

Future Requirements of Packaged ERP Software

Norbert Frick & Petra Schubert
University of Koblenz-Landau



Agenda

- **Study design**
- **Results**
 - **Process Agility**
 - **Service Agility**
 - **A glimpse into the future**
- **Discussion**



Study design 1/2

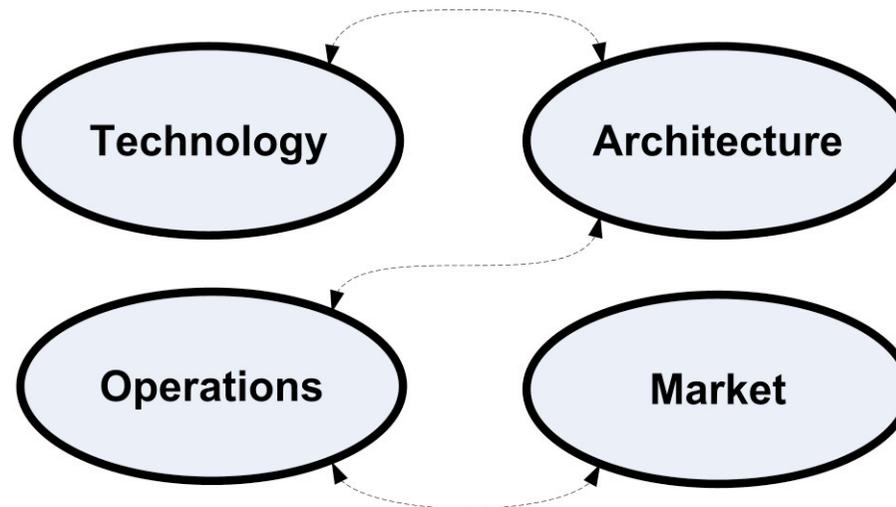
- **Company interviews: 130 in Germany**
- **Responses: 32**
 - **Response Rate: 24.6 %**
- **Participants: e.g. Microsoft, Oracle, SAP, IFS, PSI, SageBäurer and many more**
- **39 questions concerning 4 aspects:**
 - **Architecture**
 - **Technology**
 - **Operations**
 - **Market**



Study design 2/2 - Theoretical background of the study

■ Aspects of ERP Systems

- Architecture
- Technology
- Operations
- Market





Results

- **Process Agility**
 - Modelling
 - Code Generation
 - Standards
- **Service Agility**
 - SOA
 - ASP/SaaS
- **A glimpse into the future**
 - Proximity to customers vs. Technological leadership
 - Consolidation vs. growth
 - Market development



Process Agility 1/2

- **Divide between demand of users for systemized process design and modelling availability of vendors**
 - **51% of vendors offer modelling possibilities**
 - **With existing tools**
 - **With self-deployed modelling techniques**
 - **25% enable code generation from visual modelling**
 - **Offers range from workflow rules to class diagrams**
 - **25% of vendors support process standards**
 - **Internal as well as cross-company processes**

“ERP systems are too complex to make business process modelling worthwhile” (vendor citation)



Process Agility 2/2

- **Lack of process standards forces integration projects towards individual adoptions**

“Adopting a standard software will be more expensive than creating an individual solution”

- **Increasing demand for lean and role-based processes**
- **Development from function-oriented to process-oriented application systems will take longer than 5 years**



Service Agility 1/2

- **Services established as important component in ERP systems**
 - **53% use services within their system architecture**
 - **28% as integral service oriented architecture (SOA)**
 - **25% as SOA capability**
 - **71% use Web Services**
 - **Main purpose: offering functionalities externally**
 - **Reason: no uniform understanding of SOA (big vendors)**
 - **Reason: new concept means new programming**
 - **Result: re-use of legacy systems possible**
- “We can’t implement SOA, we are SOA”*



Service Agility 2/2

- **SaaS established as operational model**
 - 31% of vendors state: SaaS possible
 - 56% of vendors state: ASP possible
 - Initiatives of big vendors such as SAP or Oracle enforce trust in security and integrity of SaaS offers

“We provide in-house, ASP and SaaS but neither ASP nor SaaS are desired by customers.”
- **Hosting solutions will gain an increased market share**
- **SOA and process orientation: it bears great potential but is not being used yet**



A glimpse into the future 1/3

- **Proximity to customers vs. technological leadership**
 - 65% of vendors see their strength in technological advancements (see Web Services, SOA, etc.)
 - Only 18% value proximity to customers
 - SaaS technological buzzword, but the concept of SaaS will put a distance between vendors and customers
 - Large vendors like Microsoft or SAP want to enforce their customer contact with the help of partners



Divide between the two developments constitutes a great challenge for the next years



A glimpse into the future 2/3

■ Consolidation vs. growth

- 37% of vendors believe in continuing market consolidation
- Especially big vendors will continue to “buy” market share
- 59% of vendors want to increase their market share
- Who buys and who is bought?



Divide between the two developments constitutes a great challenge for the next years



A glimpse into the future 3/3

■ Market development

- Smaller vendors with standard software for SMEs will have to increase their efforts
- Possible protective measures for smaller vendors

- Enforce niche excellence

“From our viewpoint the trend towards specialization on sectors will continue”

- Greater customer proximity

“It will be more important to link with others in the future”



To Dos

■ Improve Agility

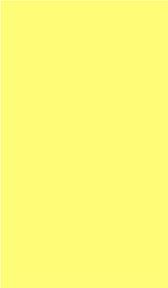
- Application Development
- Modelling (include system users)
- Standards (SOA, Web Services, processes, collaboration)
- Pragmatic approach vs. conceptual design

*“As far the market goes, it’s:
evolution not revolution!”*



Discussion

- Questions?



Thank you for your attention!

Norbert Frick
PhD student
University of Koblenz-Landau
Institute for IS Research
Campus Koblenz
Universitätsstr. 1
D-56070 Koblenz
<http://bas.uni-koblenz.de>