of Acumatica "editions." Acumatica currently offers commerce, field service, distribution, manufacturing, and construction editions. This set of editions doesn't include the additional solutions from Acumatica value added resellers (VARs) for businesses ranging from non-profits to US government contracting. These editions provide the additional depth required to support unique enterprise needs in the respective vertical industries.

User Experience Highlights—Modern and Appealing

The Acumatica user experience is delivered with a very modern and appealing look and feel. Figure 1 is an example of a purchasing dashboard. A dashboard such as this will commonly be a user's home or landing page in the system. Clicking on the Acumatica logo on the top left of the screen brings the user back to his/her landing page.

There is a long list of pre-built dashboards available in the application. There are dashboards in the customer relationship management (CRM) area for sales, support, and marketing. Finance dashboards for controller, accounts payable (AP) and accounts receivable (AR). Distribution dashboards for warehouse, purchasing, shipping and receiving. And, there are others, such as field services, projects, and management dashboards.

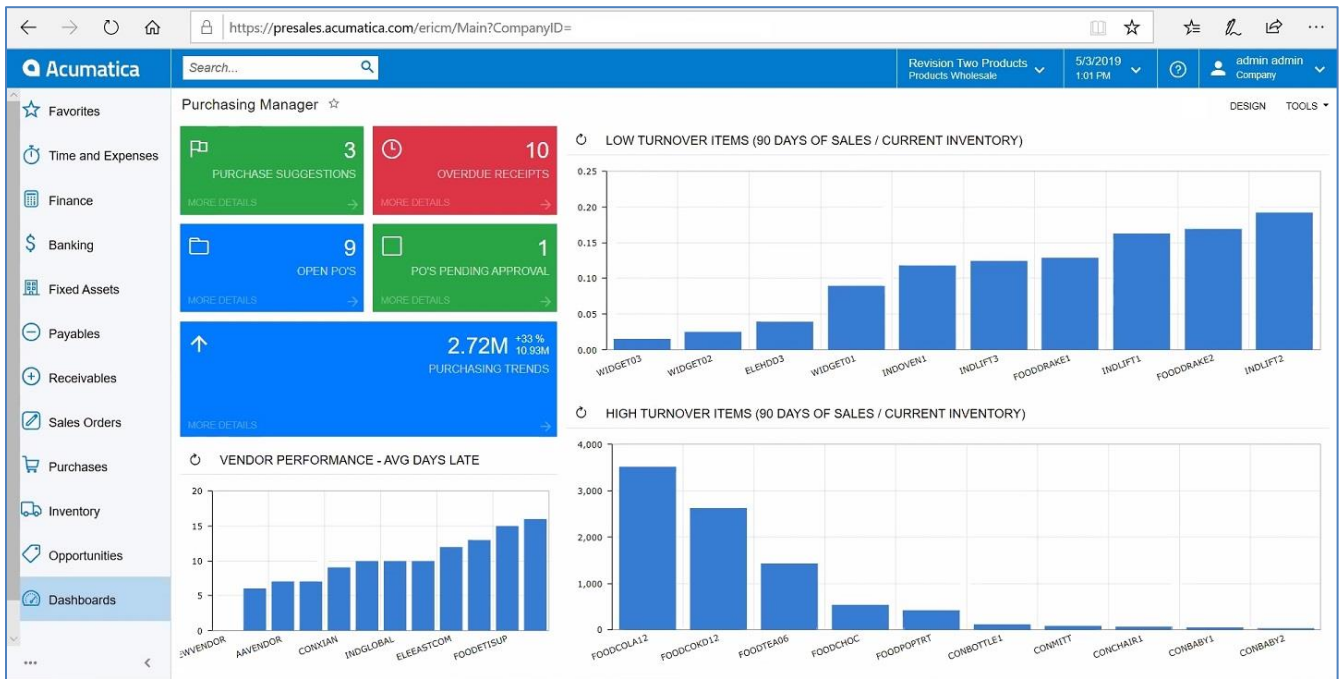


Figure 1. Purchasing dashboard in Acumatica

Graphs on the dashboards are very interactive. Clicking on a tile takes the user to those particular transactions. Within the graphs, a user can click on displayed metrics to add/remove values, drag and drop on a section of the graph to drill into the section, and click to drill into the details behind the data. It's very easy to modify a dashboard. In addition, these dashboards can be easily pushed out to the user's mobile device.

Global search is available from the top of any screen. The global search is nicely organized, as it lets the user view the results of menu items, transactions, help topics, and files separately.

Order entry screens pack everything expected in a modern ERP system and they have a very natural fit and finish. Figure 2 is an example of a sales order entry screen. There are commonly seen icons on a top menu bar for record navigation and other common operations. There are other features that will change dynamically depending on the type of window or status of the record, in this case a sales order. For example, menu items that appear in the "actions" menu will change or become active depending on the status of the current sales order.

Acumatica has also adopted an Excel-like view of records in the system. In figure 2, we see the sales order only has one detail record. But, when multiple records exist, one can easily filter, sort, drag and drop columns around, and even change the columns displayed on the screen using the column configurator. Another nice feature is that the user can easily toggle between this repeating record view and the full detail view of the record with a single click.

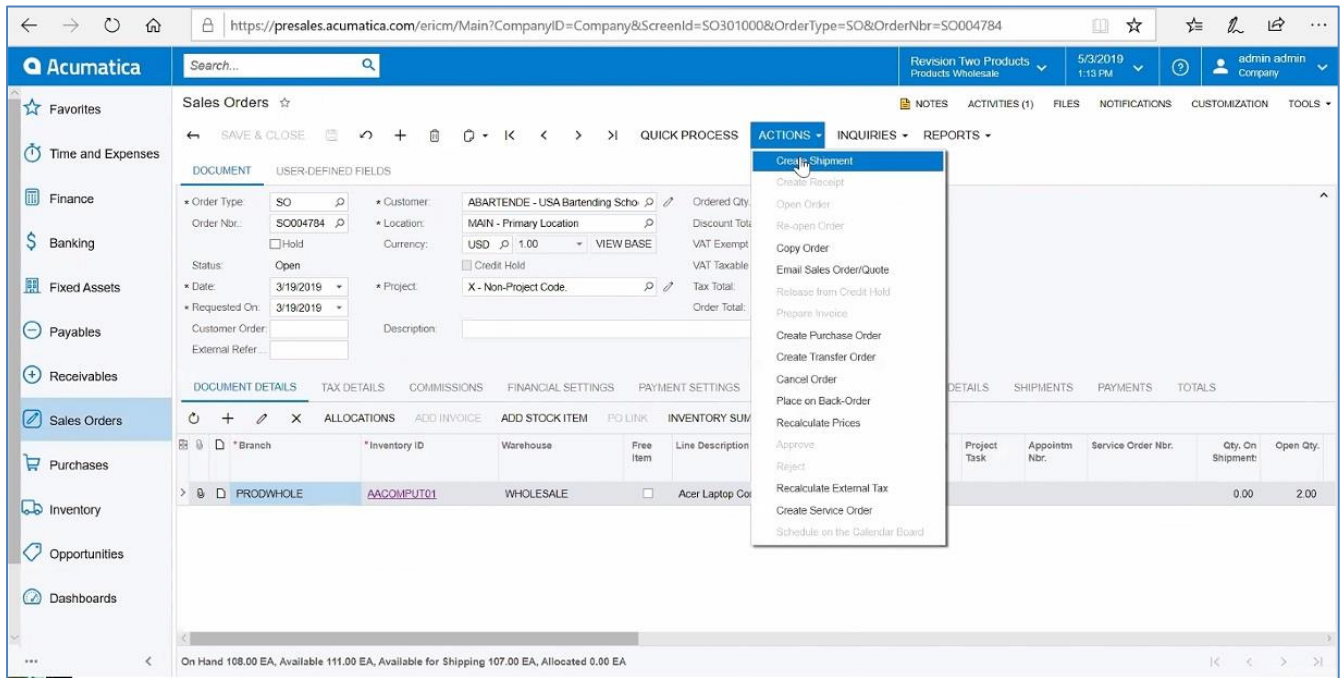


Figure 2. Sales order screen

Having been architected at the dawn of the smart phone revolution means that Acumatica is built using technology that runs on any device with a browser and an internet connection. The mobile framework delivered with Acumatica makes it possible for relatively non-technical folks to make changes to the mobile application presentation. This framework allows for the management of mobile experience without iOS or Android programming. With Acumatica and its responsive user interface technology, there is only one player to download for running Acumatica on the device—not different apps for each functional area. This approach is fine for general-purpose mobile usage, but this does not provide the type of mobile-first solution needed for areas like the manufacturing shop floor or warehouse staff. Yet, unlike other vendors, Mobile support is automatically included with Acumatica licenses.

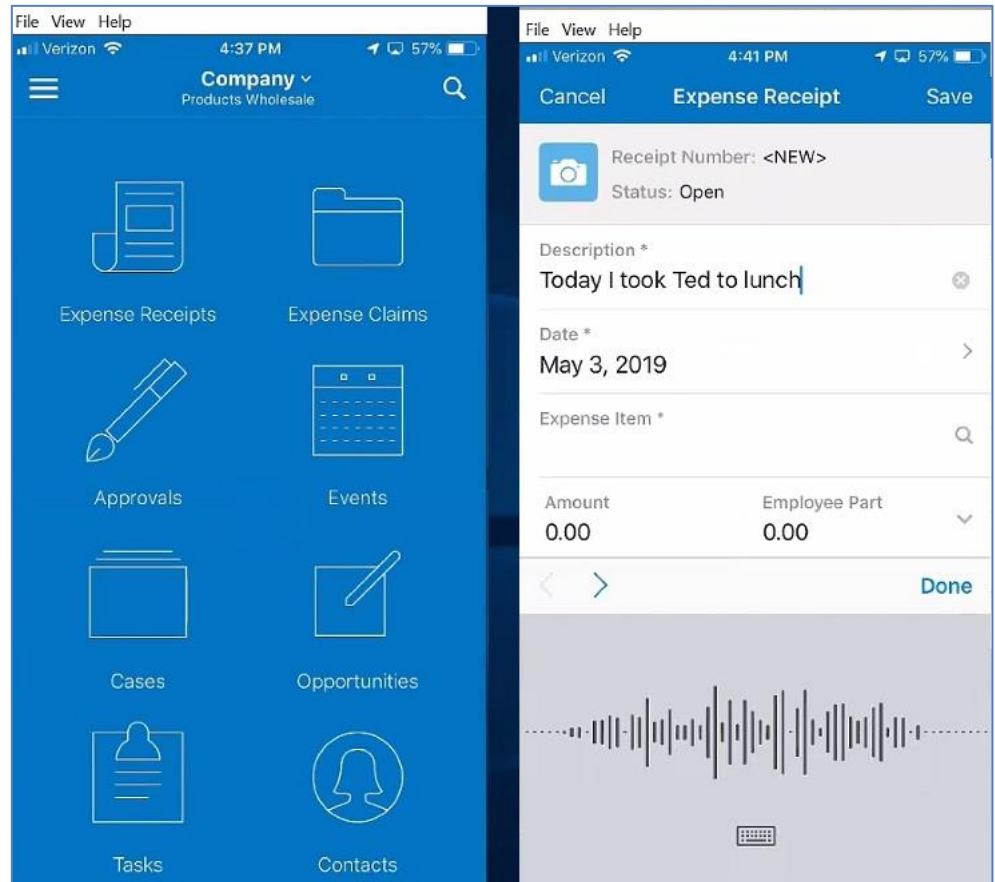


Figure 3. Mobile device screens

Partner Ecosystem

An engaged and growing partner ecosystem is also very important to software providers, and this is another key reason for Acumatica’s success. Acumatica only sells and implements through a carefully chosen network of partners. A software vendor is stronger when more people are selling, building on, and integrating with its software. An IDC study on Salesforce and its ecosystem estimated the creation of more than \$850 billion dollars worldwide by 2022. Though Acumatica is not nearly the size of a Salesforce, the growth of an ecosystem around a platform is vital to the long-term viability of its provider.

Acumatica has been able to quickly build a global presence by developing a solid mix of value added resellers (VARs), independent software vendors (ISVs), and original equipment manufacturers (OEMs). Acumatica entered into exclusive OEM agreements in some countries including myob in Australia, VISMA in the Nordics, acceo in Quebec, cegid in France, and lexware in Germany. In these countries, the OEM white labels and localizes the Acumatica software and provides all the customer service and support. These OEMs are all very large software providers in their own right and the investments by them in Acumatica show their belief in Acumatica’s products and business model.

Acumatica's VAR and ISV partner ecosystem is growing rapidly. Acumatica devotes significant resources to its partner channels and works especially hard to make sure it is working with high-quality partners. Lower-performing partners with limited resources available for Acumatica will not be able to maintain their certifications. Acumatica provides VARs with training, certifications, and help getting to market with innovative marketing assistance such as "Acumatisizing" the partner website. In addition, Acumatica offers its partners some of the richest revenue sharing agreements in the industry. In the past year, Acumatica reported adding nearly 47 new VAR partners. Additionally, the number of ISVs working with Acumatica continues to multiply and now totals more than 150 of some of the top names in the ERP space.

Enterprise Services

Enterprise-ready services and support must go hand in hand with an enterprise solution. No business wants to move its most critical business operations to a solution only to find that the solution vendor can't provide appropriate level of additional services. With a cloud vendor, this starts with the uptime of the ERP solution and underlying infrastructure. Acumatica runs on Amazon Web Services (AWS) and delivers 24/7 access, disaster recovery, backup service, high availability, monitoring, software updates, and application maintenance.

Acumatica customers obtain support either via the implementation partner, directly from Acumatica, or a combination of the two. There are options for accessing help, technical resources, and troubleshooting information, including contacting product experts at Acumatica to help solve your technical issues. Customers have access to a wide range of training and help materials online. There are also growing user groups and developer communities to tap into.

Acumatica also works hard behind the scenes to help its customers' success. It has a number of tools that can be used for jump-starting and implementation including data loading templates and an implementation methodology. As a cloud provider, Acumatica is able to use machine learning on the entire installed base to monitor and improve deployments. Acumatica is also developing a fast-track implementation with the goal of having an implementation up and running in 60 days.

Financial Backing and Company Leadership

An investment in an ERP system is a long-term commitment. Most companies will live with an ERP solution from somewhere between 7 and up to 25 years! So, nobody wants to implement a solution that doesn't have sufficient financial resources to stay around for the long term. Acumatica [recently announced](#) its largest private equity investment to date. In this round, Acumatica obtained a \$25 million in funding led by Accel-KKR, a prominent Silicon Valley technology-focused investment firm, along with existing investors.

Acumatica also has an experienced and well-respected leadership team. CEO Jon Roskill has more than 25 years of software industry leadership experience. He had a 20-year career at Microsoft, where he led efforts in business operations, strategy, and marketing for all of Microsoft. Roskill has been building out a leadership team to take Acumatica to the next stage that fits in with the previous core founding leadership group. The founders have already brought impressive experience and leadership to the company. The combination of significant funding and impressive leadership are another dimension to consider when looking for an ERP solution.

Enterprise ERP Solution for Mid-market Money

Most mid-market companies (those with revenues between \$5 million and \$250 million USD) don't have hundreds of thousands of dollars to spend on an ERP implementation. But this is what these companies have been asked to spend in order to have a functioning ERP solution. Acumatica delivers all of the enterprise-grade capabilities at a fraction of the cost charged by other mid-market ERP vendors. The average Acumatica customer is able to get an ERP implementation up and running for less than \$100,000.

Acumatica is able to bring this enterprise solution to the market by selling through its channel partners. Acumatica has no sales staff of its own nor does it spend lavishly on marketing programs. This enables Acumatica to devote a significant portion of its budget to R&D and continue building on the platform. However, the reliance on resellers greatly diminishes Acumatica's brand awareness. The OEMs go to market with their own brand. Another problem switching VARs from the legacy license model to the subscription model is that these partners will need to sign-up a sufficient number of partners for them to have a sustainable business model. This past year was a turning point as a number of partners have successfully obtained enough critical mass to commit more resources to Acumatica as their solution of choice.

Acumatica's pricing is also different from that of other ERP players. Most ERP license pricing is based on the number of users on the system. In this case, the license for a user that enters one time sheet a month or a supplier that needs to log into a web portal to check the status of an order costs the same as the customer service rep that is using the system heavily. Acumatica charges based on the how much the company uses the system, not just on the number of users. This pricing model allows a company to take full advantage of its ERP system without having to worry about the cost associated with allowing everyone to use the system.

Just because your company is smaller doesn't mean you should sacrifice getting solid enterprise software solutions. Where is it written that you should either have to break the bank and spend hundreds of thousands of dollars on software or limp along with inferior solutions? Acumatica is breaking the ERP mold by delivering big enterprise-grade capabilities at affordable mid-market pricing.

Related Reading

- [Acumatica Summit 2019—Construction Cloud ERP and More](#)
- [Acumatica Extends its Powerful Platform and Industry Footprint with Its Latest Cloud ERP](#)
- [TEC Cloud ERP Software Buyer's Guide for Manufacturers](#)

About the Author

[Ted Rohm](#) covers the areas of enterprise resource planning (ERP), commerce, customer relationship management (CRM), enterprise asset management (EAM), configure price quote (CPQ), supply chain management (SCM), and IT service management (ITSM), with a particular expertise in manufacturing. He has over 20 years of experience in large-scale selection, design, development, and implementation projects, primarily in the biotech/pharma industry.



Prior to joining TEC, Rohm worked for a number of companies including Oracle, Syntex, and Genentech (now part of The Roche Group). Rohm worked with Genentech for 13 years, starting as a senior programmer analyst responsible for building custom applications using the Oracle Tool suite in support of sales and marketing and product distribution. He then became senior manager of commercial systems, where he directed the development, deployment, and operations of enterprise-wide applications for the sales and marketing departments. Rohm was the principal systems architect during his last few years at Genentech, focusing mainly on the implementation of SAP ERP and its integration with other systems.

Rohm holds a bachelor's degree in electrical engineering from Columbia University and a bachelor's degree in physics from Allegheny College.

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