Critical Capabilities for Cloud ERP for Product-Centric Enterprises

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Initiatives: ERP

Application leaders supporting ERP in product-centric companies seek varying capabilities based on their industry and size. The suitability of different ERP solutions depends on the use case. Use this research to evaluate vendor offerings and create a shortlist that best matches your industry needs.

This Critical Capabilities is related to other research:

Magic Quadrant for Cloud ERP for Product-Centric Enterprises

View All Magic Quadrants and Critical Capabilities

Overview

Key Findings

- Application and software engineering leaders are seeking composable ERP platforms that allow their organization to assemble and adopt a combination of business capabilities.
- ERP capabilities delivered by vendors may vary significantly based on use cases oriented around size, manufacturing type or distribution.
- Midsize enterprises and discrete manufacturers have several good options for ERP solutions. Large and global enterprises as well as process and project/asset-intensive manufacturers have more limited options in the cloud ERP market.

Recommendations

Application and software engineering leaders supporting ERP in product-centric companies should:

- Evaluate Gartner's six use cases carefully to determine the closest fit for your organization's current and future uses, noting that ERP platforms are often utilized for 10 years or more.
- Customize the use case further, if needed, by adjusting the weighting percentages of the capabilities to match your needs and priorities.
- Shortlist the vendors which meet your scoring criteria. Send them an RFP and assess each response. Determine finalist vendors and request a detailed demonstration and perform reference checks.

Strategic Planning Assumptions

By 2023, organizations that have successfully renovated their ERP platforms will achieve at least a 40% improvement in IT agility to deliver business outcomes.

By 2023, 60% of product-centric enterprises will utilize standardized ERP capabilities on a composable ERP platform.

By 2024, 60% of enterprise SaaS applications will be composed from packaged business capabilities that provide data, analytical insight and operational application services.

What You Need to Know

There continues to be strong interest in the market for cloud ERP for product-centric enterprises (defined in the companion Magic Quadrant for Cloud ERP for Product-Centric Enterprises). The use cases in this research highlight the primary segments within this market and focus on the size and vertical-specific product capabilities of vendors within these segments. This provides readers a more specific and customizable analysis of which vendors may be best suited to each use case.

Vendors identified as Leaders in the Magic Quadrant do not necessarily have the highest-scoring solutions for every use case in this Critical Capabilities report. Niche Players, for example, may score better in certain use cases because they focus on certain sectors, rather than the wider market.

To make the best use of this report, consider these four points:

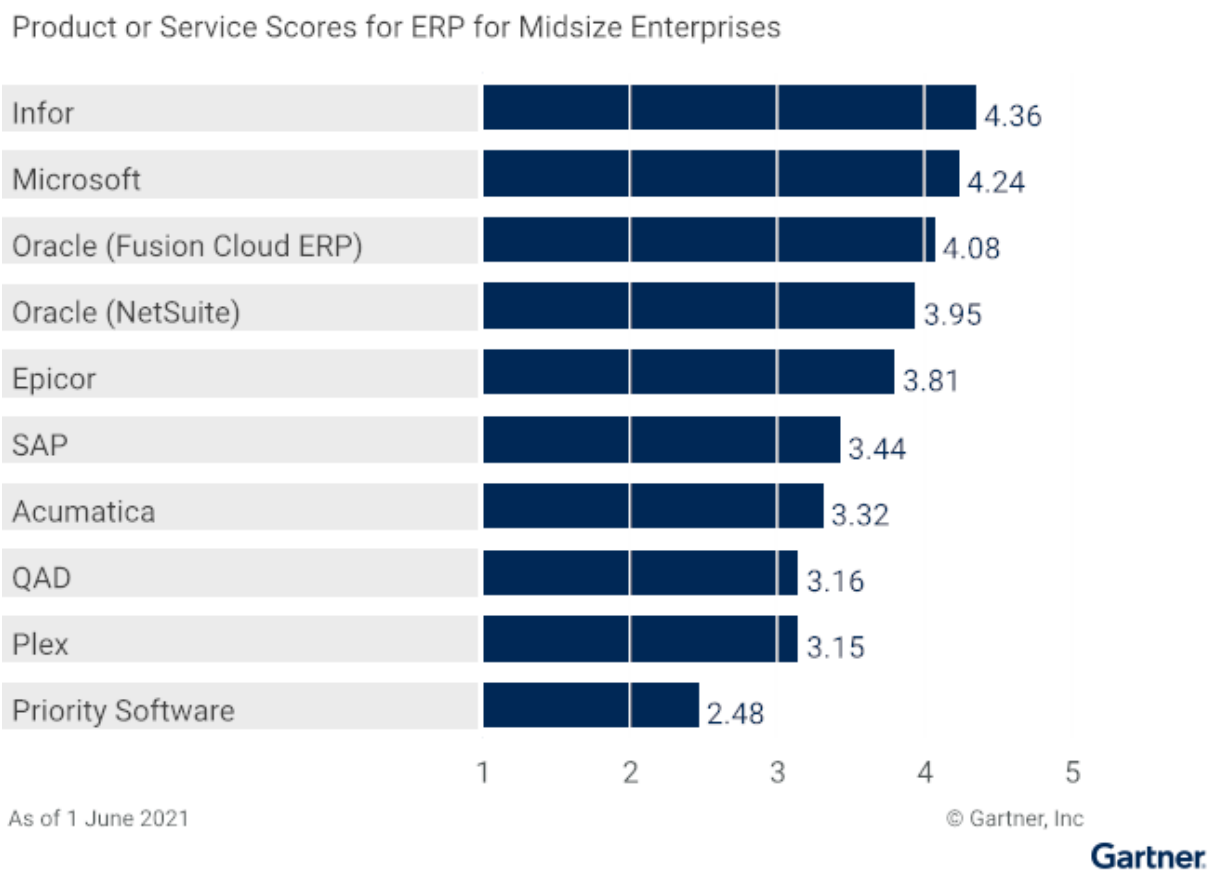
- The ratings of each critical capability are based on Gartner analyst's opinion of vendor demonstrations, insights from client inquiry interactions and Gartner's Peer Insights platform.

- Support for languages, country-specific localizations and geographic presence and manufacturing styles are key factors in the evaluation of cloud ERP applications. Certain vendors may not be suitable for deployments in some countries, regardless of their scores for any use case. It is not possible in the context of this Critical Capabilities report to account for the country-level suitability of every vendor for every use case. As a result, readers should review the suitability of any vendor based on its geographic presence and support for the primary countries in which their cloud ERP suite will be deployed.
- The six use cases cover many, but not all, functional areas of cloud ERP suites. The interactive version of this Critical Capabilities report enables you to adjust critical capability weightings to achieve a closer match to your organization's functional or vertical requirements.
- Several vendors do not target all segments of this broad market, but instead focus on particular types of organization. If, in Gartner's opinion, a vendor is not appropriate for a specific use case, it is flagged as "N/A" (i.e., not applicable) in the use-case assessments.

Analysis

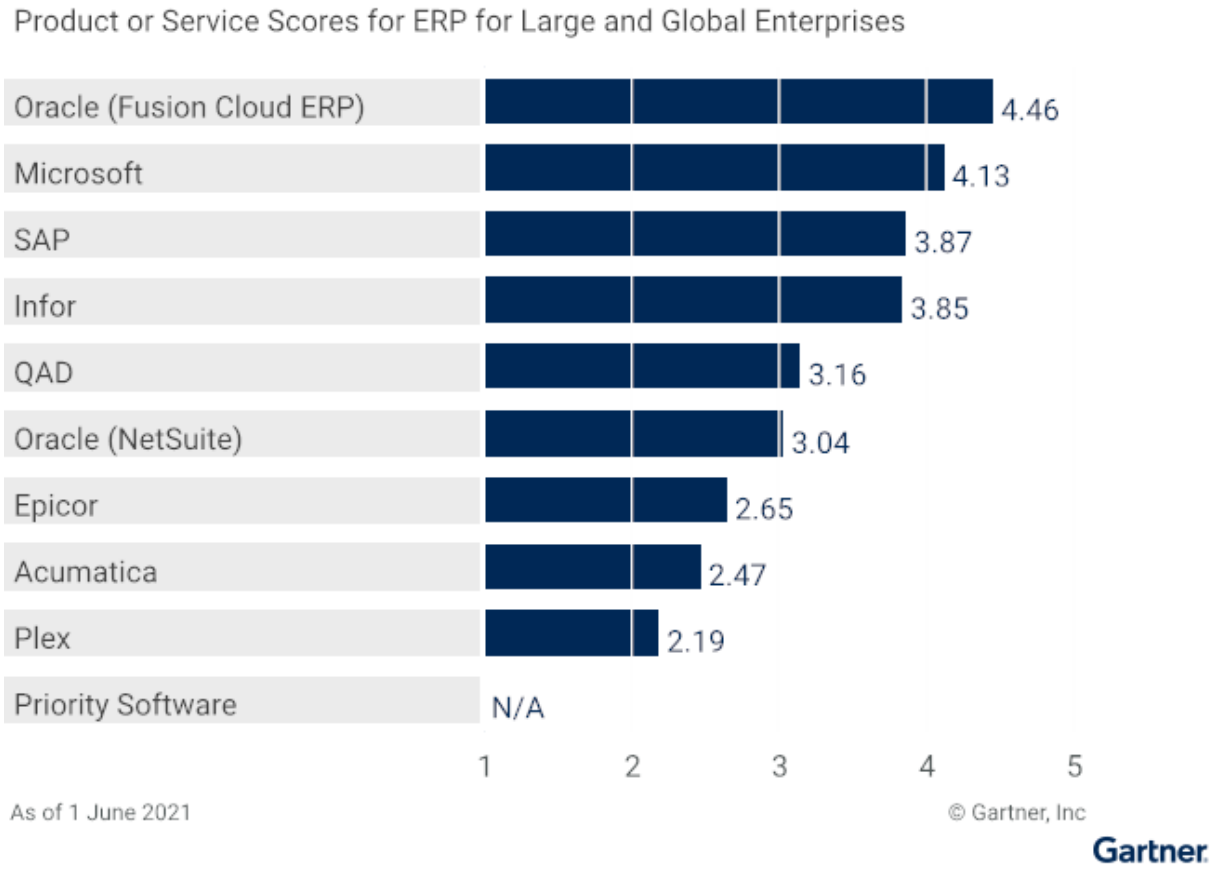
Critical Capabilities Use-Case Graphics

Vendors' Product Scores for ERP for Midsize Enterprises Use Case



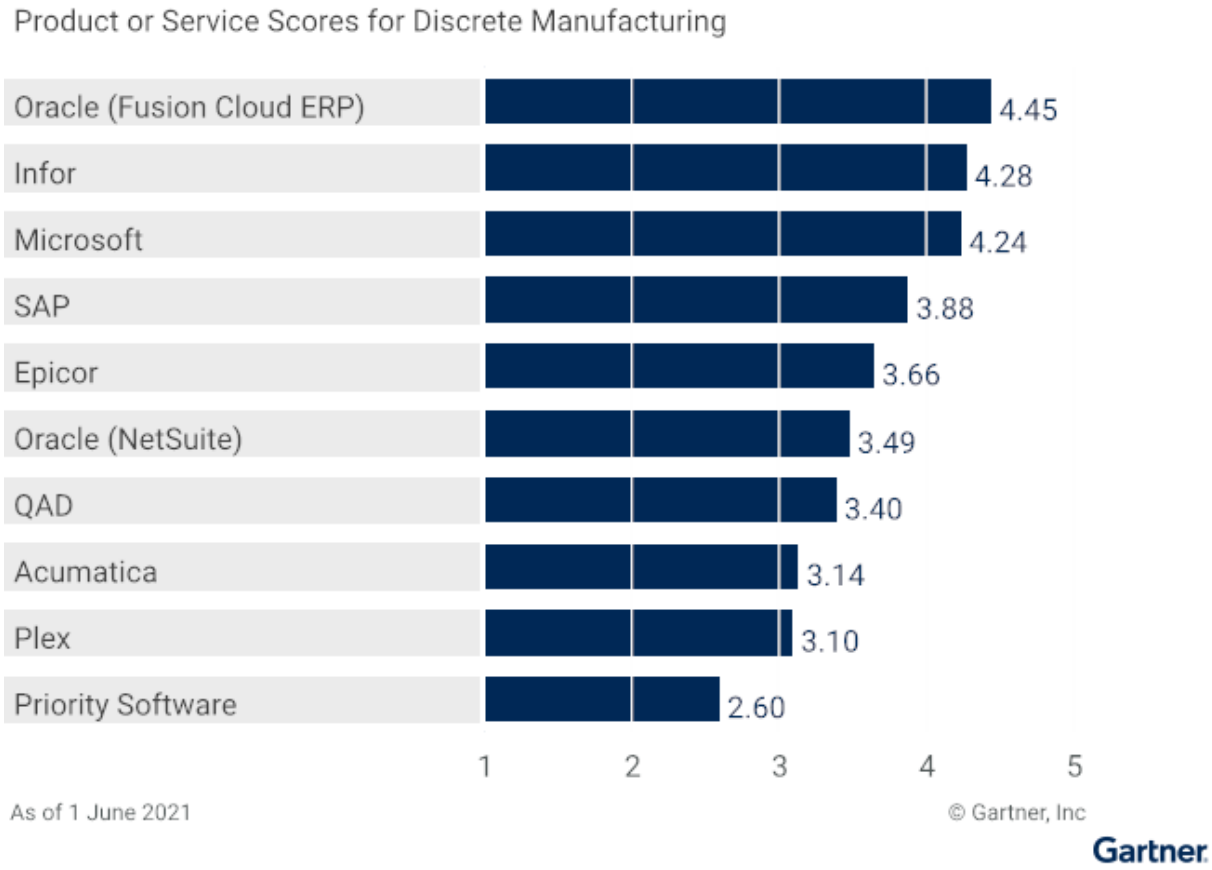
Source: Gartner (August 2021)

Vendors' Product Scores for ERP for Large and Global Enterprises Use Case



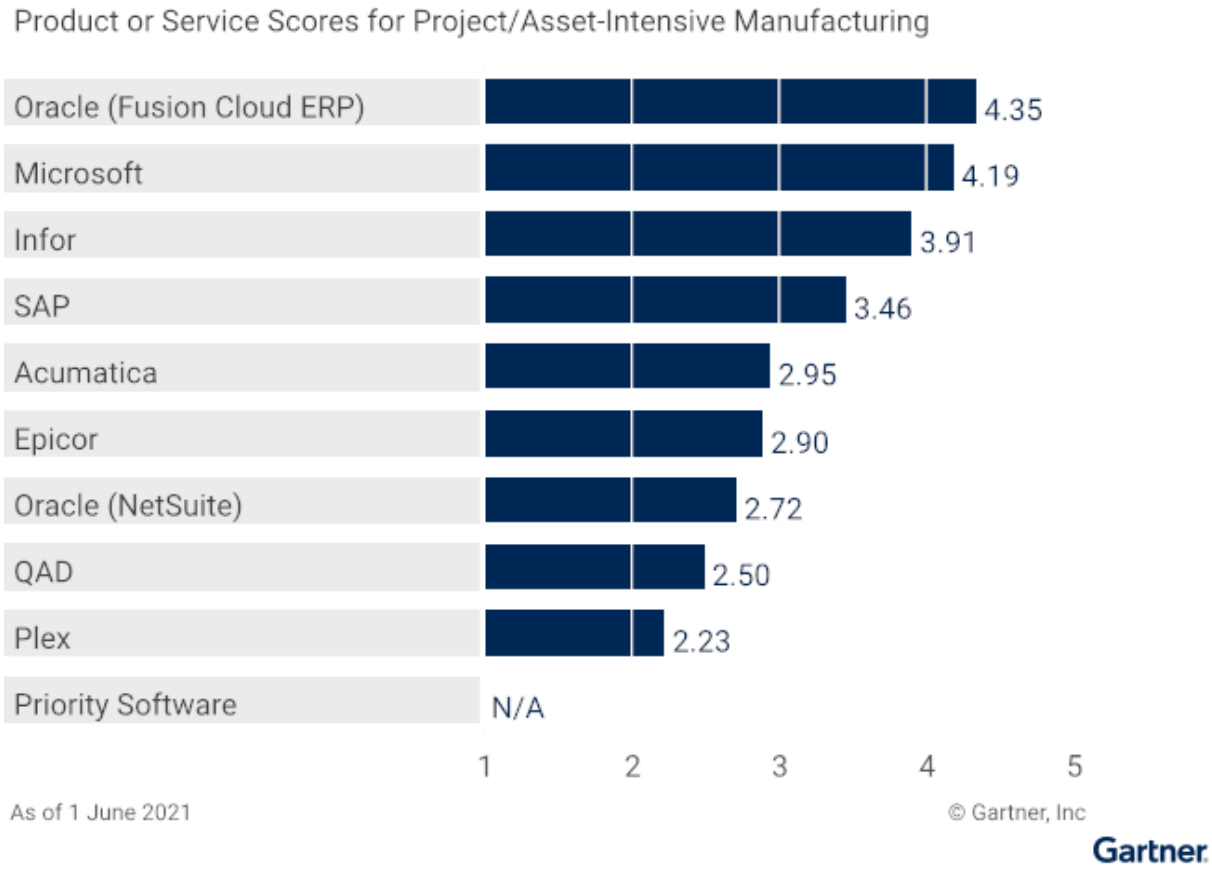
Source: Gartner (August 2021)

Vendors' Product Scores for Discrete Manufacturing Use Case



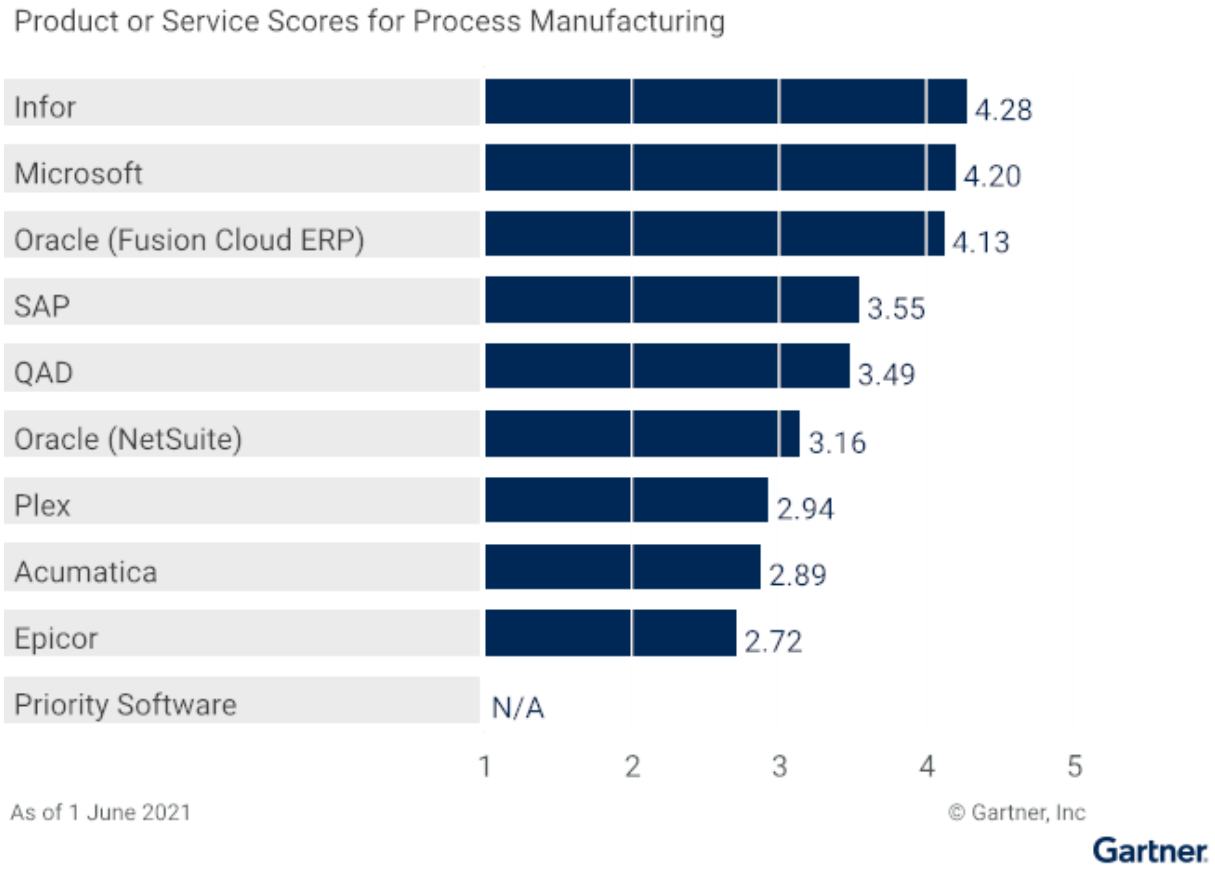
Source: Gartner (August 2021)

Vendors' Product Scores for Project/Asset-Intensive Manufacturing Use Case



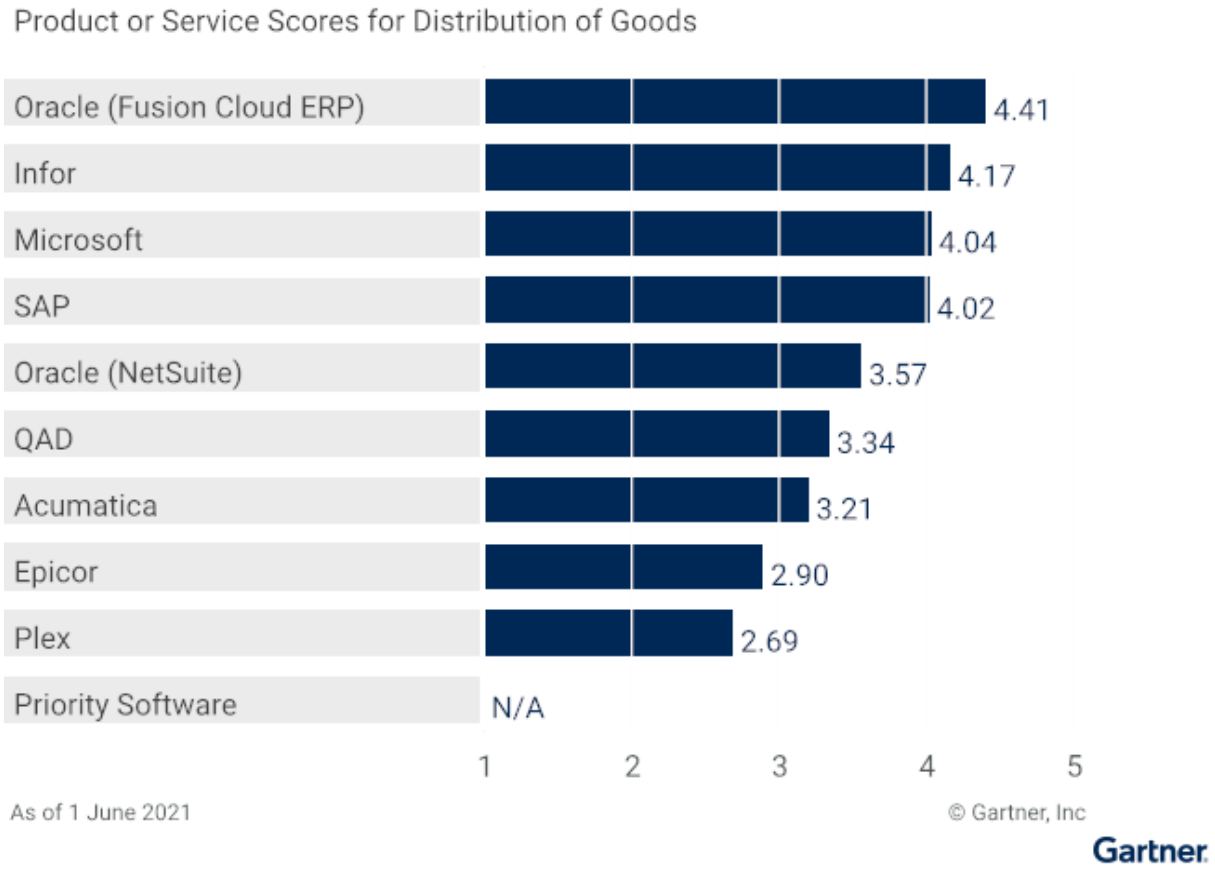
Source: Gartner (August 2021)

Vendors' Product Scores for Process Manufacturing Use Case



Source: Gartner (August 2021)

Vendors' Product Scores for Distribution of Goods Use Case



Source: Gartner (August 2021)

Vendors

Acumatica

Acumatica Cloud ERP suite is a viable solution for the midsize manufacturing enterprises they target. They rate as capable for the use cases of discrete manufacturing, distribution of goods and ERP for midsize enterprises capabilities. Acumatica is rated lower in the use cases for process and project/asset-intensive manufacturing, and may not be a fit for large and global enterprises.

Epicor

Epicor delivers Epicor Kinetic to midmarket customers with a focus on a subset of vertical categories in manufacturing, distribution, retail, consumer packaged goods and construction. Epicor scores well in the use cases of discrete manufacturing and ERP for midsize enterprises. Kinetic did not score highly in other use cases. For the distribution of goods use case, customers may look into Epicor's Prophet 21 which was not evaluated in this research.

Infor

Infor offers Infor CloudSuites as the flagship product for midsize, large and global enterprises requiring both administrative and operational ERP. Infor is well-placed to meet the core financial and operational requirements of large enterprises in multiple global regions. Infor is the top rated vendor in ERP for midsize enterprises and process manufacturing use cases. It has the second best rating for discrete manufacturing and distribution of goods while also scoring above average for the remaining use cases.

Microsoft

Microsoft offers Microsoft Dynamics 365 Finance and Microsoft Dynamics 365 Supply Chain Management as an ERP platform. It is suitable for upper midsize, large and global enterprises, and for subsidiary/business unit operational ERP systems. It rates highly in all use cases, scoring as the second or third best vendor consistently. Microsoft stands out particularly in the use cases for project/asset-intensive manufacturing and ERP for large and global enterprises.

Oracle (Fusion Cloud ERP)

Oracle is well suited to large and global product-centric enterprises seeking a comprehensive solution capable of addressing many complex operational workstreams. The solution rated in this Critical Capabilities report is Oracle Fusion Cloud ERP. It is the top scoring vendor in ERP for large and global enterprises, discrete manufacturing, project/asset-intensive manufacturing, and distribution of goods. Oracle is rated well above average for most use cases.

Oracle (NetSuite)

NetSuite is an ERP platform with administrative and operational capabilities suited for midsize enterprises operating globally. It's best use case ratings are in the areas of ERP suite for midsize enterprises, discrete manufacturing and distribution of goods. It scores lower for ERP for large/global enterprises, project/asset-intensive manufacturing and process manufacturing.

Plex

The Plex Smart Manufacturing Platform is a manufacturing and operational ERP solution primarily suited to midsize discrete and batch/process manufacturers. Its customers are predominantly in North America, with the rest in Asia and EMEA. Plex is also used as a second-tier operational ERP for subsidiaries of large companies. It rates as capable in the use cases for discrete manufacturing and ERP for midsize enterprises. It may be considered for some batch/process manufacturers, but scores lower in other use cases.

Priority Software

Priority Software enters this Critical Capabilities report for the first time. Priority Cloud ERP is a solution with operational and administrative capabilities suited for midsize enterprises operating in EMEA and North America. Among the capability ratings Priority Software received, the relatively higher scores were in the areas of discrete manufacturing and operating as an ERP suite for midsize enterprises.

QAD

QAD offers the QAD Adaptive ERP as a cloud ERP suite suitable for midsize to large manufacturing enterprises operating in North America, EMEA and South America. It focuses on automotive, consumer products, food and beverage, high tech, industrial and life sciences industries. It rates as a capable solution in all Gartner use cases except project/asset-intensive manufacturing. QAD scored above average in capabilities for process manufacturing and geographic coverage. It scores lower than average among vendors rated in the critical capabilities for advanced technology and composable platform.

SAP

SAP is well suited for midsize, large and global manufacturers with multiple business units operating in multiple regions. The solution rated in this Critical Capabilities report is SAP S/4HANA Public Cloud Edition. SAP S/4HANA is rated above average, in the top four, for all use cases except ERP for midsize enterprises. It scores particularly well in the use case for distribution of goods.

Context

This Critical Capabilities report differentiates the appropriateness of each vendor's solution, based on six use cases that represent the primary subsegments of the cloud ERP suite market. Two of the use cases represent the different sizes and complexities of organizations adopting cloud ERP suites (midsize, large/global). One represents distributors who do not focus on manufacturing. The remaining use cases represent styles of manufacturing within product-centric organizations, where a cloud ERP suite is used to support an enterprise in production and/or distribution of their product line(s).

Product/Service Class Definition

Gartner defines the market for cloud enterprise resource planning (ERP) for product-centric enterprises as a market for application technology that supports the automation of operational and financial activities for the manufacturing, distribution, delivery and servicing of goods. Gartner considers ERP to be a foundational technology for operating enterprises. Cloud ERP is offered via a cloud service application deployment. A full list of attributes for our definition of a “cloud service” appears in the Inclusion and Exclusion Criteria section.

The core capabilities of product-centric cloud ERP suites include:

- **Operational ERP:** Supply chain and manufacturing-related functionality such as demand management, order management, material requirements planning, inventory management, supply chain/direct procurement, manufacturing control capabilities and distribution/logistics.
- **Financial management functionality:** Financial accounting, subledger accounting, consolidation, financial reporting. (Note, however, that vendors that provide only financial management capabilities as a suite are evaluated in the separate Magic Quadrant for Cloud Core Financial Management Suites for Midsize, Large and Global Enterprises.)

Optional capabilities of product-centric cloud ERP suites include:

- **Procurement:** Requisition and purchase order management for indirect goods, services and capital equipment.
- **Human capital management (HCM):** For cost management, as well as staffing, for operational resources.
- **Specialized, industry-specific modules or applications:** These include, but are not limited to, modules such as those used for configure-to-order, make-to-order and field service management; and broader application solutions, such as those used for enterprise asset management (EAM) and product life cycle management (PLM).

A product-centric cloud ERP suite must provide, as a minimum, operational ERP and financial management functionality. Optionally, the vendor may offer other administrative ERP capabilities (such as HCM and basic purchasing) either directly or through industry vertical packages with partners. The offering of specialized industry-specific modules is considered a plus, rather than a requirement, for inclusion in the companion Magic Quadrant. We do not rate any specialized industry-specific modules, but we comment on the availability of those solutions in the Vendors section.

This report covers product-centric ERP products offered in a cloud service application deployment. A full list of attributes for our definition of a “cloud service” is located in the Inclusion and Exclusion Criteria section below. To meet the criteria, the application software must be delivered and managed remotely based on a single set of common code and data definitions. It must also be consumed in such a way that all customers/users use the same basic application offered by the service provider (e.g., a one-to-many model). The cloud service must be available for purchase on a pay-for-use basis or as a subscription based on usage metrics. It must be a public cloud service that uses shared resources to provide elasticity, and also support multiple consuming organizations. It must also deliver “continuous innovation” through regularly scheduled, mandatory updates each year. All live customers must be on the same version update prior to the vendor releasing the next version update.

Critical Capabilities Definition

Single-Vendor ERP Suite Solution

This capability rates midmarket functionality for manufacturing and distribution firms to support all ERP functions in a single cloud instance.

In addition to the functional fit of the solutions to a wide range of midmarket companies, we have rated:

- The ease of adapting or modifying a solution.
- The user interface (UI) (including ease of use, personalization, collaboration and integration with analytics applications).
- The overall simplicity or complexity of a solution.
- The level of verticalization that a solution has achieved.

Because of limitations in resources, many midmarket companies look to their primary ERP vendors when seeking additional products (e.g., for product life cycle management, supply chain management and warehouse management). Therefore, this Critical Capabilities report also rates the availability of add-on products and the level of their integration with the core ERP system.

Some key functionality/components used to support this critical capability include:

- Manufacturing resource planning and demand planning
- Financial management
- Order-to-cash
- Procure-to-pay
- Vendor licensing policies to support midsize enterprises
- HCM
- Partner ecosystems to support implementation across multiple verticals

Complex Corporate Requirements

The capability within one instance of the suite to manage multiple business units, multiple types of business, perform financial consolidations and provide reporting capabilities across various operating units and lines of business. This also includes the ability to manage major business processes across multiple business units — such as consolidating supply chains across business units.

Geographic Coverage

Number and scope of language translations and country-specific localizations provided by the vendor and/or partners. A partner ecosystem to support implementations across multiple geographic areas.

Discrete Manufacturing

Discrete manufacturing includes the production of individual items using bills of material, routings, basic shop floor operations, assembly and testing of units. Typical discrete manufacturers include producers of consumer electronics, computer and accessories, appliances and other household items. Some key functionality/components to support this critical capability include:

- Basic discrete manufacturing capabilities
- Sub-contract manufacturing and light assembly or testing
- Distribution of products manufactured elsewhere
- Higher-volume, lower-complexity manufacturing operations

Complex Manufacturing

This capability includes features related to make-to-order and engineer-to-order activities, as well as other activities related to the design, production, selling and support of very complex items such as aircrafts and power plants.

This capability supports business activities on the development, manufacturing, assembling and selling of asset-intensive products and the delivery of their related services. Companies utilizing project-centric manufacturing include those active in markets such as utilities, rental and services, and aerospace and defense.

Some key functionality/components to support this critical capability include:

- Make to order, configure to order and engineer to order
- Complex bill of materials that may change during production cycles (aircraft, power plants, etc.)
- Discrete, process or mixed-mode manufacturing
- Larger complex products and/or complex processes
- Product life cycle management
- Contract life cycle management

Process Manufacturing

In process manufacturing, the relevant factors are ingredients not parts, formulas not bills of materials, and bulk materials rather than individual units. Process manufacturing is common in the food, beverage, chemical, pharmaceutical, consumer packaged goods and biotechnology industries.

Some key functionality/components to support this critical capability include:

- Simple manufacturing and light assembly or testing
- Size, flavor, style and storage requirements as found in food and beverage and retail

Distribution, Warehouse, Logistics

This capability is rated based on relevant factors such as distribution, fulfillment, warehouse management and logistics.

Key functionality/components to support this critical capability include:

- Distribution of products manufactured elsewhere
- Warehouse tasks of receiving, put-away, cycle counting, task interleaving, wave planning, order allocation, pick, pack, ship and labor management
- Transportation management and brokerage
- Consolidation of products into kits or packages

Support/SI/Methodology

Professional services support is critical to successful ERP deployments. This capability rates the quality, availability, cost, global availability and certification of professional services provided for the products rated.

The reach and capability of highly qualified, vendor-certified system integrators is vital to driving deployment of ERP solutions for clients. Vendors and their clients benefit from established partner networks, vendor certification programs, and the capacity to support implementations aligned with the ERP vendor's sales strategies and projections.

Some of the key functionality/components needed to support this critical capability include:

- Established system integrator certification processes
- Service organization controls reports
- Quality and cost-effective firms with established success in implementation
- Modern project management and implementation methodologies
- Flexible post-go-live support options (native and through third parties)

Advanced Technology

Capabilities for advanced technology such as artificial intelligence, machine learning, predictive analytics, etc., are embedded in the applications or as available in the platform. Capabilities also include configurable UI, mobile capabilities, and contextualized secure data access and analytical reporting.

Composable Platform

Ease with which the systems can be deployed and integrated with other applications (cloud and on-premises) or platforms outside the primary ERP application suite to fulfill a composable strategy. Also includes capabilities to provide integrations and development for extension of the data model and/or functionality. Assessing capabilities for consuming, providing and exchanging data/metadata.

Use Cases

ERP for Midsize Enterprises

Cloud ERP suite for an organization with annual revenue above $150 million and below $1 billion.

ERP for Large and Global Enterprises

Organizations which have operations in multiple geographic regions, needing to handle complex multientity accounting and also support large transaction and user volumes; also organizations with multiple subsidiaries or autonomous business units with complex consolidations and reporting within a larger organization.

Discrete Manufacturing

Typical discrete manufacturers include producers of consumer electronics, computers and accessories, appliances and other household items.

Project/Asset-Intensive Manufacturing

This use case focuses on managing make-to-order and engineer-to-order activities, as well as those related to designing, producing, selling and supporting very complex items.

Process Manufacturing

Process manufacturing is common in the food, beverage, chemical, pharmaceutical, consumer packaged goods and biotechnology industries.

Distribution of Goods

Distribution includes activities related to identifying from which location products and services should be deployed, determining the stock-keeping unit and location-level replenishment plans, and fulfillment through logistics.

Vendors Added and Dropped

Added

- **SAP**: SAP achieved enough live ERP customers operating in its public cloud model to meet the qualifying criteria for inclusion this year.
- **Priority Software**: Priority won enough cloud customers in multiple regions outside its “home” region to meet the inclusion criteria this year.

Dropped

- **IFS:** IFS was previously a Visionary in this Magic Quadrant for its strong vision for operational ERP capabilities and EAM capabilities. IFS recently introduced IFS Cloud (March 2021), which is its next-generation ERP application suite. Given the recency of this product's introduction, IFS Cloud did not have enough live customers to qualify for inclusion. IFS's previous generation of ERP applications did not fulfill the inclusion criteria for number of live customers operating on the single code line model where customers are updated on the latest version before the next version is released.

Inclusion Criteria

For Gartner clients, Magic Quadrant and Critical Capabilities research identifies and analyzes the most relevant providers and products in a market. By default, Gartner sets an upper limit of 20 providers in order to focus on those providers. On specific occasions the upper limit may be raised, when the intended research's value to clients would otherwise be diminished. The inclusion criteria represent the specific attributes that Gartner analysts considered necessary for inclusion in this research.

To qualify for inclusion, providers had to fulfill the following criteria.

Product Capabilities

Each had to deliver a suite of cloud-based, product-centric ERP applications that included the following capabilities:

- **Operational ERP:** Supply chain and manufacturing-related functionality, such as demand management, order management, material requirements planning, inventory management, supply chain/direct procurement, manufacturing control capabilities (shop floor) and distribution/logistics.
- **Financial management:** General ledger, accounts payable, accounts receivable and fixed assets.

Optional capabilities were:

- Indirect procurement.
- Project accounting.
- Human capital management (HCM).

- Specialized, industry-specific modules or applications, including, but not limited to, modules such as those used for enterprise asset management (EAM), configure-to-order (CTO), make-to-order, product life cycle management (PLM) and field service management.

Market Presence

- Each vendor had to have at least 150 organizations with annual revenue/expenditure/funding of more than $150 million in production using the cloud service. *Each organization had to be live with at least three of the components (modules) of operational ERP and at least the general ledger, accounts payable and accounts receivable capabilities.* Each vendor had to be prepared to provide evidence of sufficient in-production customers. If a vendor chose not to disclose this information, Gartner may have used its own market research, as well as insights from public sources, to judge that vendor's eligibility for inclusion and viability.
- These 150 organizations had to be managing at least $150 million annually through the ERP suite. The annual revenue of a parent organization could not be used when only a smaller subsidiary used the cloud service as a lower-tier ERP solution.
- The vendor had to actively sell and market the cloud service (and have live users of the cloud service in the qualifying revenue ranges) outside its home region. Gartner defined regions as the following: Americas, EMEA and Asia/Pacific. At least 10% of the cloud service revenue had to come from outside the vendor's home region.
- The vendor must have at least $15 million in booked subscription and support revenue for the ERP suite cloud service only (that is, excluding any revenue from on-premises, hosted, managed cloud service or other deployment models) from January 2020 through December 2020 (or whichever 12 months accounting period most closely aligned with that period). Unrealized recurring revenue could not be included. If a vendor chose not to disclose revenue information, Gartner may have used its own market research, as well as insights from public sources, to judge that vendor's eligibility for inclusion and viability.

Cloud Service Attributes

The ERP suite had to be deployed as a cloud service, in accordance with the following attribute definitions:

- **Responsibility:**
  - The vendor had to manage all technology infrastructure either in its own data centers or in third-party data centers.
  - The vendor itself had to implement upgrades as part of the cloud service, not use a third party or managed service provider for this purpose.
- **Licensing and technology:**
  - The cloud service had to be licensed on a subscription or metered pay-for-use basis.
  - Users could not have a contract specific only to them (except for minor adjustments), nor could they be provided with a version different from that offered to other cloud customers.
  - The cloud service had to use internet technologies. Use of internet files, formats and identifiers is necessary for delivery of cloud service interfaces.
  - The computing resources used to support the cloud service had to be scalable and elastic in near real time, rather than based on dedicated hardware/infrastructure.
- **Customization:**
  - Modification of source code should not be possible. Configuration via citizen developer tools and extension via a platform as a service (PaaS) — by partner, vendor or user — was allowed.

- **Pace of change:**
  - A single code line had to be used for all customers of the cloud service to allow rapid deployment of new functionality by the vendor.
  - The vendor had to deliver at least two upgrades containing new functionality per annum to all users of the cloud service, and control the pace of the update cycle. *All customers must be operating on the current updated version before the release of the next update version.*
  - The vendor had to offer self-provisioning capabilities for the service (at least for development and test instances) without involvement of its own staff.
  - The technology used to deliver the service had to be shared by multiple customers in order to create a pool of resources from which elasticity could be delivered.

This Critical Capabilities reflects Gartner's definition of "composable ERP." We define composable ERP as an adaptive technology strategy that enables the foundational administrative and operational digital capabilities for an enterprise to keep up with the pace of business change. This strategy delivers a core of composable applications and, as a service, software platforms that are highly configurable, interoperable, and flexible to adapt to future modern technology.

Consequently, if a vendor's cloud ERP suite consists of capabilities from different code lines, that vendor will be included in the Critical Capabilities, provided its solution:

- Has predefined workflow integrations
- Uses vendor-supported integration technologies
- Is positioned as a component of a broader "solution," rather than as a stand-alone product in the vendor's portfolio, and the vendor has users of the full solution in production.

Table 1: Weighting for Critical Capabilities in Use Cases

(Enlarged table in Appendix)

Critical Capabilities	ERP for Midsize Enterprises	ERP for Large and Global Enterprises	Discrete Manufacturing	Project/Asset-Intensive Manufacturing	Process Manufacturing	Distribution of Goods
Single-Vendor ERP Suite Solution	45%	0%	8%	3%	8%	10%
Complex Corporate Requirements	0%	25%	5%	4%	3%	3%
Geographic Coverage	3%	25%	5%	4%	5%	10%
Discrete Manufacturing	10%	4%	45%	8%	0%	0%
Complex Manufacturing	2%	10%	10%	45%	0%	0%
Process Manufacturing	5%	5%	0%	0%	45%	0%
Distribution, Warehouse, Logistics	8%	5%	10%	15%	20%	56%
Support/SI/Methodology	8%	12%	5%	10%	10%	8%
Advanced Technology	16%	8%	9%	5%	6%	10%
Composable Platform	3%	6%	3%	6%	3%	3%
As of 1 June 2021						

Source: Gartner (August 2021)

This methodology requires analysts to identify the critical capabilities for a class of products/services. Each capability is then weighted in terms of its relative importance for specific product/service use cases.

Critical Capabilities Rating

Each of the products/services that meet our inclusion criteria has been evaluated on the critical capabilities on a scale from 1.0 to 5.0.

Table 2: Product/Service Rating on Critical Capabilities

(Enlarged table in Appendix)

Critical Capabilities	Acumatica	Epicor	Infor	Microsoft	Oracle (Fusion Cloud ERP)	Oracle (NetSuite)	Plex	Priority Software	QAD	SAP
Single-Vendor ERP Suite Solution	3.7	4.7	4.7	4.2	3.7	4.7	3.4	2.6	3.1	2.7
Complex Corporate Requirements	1.8	2.5	3.5	3.8	4.5	2.5	1.5	1.2	3.0	4.0
Geographic Coverage	2.1	2.2	4.2	4.3	4.8	3.5	1.9	1.7	4.0	4.0
Discrete Manufacturing	3.4	4.5	4.6	4.3	4.6	3.8	3.9	3.3	4.1	4.1
Complex Manufacturing	2.8	2.6	3.8	4.3	4.3	1.7	1.5	1.2	1.5	2.8
Process Manufacturing	2.6	2.3	4.6	4.4	3.9	2.6	3.2	1.3	3.8	3.1
Distribution, Warehouse, Logistics	3.5	2.7	4.3	3.9	4.5	3.5	2.7	2.3	3.5	4.2
Support/SI/Methodology	3.2	3.3	2.9	3.5	4.0	3.5	3.0	2.5	3.2	3.9
Advanced Technology	2.8	2.8	4.1	4.7	4.5	3.2	2.8	2.4	2.5	4.5
Composable Platform	2.7	2.7	4.0	4.8	4.4	3.9	2.6	2.4	2.5	3.8
As of 1 June 2021										

Source: Gartner (August 2021)

Table 3 shows the product/service scores for each use case. The scores, which are generated by multiplying the use-case weightings by the product/service ratings, summarize how well the critical capabilities are met for each use case.

Table 3: Product Score in Use Cases

(Enlarged table in Appendix)

Use Cases	Acumatica	Epicor	Infor	Microsoft	Oracle (Fusion Cloud ERP)	Oracle (NetSuite)	Plex	Priority Software	QAD	SAP
ERP for Midsize Enterprises	3.32	3.81	4.36	4.24	4.08	3.95	3.15	2.48	3.16	3.44
ERP for Large and Global Enterprises	2.47	2.65	3.85	4.13	4.46	3.04	2.19	-1.00	3.16	3.87
Discrete Manufacturing	3.14	3.66	4.28	4.24	4.45	3.49	3.10	2.60	3.40	3.88
Project/Asset-Intensive Manufacturing	2.95	2.90	3.91	4.19	4.35	2.72	2.23	-1.00	2.50	3.46
Process Manufacturing	2.89	2.72	4.28	4.20	4.13	3.16	2.94	-1.00	3.49	3.55
Distribution of Goods	3.21	2.90	4.17	4.04	4.41	3.57	2.69	-1.00	3.34	4.02
As of 1 June 2021										

Source: Gartner (August 2021)

To determine an overall score for each product/service in the use cases, multiply the ratings in Table 2 by the weightings shown in Table 1.

Evidence

Gartner used several sources of information for the inclusion criteria, market definition and evaluations in this report. The primary sources included:

- Interactions with over 1,400 end-user clients about their ERP strategy from January 2020 through April 2021.

- Over 5,200 customer inquiries from January 2020 through April 2021 on the subject of ERP applications.
- Peer Insights survey data received through April 2021, blended with insights from demonstrations.

Critical Capabilities Methodology

This methodology requires analysts to identify the critical capabilities for a class of products or services. Each capability is then weighted in terms of its relative importance for specific product or service use cases. Next, products/services are rated in terms of how well they achieve each of the critical capabilities. A score that summarizes how well they meet the critical capabilities for each use case is then calculated for each product/service.

"Critical capabilities" are attributes that differentiate products/services in a class in terms of their quality and performance. Gartner recommends that users consider the set of critical capabilities as some of the most important criteria for acquisition decisions.

In defining the product/service category for evaluation, the analyst first identifies the leading uses for the products/services in this market. What needs are end-users looking to fulfill, when considering products/services in this market? Use cases should match common client deployment scenarios. These distinct client scenarios define the Use Cases.

The analyst then identifies the critical capabilities. These capabilities are generalized groups of features commonly required by this class of products/services. Each capability is assigned a level of importance in fulfilling that particular need; some sets of features are more important than others, depending on the use case being evaluated.

Each vendor's product or service is evaluated in terms of how well it delivers each capability, on a five-point scale. These ratings are displayed side-by-side for all vendors, allowing easy comparisons between the different sets of features.

Ratings and summary scores range from 1.0 to 5.0:

1 = Poor or Absent: most or all defined requirements for a capability are not achieved

2 = Fair: some requirements are not achieved

3 = Good: meets requirements

4 = Excellent: meets or exceeds some requirements

5 = Outstanding: significantly exceeds requirements

To determine an overall score for each product in the use cases, the product ratings are multiplied by the weightings to come up with the product score in use cases.

The critical capabilities Gartner has selected do not represent all capabilities for any product; therefore, may not represent those most important for a specific use situation or business objective. Clients should use a critical capabilities analysis as one of several sources of input about a product before making a product/service decision.

Document Revision History

Critical Capabilities for Cloud ERP for Product-Centric Enterprises - 13 July 2020

Critical Capabilities for Cloud ERP for Product-Centric Midsize Enterprises - 7 January 2019

Recommended by the Authors

Some documents may not be available as part of your current Gartner subscription.

How Products and Services Are Evaluated in Gartner Critical Capabilities

Magic Quadrant for Cloud ERP for Product-Centric Enterprises

Magic Quadrant for Cloud Core Financial Management Suites for Midsize, Large and Global Enterprises

Critical Capabilities for Cloud Core Financial Management Suites for Midsize, Large and Global Enterprises

The Future of ERP Is Composable

Top 5 Best Practices for RFP Processes for ERP

Expert Insight Video: How to Select an ERP — 4 Steps CIOs Must Take Before Starting

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Table 1: Weighting for Critical Capabilities in Use Cases

Critical Capabilities	*ERP for Midsize Enterprises*	*ERP for Large and Global Enterprises*	*Discrete Manufacturing*	*Project/Asset-Intensive Manufacturing*	*Process Manufacturing*	*Distribution of Goods*
Single-Vendor ERP Suite Solution	45%	0%	8%	3%	8%	10%
Complex Corporate Requirements	0%	25%	5%	4%	3%	3%
Geographic Coverage	3%	25%	5%	4%	5%	10%
Discrete Manufacturing	10%	4%	45%	8%	0%	0%
Complex Manufacturing	2%	10%	10%	45%	0%	0%
Process Manufacturing	5%	5%	0%	0%	45%	0%
Distribution, Warehouse, Logistics	8%	5%	10%	15%	20%	56%
Support/SI/Methodology	8%	12%	5%	10%	10%	8%

Critical Capabilities	*ERP for Midsize Enterprises*	*ERP for Large and Global Enterprises*	*Discrete Manufacturing*	*Project/Asset-Intensive Manufacturing*	*Process Manufacturing*	*Distribution of Goods*
Advanced Technology	16%	8%	9%	5%	6%	10%
Composable Platform	3%	6%	3%	6%	3%	3%
As of 1 June 2021						

Source: Gartner (August 2021)

Table 2: Product/Service Rating on Critical Capabilities

Critical Capabilities	*Acumatica*	*Epicor*	*Infor*	*Microsoft*	*Oracle (Fusion Cloud ERP)*	*Oracle (NetSuite)*	*Plex*	*Priority Software*	*QAD*	*SAP*
Single-Vendor ERP Suite Solution	3.7	4.7	4.7	4.2	3.7	4.7	3.4	2.6	3.1	2.7
Complex Corporate Requirements	1.8	2.5	3.5	3.8	4.5	2.5	1.5	1.2	3.0	4.0
Geographic Coverage	2.1	2.2	4.2	4.3	4.8	3.5	1.9	1.7	4.0	4.0
Discrete Manufacturing	3.4	4.5	4.6	4.3	4.6	3.8	3.9	3.3	4.1	4.1

Complex Manufacturing	2.8	2.6	3.8	4.3	4.3	1.7	1.5	1.2	1.5	2.8
Process Manufacturing	2.6	2.3	4.6	4.4	3.9	2.6	3.2	1.3	3.8	3.1
Distribution, Warehouse, Logistics	3.5	2.7	4.3	3.9	4.5	3.5	2.7	2.3	3.5	4.2
Support/SI/Methodology	3.2	3.3	2.9	3.5	4.0	3.5	3.0	2.5	3.2	3.9
Advanced Technology	2.8	2.8	4.1	4.7	4.5	3.2	2.8	2.4	2.5	4.5
Composable Platform	2.7	2.7	4.0	4.8	4.4	3.9	2.6	2.4	2.5	3.8
As of 1 June 2021										

Source: Gartner (August 2021)

Table 3: Product Score in Use Cases

Use Cases	*Acumatica*	*Epicor*	*Infor*	*Microsoft*	*Oracle (Fusion Cloud ERP)*	*Oracle (NetSuite)*	*Plex*	*Priority Software*	*QAD*	*SAP*
ERP for Midsize Enterprises	3.32	3.81	4.36	4.24	4.08	3.95	3.15	2.48	3.16	3.44
ERP for Large and Global Enterprises	2.47	2.65	3.85	4.13	4.46	3.04	2.19	-1.00	3.16	3.87
Discrete Manufacturing	3.14	3.66	4.28	4.24	4.45	3.49	3.10	2.60	3.40	3.88
Project/Asset-Intensive Manufacturing	2.95	2.90	3.91	4.19	4.35	2.72	2.23	-1.00	2.50	3.46

Process Manufacturing	2.89	2.72	4.28	4.20	4.13	3.16	2.94	-1.00	3.49	3.55
Distribution of Goods	3.21	2.90	4.17	4.04	4.41	3.57	2.69	-1.00	3.34	4.02
As of 1 June 2021										

Source: Gartner (August 2021)