**Wingate Electric Case Study**

**Wingate Electric**

* Wingate Electric is a mid-sized manufacturing company that makes small electric motors for appliances, lawn mowers, and small tractors.
* The Planning, Design, and Implementation of ERP Systems Company, founded by Bob Wingate, has been in business for 100 years.
* It is currently owned by his two sons, Wick and Steve Wingate, on a 50/50 basis.
* The MIS systems at Wingate Electric are home-grown systems that have been patched together over the years.
* These systems support the major accounting and financial functions, including sales order processing, inventory control, accounts payable, accounts receivable, and general ledger. These applications use multiple legacy file systems, and much of the data are redundant.
* Competitors within the industry are adopting ERP systems to integrate financial and manufacturing data, and Wingate Electric is being left behind.
* Competitors are adopting web-based front ends for order processing, order tracking, and order follow-up, but Wingate cannot move in this direction because its back-office systems are in disarray.
* The MIS systems at Wingate Electric are home-grown applications that have become fragmented over time. They are difficult to maintain, and they do not use an integrated relational database. Managers have trouble gaining access to data for query and reporting purposes.

**Requirements**

* Web-based order processing and order tracking capability, thus acquiring an ERP foundation for web-based applications.
* An ERP system which supports its financial and accounting functions, including accounts receivable, accounts payable, and general ledger.
* Implementing ERP financial system first
* Adding modules supporting production planning and manufacturing in the next phase.
* The ERP system will also support Sales and Marketing, Human Resources, CRM, and e-Business.
* The budget for ERP is estimated at $1,000,000, excluding the cost of acquiring the necessary upgrades in hardware, software, and networking facilities**.**



**History of ERP Systems (SAP)**

* **SAP**Stands for "**S**ystems, **A**pplications & **P**roducts in Data Processing“
* German-based European company
* Headquartered in Walldorf, Baden-ürttemberg, Germany with regional offices in 180 countries.
* Has over 335,000 customers in over 180 countries.
* Founded by five ex-employees of IBM
* In 1973, the first commercial product was launched. In 1979, SAP launched SAP R/2, expanding the capabilities of the system to other areas, such as material management and production planning.
* SAP released the new SAP R/3 in 1992. SAP developed and released several versions of R/3 through 1995.
* R/3 was replaced with the introduction of SAP ERP Central Component (ECC) 5.0 in 2004.
* The latest version, SAP ERP 6.0, was released in 2006. SAP ERP 6.0 has since then been updated through SAP enhancement packs, the most recent: SAP enhancement package 8 for SAP ERP 6.0 in 2016

**Market Share and Direction**

**Five SAP Strategies to Know**

**1. Product Release Strategy.** SAP has traditionally released products and made major changes to underlying functionality on a five-year schedule, Shepherd notes. So twice a decade, SAP's customer base faced a tough decision.

"They could either ignore the product improvements that their maintenance fees had helped to fund, or they could invest a significant amount of time and money in an upgrade project that is often disruptive, expensive and deeply unpopular," Shepherd writes. "It became quite common for companies to delay or defer releases. However, that approach carries enough risk and cost that most organizations didn't dare go longer than eight to 10 years between upgrades." (For more on SAP's maintenance fees, see ["SAP Raises Software Maintenance Fees for New Customers"](http://www.cio.com/article/332463) and ["The Man Behind 'Half Off' Third-Party Software Maintenance."](http://www.cio.com/article/333313))

**2. Growth Strategy.** In the AMR report, Shepherd writes that SAP has a business strategy that is fundamentally focused on organic revenue growth and that SAP has always been confident about its organization's ability to develop new products and improve existing ones.

However, SAP execs also have realized that the company has needed to both expand its product offerings to its customers as well as move into new markets. Shepherd writes that this market expansion can be seen in getting new customers, expanding the product scope, moving into new geographies and industries, and going after not just the large enterprises but the SMBs as well. (See ["SAP Pays Partners, Goes with Gusto for SMB Customers"](http://www.cio.com/article/337963) for more on SAP's SMB strategy.)

**3. Platform Strategy.** Shepherd traces the roots of SAP's platform strategy back to 2003, when SAP packaged up its technology components and unveiled the [NetWeaver](https://www.cio.com/article/359113/subject/SAP+NetWeaver) product set. (For the latest on NetWeaver, see ["SAP Unveils Its NetWeaver Business Process Management Tool."](http://www.cio.com/article/356666))

"The idea was that this technology and architecture would no longer simply be the invisible engine that powered the application products, but that SAP could expose it as a platform and allow customers and partners to use it to extend SAP applications or even build brand-new applications," Shepherd writes. "SAP had to build the platform anyway in order to develop its service-oriented architecture (SOA)-based product line. Management believed that making it publicly available would enhance SAP's reputation as a technology leader, and it could potentially become an additional source of product revenue."

**4. Industry Strategy.** Shepherd attributes one reason for SAP's success over the years was that executives realized the importance of offering products to key vertical industries that had unique needs in their applications.

"Using a combination of internal and customer sponsored development, partners and clever packaging, SAP now has 25 separate industry solutions across a range of industries from mining and manufacturing to higher education and financial services," he writes. "Many of these are supported by product management teams, dedicated developers, and industry value networks (IVNs) of customers and partners that collaborate with SAP on defining requirements and building extensions." This strategy has enabled SAP to garner tons of market share in the oil and gas, chemicals, and life science industries, according to the report.

**5. Product Strategy.** Before 1999, SAP was known as a one-product company, which a much less confusing naming convention for its products and releases (R/1, R/2, R/3).

"Since then, SAP has accumulated dozens of products with a bewildering set of options, variants and names," Shepherd writes. "One of the reasons for this product proliferation is the software industry consolidation that has resulted in large ERP vendors like SAP competing in many other adjacent software categories, such as CRM, supply chain management, and product lifecycle management." SAP has also brought to market other complementary products not named ERP and not aimed at the CIO and IT but at the business users, he notes, in areas like performance management, regulatory compliance and analytics.

**Product Offerings and Integration**

|  |  |
| --- | --- |
| **SAP** | SAP S/4HANA  SAP CRM (Customer Relationship Management)  SAP ERP (Enterprise Resource Planning)  SAP PLM (Product Lifecycle Management)  SAP SCM (Supply Chain Management)  SAP SRM (Supplier Relationship Management) |

**Scalability**

**Scalability** are essential characteristics of large-scale enterprise software. Performance can be considered both from a system point of view, and a user point of view. While system administrators are interested in achieving required system throughput with a limited IT budget, the end users are seeking reasonable response time when interacting with software systems. Acceptable response times are of course related to the content of business processing

**Sizing**

With proven scalability of software applications, **SAP’s sizing process** enables the transformation of business requirements into hardware requirements. The size of the hardware and database is influenced by both business aspects and technological aspects. This means that the number of users using the various application components and the data load they put on the network must be taken into account.

Determining the resources required by an application is of paramount importance to our customers. Therefore, development must make sure that there is a proper sizing procedure for their application. For sizing, the key performance indicators are CPU, disk, memory and network bandwidth. SAP provides the right tools how these key performance indicators can be determined.

With the help of SAP Standard Application Benchmarks results, statements can be made as to CPU and memory consumption of particular software components

**Consulting Support**

|  |  |
| --- | --- |
| **SAP** | **Better Consulting support**  **Average rating of 4.0/5**  **Quality support with 7.6/10** |

**Fit with Current Business Processes**

SAP Activate is the next generation SAP implementation framework that gives customers the freedom to get up and running quickly to innovate continuously with SAP S/4HANA Cloud. SAP Activate combines SAP Best Practices, guided configuration, and implementation methodology to get your organization onboarded onto SAP S/4HANA Cloud to run your business live.

In this SAP Activate blog series, which Sven Denecken [kicked off](https://blogs.sap.com/2017/07/19/sap-activate-enables-adoption-of-sap-s4hana-cloud-introducing-upcoming-blog-series/), you will learn about the six phases in the framework: Discover, Prepare, Explore, Realize, Deploy, and Run. If you missed last week’s blog about the Discover and Prepare phases, you can [read it here](https://blogs.sap.com/2017/07/26/sap-activate-getting-started-with-your-cloud-implementation-with-discover-and-prepare-phases/).

In today’s blog, I will focus on the implementation of SAP S/4HANA Cloud and the key milestones in the Explore phase. The Explore phase has significantly changed the way customer solutions are implemented, especially in the cloud. It focuses on validation of the solution functionality which is in the project scope and confirmation that the business requirements can be met with the standard business processes delivered in the product through the Fit-to-Standard analysis workshop

**Reporting Applications**

|  |  |
| --- | --- |
| SAP | SAP NetWeaver Application Server for ABAP provides a standardized architecture and a set of tools for creating Web services and related objects.  Uses Access Manager allowing web-based SAP and non-SAP applications for federation without modifying content or installing additional software on the web or application servers. |

**User Friendliness**

|  |  |
| --- | --- |
| SAP | Unauthorized- Free courses  Online courses  Classroom Training  SAP Authorized Training  ATOS, Siemens, JKT  Takes 8-12 weeks  Costs about 3.5 lakhs |

**Cost**

|  |  |
| --- | --- |
| SAP | The average SAP customer spends 4% of its annual revenue on its total cost of ownership  Professional licenses cost $3213/user. A Limited license is $1666/user. |

**Ability to Integrate**

|  |  |
| --- | --- |
| SAP | SAP implementations go smoothly.  SAP built its own system and added its own features and upgrades in-house.  For any custom third-party applications or customize the standard setup, reaching out to the company and paying extra is required.  SAP allows companies to create their own rules within the SAP structure. These rules set the parameters for acceptable and unacceptable transactions. |



**People soft**

**History**

* It provides human resource management systems (HRMS), Financial Management Solutions (FMS), supply chain management (SCM), customer relationship management (CRM) and enterprise performance management (EPM) software
* 1987: PeopleSoft, Inc. founded by David Duffield and Ken Morris in Walnut Creek, CA, USA.
* 1988: PeopleSoft HRMS released.
* 1994: Public distribution of Distribution and Financials modules.
* 1996: Releases manufacturing and PeopleSoft 6, their first ERP package.  
  1997: PeopleSoft 7 is released within upgraded ERP modules.
* 1998: PeopleSoft 7.5 is released with improved client/server technology. Acquired Intrepid Systems.
* 2000: Deliver PeopleSoft 8 with an in-house application service provider.
* 2005: Acquired by Oracle Corporation.
* 2006: PeopleSoft FSCM 9.0 is released.
* 2006: PeopleSoft HCM 9.0 is released.
* 2009: PeopleSoft HCM 9.1 is released and FSCM 9.1 is released.
* 2013: PeopleSoft 9.2 is released.

**Market Strategy and Strategic Direction**

|  |  |  |
| --- | --- | --- |
| Oracle (PeopleSoft) | 3.41% | Oracle has signed more than 22,000 Cloud ERP customers including nearly 6,000 for Oracle ERP Cloud and 16,000 for NetSuite. Each quarter Oracle is migrating at least 200 customers of its on-premise ERP systems like E-Business Suite to the Cloud. |

**Product Offerings and Integration**

|  |  |
| --- | --- |
| Oracle (PeopleSoft) | Human Capital Management  Financial Management  Procurement and Supplier Management  Project Portfolio Management  Asset Lifecycle Management  Orders and Inventory Management  Campus Solutions  PeopleTools and Technology |

**Scalability**

|  |  |
| --- | --- |
| PeopleSoft | Use Simple Object Access Protocol (SOAP) web services to integrate with or extend Oracle Applications Cloud which is divided into  Business Object Services and Process Services |

**Consulting Support**

|  |  |
| --- | --- |
| PeopleSoft | Good Consulting Support  Average Rating of 3.8/5  Quality support with 7.2/10 |

**Reporting Applications**

|  |  |
| --- | --- |
|  | Use Simple Object Access Protocol (SOAP) web services to integrate with or extend Oracle Applications Cloud which is divided into  Business Object Services and Process Services |

**User Friendliness**

|  |  |
| --- | --- |
|  | Oracle University website  Costs about 2,68,892  Less resources |

**Cost**

|  |  |
| --- | --- |
|  | The average Oracle customer spends 1.7% of its annual revenue.  Licenses for *$4600 per user per* module |

**Ability to Integrate**

|  |  |
| --- | --- |
|  | Oracle will take a long time to implement. But there is lots of flexibility in that implementation, as companies can choose which systems to take and leave. Oracle's best-of-breed solutions provide options for project teams not wanting to customize their software |

**Best Option**

* By reviewing the case study, SAP offers the best solution because:
* Fully integrated
* Less duration for setup
* Effective integration of modules
* Better training options
* Brand name in ERP systems
* much larger pool of developers and consultants
* SAP offers the quickest financial payback to customers
* Less costly compared with Oracle Solutions