

ERP Buyers' Guide for Growing Enterprises

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ERP Buyers' Guide for Growing Enterprises

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ERP Buyers' Guide for Growing Enterprises

Introduction

The strategic imperative for growing enterprises in emerging markets to achieve operational excellence has never been greater. Companies that once sourced, manufactured, and sold locally now often find they compete in a much broader marketplace that is increasingly global. Information and choices are abundant, while customers and delivery channels continue to fragment. The upshot is clear: Succeeding and continuous growth require more than a great product and value proposition. Equally critical is an operating model that enables profitable expansion and competitive agility.

As smaller enterprises grow in complexity and scale, pressures mount to sustain high levels of performance and excellence in how they go to market. To help meet these challenges, growing organizations are turning to Enterprise Resource Planning (ERP) solutions. For the purpose of this paper, an ERP solution is defined as an integrated solution that manages all core functions of an enterprise including tangible assets, financial resources, materials, and human resources. ERP solutions are expected to achieve four broad business goals:

- Facilitate rapid and effective decision making
- Enable business process efficiencies across the enterprise
- Extend/accelerate competitive advantage
- Adapt to evolving business needs on a cost-effective basis

In this paper we will take stock of the macro business environment and how companies are charting a path back to growth as global economies recover from the worst credit recession in almost a century. We will also examine how Oracle's ERP solution, Oracle E-Business Suite, is enabling growing organizations to realize their growth objectives by helping them focus people, technology, and capital resources on improving performance.

This paper draws on end user research conducted by AMI-Partners, a leader in covering and analyzing the global small (<100 employees) and medium business (100-999 employees) marketplace. The study, which was conducted in the first half of 2010 in Europe, Latin America, North America, and the Asia Pacific region, provides a comprehensive view of current and future deployment plans pertaining to budgets, spending, usage, channels, service and support, hardware devices, software, applications and services across a range of IT, telecommunications and Internet products and services. Additional areas of coverage include participant firmographics, decision making processes, business processes and outsourcing, attitudes and strategic planning activities.

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Business Environment

The credit crisis that has gripped global markets since 2007 is showing signs of retreat. Equity markets have rebounded from historic lows, governments are stepping in with incentives to stimulate growth, and businesses, after a sharp pull back, are once again investing in inventory and new capital. Yet, the markets remain uneasy as the employment picture remains bleak in developed economies and depressed prices raise concerns that the burgeoning recovery is unsustainable. Understandably, businesses are cautious about the future (Figures 1 & 2) and uncertain as to how long the period of retrenchment will continue.

Figure 1 - Concern about Market Conditions Remains High

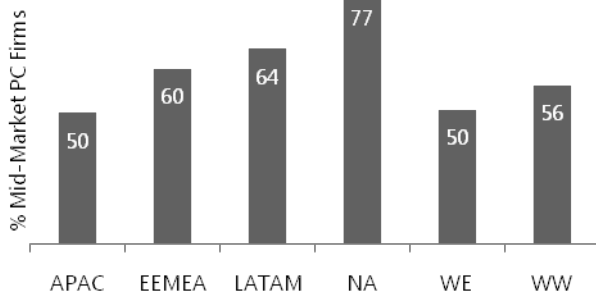
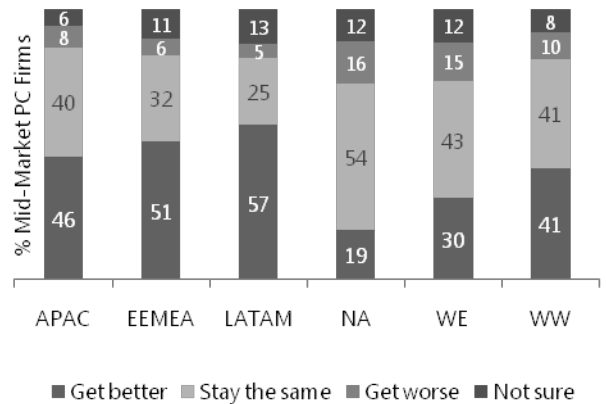


Figure 2 – Future Outlook is Guarded



Q: How concerned are you about the impact of the current economic climate on your business?

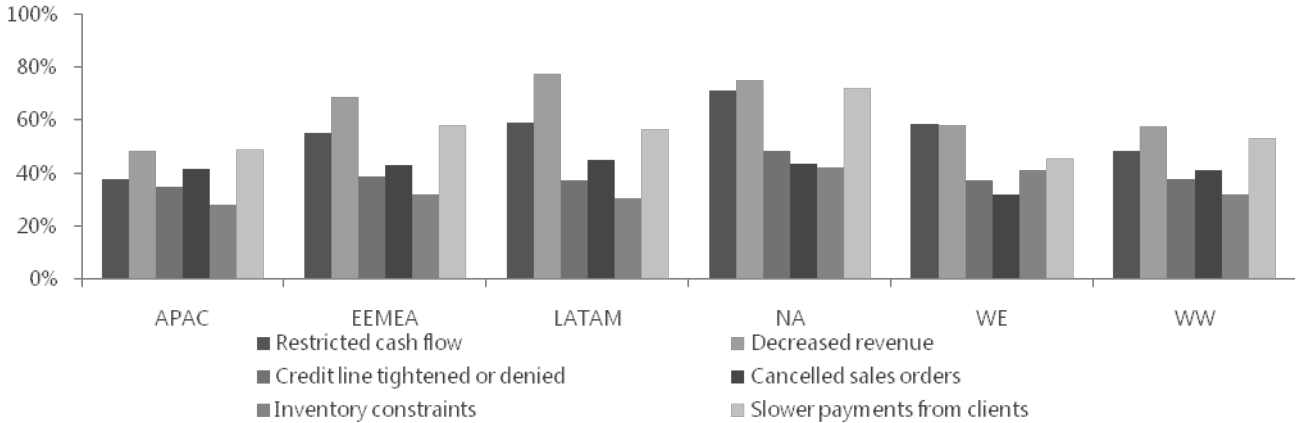
Q: How do you expect business conditions to change?

Note on regions: APAC = Asia Pacific, EEMEA = Eastern Europe, the Middle East, and Africa; LATAM = Latin America; NA = North America; WE = Western Europe; WW = Worldwide. Worldwide is a weighted average of all regions.
Source: AMI Partners, Global Survey of Mid-market firms, 2010

The combination of tight credit and declining business activity has negatively impacted growing enterprises globally (Figure 3). Inadequate access to capital means that organizations have fewer funds to invest in growth initiatives critical to driving market share and competitive advantage. Infrastructure projects that could improve productivity, business process efficiencies, and delivery models are delayed or scaled back. Market expansion initiatives are less feasible, limiting opportunities to broaden the base of business. And acquiring inventory, so critical to meeting current and future commitments, is suddenly a challenge to meeting demand. As if navigating these challenges were not enough to task any growing enterprise, the decline in consumer and business spending has put a squeeze on working capital, leaving companies with less cash to put to use to fund ongoing operations.

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Figure 3 - The Downturn Broadly Impacted the Ability of Enterprises to Fund Growth



Q: In the past three months, has your business felt any of the following as a result of the current downturn (% of Mid-market PC firms)?

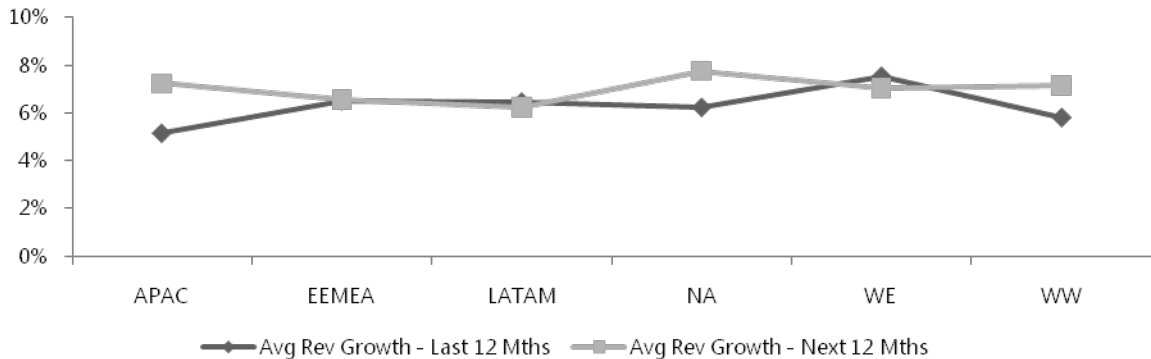
Note on regions: APAC = Asia Pacific, EEMEA = Eastern Europe, the Middle East, and Africa; LATAM = Latin America; NA = North America; WE = Western Europe; WW = Worldwide. Worldwide is a weighted average of all regions.

Source: AMI Partners, Global Survey of Mid-market firms, 2010

Looking ahead, a consensus is emerging among growing enterprises that the worst might be over and that annual revenue growth could stabilize and improve modestly in most regions (Figure 4). Below are a few noteworthy observations:

- Overall, 1-2 point net gains worldwide
- Slight improvements in developed economies of North America
- Outsized growth in Asia-Pacific
- Continued uncertainty in EEMEA, LATAM, and Western Europe

Figure 4 – A Slow Crawl Back to Revenue Growth



Q: What are this year's sales revenues compared to last year's; and what are next year's annual sales compared to this year's?

Note on regions: APAC = Asia Pacific, EEMEA = Eastern Europe, the Middle East, and Africa; LATAM = Latin America; NA = North America; WE = Western Europe; WW = Worldwide. Worldwide is a weighted average of all regions.

Source: AMI Partners, Global Survey of Mid-market firms, 2010

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Growth Strategies

As business conditions improve and the outlook becomes more optimistic, growing enterprises are embarking on a range of initiatives to improve revenue growth and profitability. As shown in Figure 5, chief among these strategies is a focus on solidifying the core business through programs that strengthen the customer base. These strategies make sense as most organizations recognize that acquiring new customers takes incrementally more effort and cost than retaining the ones they have.

Yet it's the rare organization that can achieve sustainable growth without pushing beyond its core business. As the data in Figure 5 also shows, growing enterprises are, indeed, focused on a wider range of initiatives – extending customer reach, delivering innovative products and services to customers, adapting with agility to new opportunities, and expanding into new markets.

Figure 5 – A Renewed Focus on Strategies that Deepen and Broaden the Base

		APAC	EEMEA	LATAM	NA	WE	WW
Strengthen the Customer Base	Improve customer experiences/customer retention	57%	65%	67%	69%	47%	59%
	Improve processes and invest to up productivity	53%	50%	46%	52%	39%	50%
Pursue Expansion	Invest in customer acquisition	45%	51%	51%	46%	39%	45%
	Enter other markets and pursue new opportunities	37%	44%	46%	33%	37%	38%
	Launch new products and services	41%	35%	35%	21%	26%	35%
	Hiring new employees	20%	21%	21%	5%	9%	17%
	Opening new sites	22%	21%	21%	10%	9%	18%

Q: Indicate if you agree with the following: Actions company is considering to increase sales. Figures are % of mid-market PC Businesses

Note on regions: APAC = Asia Pacific, EEMEA = Eastern Europe, the Middle East, and Africa; LATAM = Latin America; NA = North America; WE = Western Europe; WW = Worldwide. Worldwide is a weighted average of all regions.

Source: AMI Partners, Global Survey of Mid-market firms, 2010

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Growing organizations consider enterprise applications essential to the success of these strategic initiatives. Across all regions, deploying enterprise solutions to manage core business processes, such as distribution, human resources, supply chain management, and others is far and away the most important IT priority for attaining organizational goals (Figure 6). This suggests that, relative to alternative IT investments, enterprise applications are unmatched in perceived impact on business performance.

Figure 6 - Enterprise Applications Will be Central to How Firms Enable the Business

	APAC	EEMEA	LATAM	NA	WE	WW
Use enterprise solutions to manage distribution, storage, SCM, HR, etc.	77%	80%	80%	83%	72%	78%
Help employees collaborate more effectively/productively via technology	54%	58%	61%	70%	49%	57%
Deploying BI (e.g. data mining, analytics)	52%	47%	48%	65%	44%	52%
Improve Internet or networking bandwidth	63%	59%	57%	76%	59%	64%
Implement VoIP communications	48%	50%	54%	62%	42%	50%
Use server virtualization	73%	67%	67%	76%	58%	71%
Use video solutions to enhance communications	42%	44%	47%	56%	36%	44%
Add IT storage solutions	66%	62%	61%	71%	45%	64%
Enhance IT security & privacy	71%	69%	66%	75%	51%	69%
Deploy in-house or hosted data back-up/disaster recovery solutions	64%	63%	62%	65%	48%	62%
Outsource business processes (e.g. accounting, HR, payroll, marketing)	50%	53%	58%	56%	47%	52%
Use social networking sites for marketing	60%	54%	50%	61%	42%	57%
Recycle/upgrade older IT/telecom equipment	49%	49%	49%	60%	40%	49%

Q: How important are the following IT-related issues and solutions to your company's continued success (Top 2 box choices shown)?

Note on regions: APAC = Asia Pacific, EEMEA = Eastern Europe, the Middle East, and Africa; LATAM = Latin America; NA = North America; WE = Western Europe; WW = Worldwide. Worldwide is a weighted average of all regions.

Source: AMI Partners, Global Survey of Mid-market firms, 2010

Given this context, it's clear that an enterprise-class ERP is the ideal vehicle to help organizations achieve the operating requirements necessary to support continuous growth (Figure 7). As such, deploying a solution that streamlines and scales business processes for maximum efficiency, flexibility, and leverage, can best position an organization for long-term sustainable advantage.

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Figure 7 – Key Business Requirements of ERP Solutions for Growing Enterprises

Growth Requirements	Growth Challenges
<p>Facilitate rapid and effective decision making</p>	<ul style="list-style-type: none"> • Disaggregated data (repositories residing in multiple information stores) limits access to information on an enterprise-wide basis • Inadequate visibility into data stores - prevents effective monitoring, planning, and management of business performance drivers • Cumbersome reporting inhibits pro-active decision making
<p>Enable enterprise-wide business process efficiencies</p>	<ul style="list-style-type: none"> • Lack of formal workflows makes standardizing to best practices a challenge • Limited workflow integration across functions, entities, and geographies increases redundancies and cost • Insufficient process automation elevates business risk (few controls) • Inconsistent communications inhibit collaboration and productivity
<p>Extend and accelerate competitive advantage</p>	<ul style="list-style-type: none"> • Immature systems do not support differentiated, industry specific processes that underlie what's unique or competitive about the business • Support for disparate applications is cost prohibitive in terms of IT resources and maintenance expense • Limited support for legislative/regulatory requirements to support global expansion
<p>Cost effectively adapt to evolving business needs</p>	<ul style="list-style-type: none"> • Inability to extend business applications inhibits ready expansion (e.g., new business models, markets/regions, customers, etc.) • Limited flexibility in the application architecture inhibits flexibility when responding to changes in demand/capacity and processes • Inability to support open standards for application integration and data exchange makes compliance with industry requirements, standards, and policies a global business challenge

End-user research conducted by AMI-Partners among mid-market enterprises reinforces the notion that an ERP solution is a growth enabler that is building momentum globally. ERP usage levels by region (Figure 8), while somewhat uneven, suggest the technology is emerging as a baseline operating requirement for growing organizations in all markets:

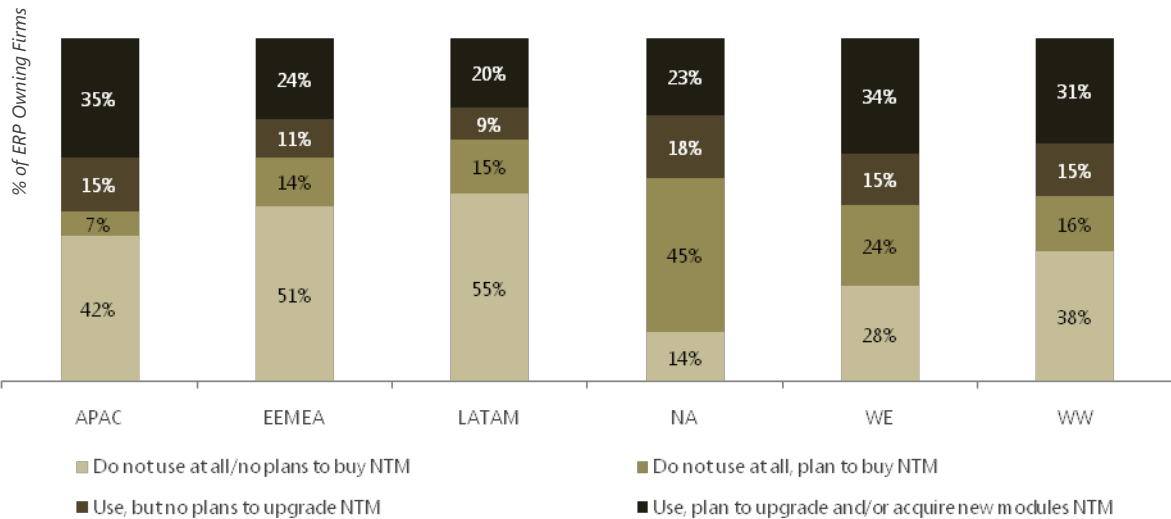
- ERP usage is well established in the developed regions of APAC (50%), Western Europe (49%), and North America (41%)
- Emerging markets are gaining momentum in ERP investments as shown by usage in Eastern Europe, the Middle East, and Africa (35%) and Latin America (29%)
- Many companies in all regions are looking to invest in ERP solutions in the next 12 months – whether new deployments or upgrades/expansions of existing solutions, with a combined worldwide average of 47%, including 31% for upgrades/expansions and 16% for new deployments
- All regions have comparable intent toward upgrade/expansion of existing solutions: APAC (35%), EEMEA (24%), Latin America (20%), North America (23%), Western Europe (34%)

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- Net new (first time) deployments are broadly planned in North America (45%) and Western Europe (24%), with other regions expanding into ERP more slowly as shown by APAC (7%), EMEA (14%), and Latin America (15%).

For those organizations planning to buy an ERP solution for the first time, now is the time to carefully evaluate solutions that will meet your needs now and into the future. For those organizations that plan to upgrade or expand an existing solution, now is the time to consider an alternative, scalable platform that can meet their current and future goals more effectively than their current legacy system.

Figure 8 – ERP Usage in Growing Enterprises Globally



Q: Which of the following best describes your company's current and planned usage/upgrade preferences for enterprise resource planning and/or supply-chain management (SCM) software?

Note on regions: APAC = Asia Pacific, EEMEA = Eastern Europe, the Middle East, and Africa; LATAM = Latin America; NA = North America; WE = Western Europe; WW = Worldwide. Worldwide is a weighted average of all regions.

Source: AMI Partners, Global Survey of Mid-market firms, 2010

NTM = Refers to intent to purchase in the "Next Twelve Months"

Scalable World Class ERP Solution: Oracle E-Business Suite

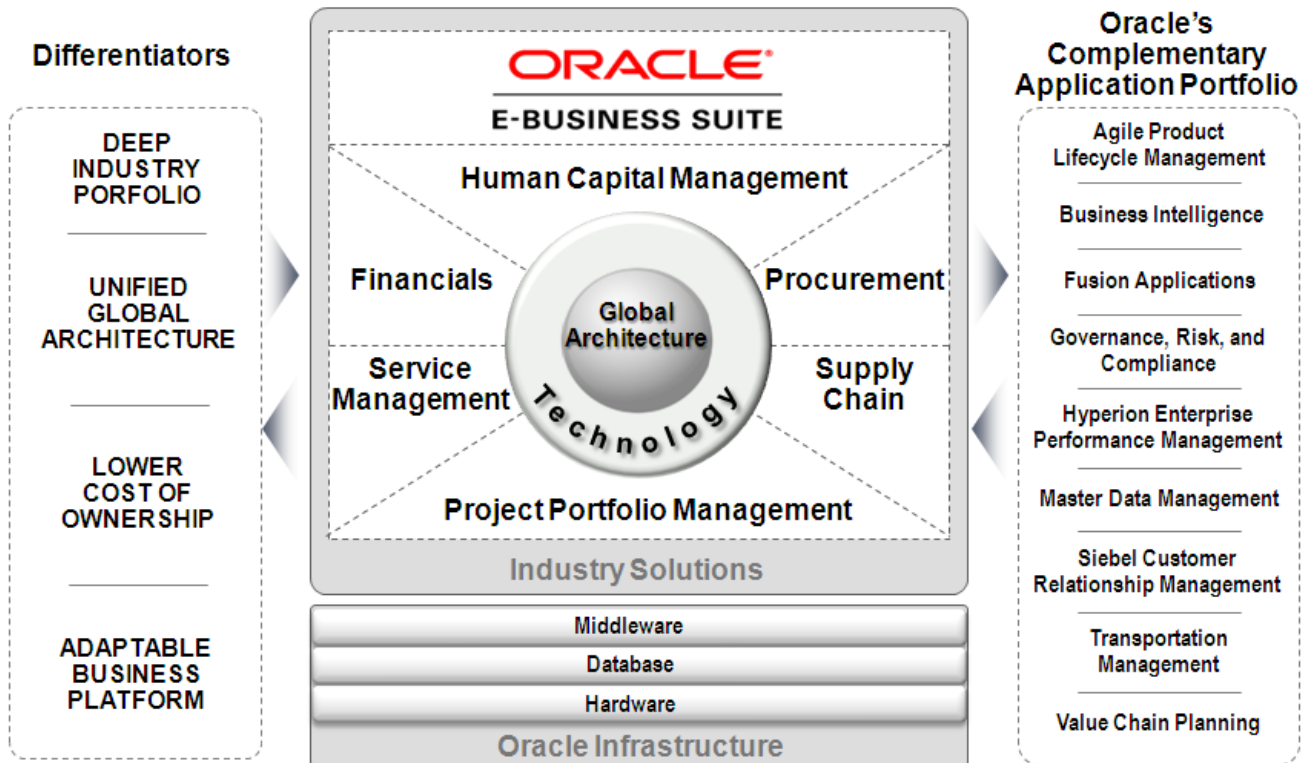
Oracle E-Business Suite is helping growing enterprises reduce costs, make smarter operating decisions, and continuously innovate to profitably compete and grow.

Oracle E-Business Suite is a comprehensive suite of integrated, global business applications spanning enterprise functions including financials, human resources, procurement, project management, supply chain, and service management (Figure 9). These enterprise business functions provide industry-specific capabilities and processes to support the unique requirements of many industries including communications, high technology, manufacturing, public services, consumer packaged goods, retail, professional services, healthcare, and more. Organizations in these sectors are successfully operating around the world, leveraging Oracle E-Business Suite's global capability to simultaneously support all markets with a single code

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set, and broad support for languages, multiple currencies, and local regulatory requirements. With rules-based engines to support local requirements in areas such as accounting practices, payments, payroll, and taxes, Oracle E-Business Suite can easily be adapted to comply with local business practices in more than 150 countries.

Figure 9 - Oracle E-Business Suite



Oracle E-Business Suite has been designed to leverage Oracle's market leading database, middleware and hardware to provide organizations of all sizes, across all industries and geographies the most complete technology solution. Along with Oracle's extensive application portfolio, the growing organization can be confident that future needs will be easily addressed.

By combining deep industry capabilities with a unified global architecture, Oracle E-Business Suite is the most cost-effective, feature-rich ERP solution available for the growing enterprise. Designed for flexibility and scalability, Oracle E-Business Suite can be readily adapted to meet the changing needs of an organization, as well as the shifting demands of the markets in which it operates.

Deep Industry Portfolio

Oracle E-Business Suite comes with purpose-built, industry-specific capabilities to support the needs of growing enterprises. These capabilities can be readily complemented with solutions from Oracle's broad portfolio of best-of-breed applications, such as Agile Product Lifecycle Management, Demantra Demand Planning, and others. Oracle's ability to support differentiated industry business processes and capabilities easily enables organizations to maintain or accelerate their competitive advantage.

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For USANA Health Sciences, a global manufacturer of nutritionals, personal care, energy, and weight management products, that are sold through a network of independent marketers, Oracle E-Business Suite was a natural fit. Operating with a “pre-historic” IT infrastructure, the company needed to replace an antiquated enterprise platform with one that could support continuous improvement in operating efficiencies across 15 countries; unify discrete and process manufacturing inventories to enable complete visibility of inventory enterprise-wide; and facilitate voluntary compliance with local guidelines on nutritional supplements. Over a phased implementation period, USANA deployed Oracle E-Business Suite leveraging industry specific capabilities in process and discrete manufacturing flows, along with Oracle’s Agile Product Lifecycle Management products for quality and document control required in its industry to achieve the next level of scale, compliance, and competitive readiness. From a cost and efficiencies perspective, the wins for the business were immediate:

- Improved inventory control by simplifying integration into warehouse management and creating a single inventory record.
- United discrete and process manufacturing processes— simplifying reporting, improving configuration of items and master items, and improving cycle counting.
- Improved demand visibility, enabling USANA to more closely match supply to demand and carry less inventory, while ensuring the right products are available to fill orders.
- Reduced the cost of managing manufacturing processes.
- Leveraged Oracle’s Agile modules to manage documentation, and quality events and actions through electronic signoff and versioning to ensure compliance with industry guidelines.

USANA Health Sciences

Salt Lake City, Utah, United States of America

Company Overview:

Industry: Life Sciences
Established: 2007
Employees: 1,200
Annual Revenues: US\$450 Million

Oracle Solutions:

Financials, Human Resources, Process & Discrete Manufacturing, Supply Chain Planning, along with Agile PLM

Customer Perspective:

“We have already achieved significant improvements in our manufacturing and financial processes... This positions us well to move toward a fully integrated enterprise resource planning (ERP) system in the future.”

– Gary Carter, Enterprise Resource Planning Director, USANA Health Sciences, Inc.

Like USANA, Taipei-based AzureWave Technologies was grappling with breakdowns in core processes. In the case of AzureWave, the pain points were most acute in financial and materials management workflows. A manufacturer of wireless communication, digital image processing, and digital broadcasting products used in the production of WiFi, Bluetooth, UWB devices, cameras and digital televisions, AzureWave evaluated alternative ERP solutions that would address four key challenges:

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- Replace a legacy accounting package that did not easily integrate with other systems.
- Eliminate the need to input raw material details at different stages of the manufacturing cycle.
- Enable engineering change notices to be completed electronically and eliminate the need to redo hard copy forms.
- Consolidate R&D documents in a material management system to simplify data sharing and avoid problems such as edition sequencing mistakes and wrongful firmware upgrades.

Given AzureWave's needs, Oracle E-Business Suite was a strong fit. Not only could AzureWave gain a system that streamlines operations and is easy to maintain and integrate with other applications, thereby ensuring support for future growth, the system also provided high tech shop floor management capabilities within Oracle E-Business Suite and product lifecycle

management functions, leveraging integration with Oracle's Agile Product Lifecycle Management products. The payback from choosing Oracle E-Business Suite was broad and highly impactful:

- Improved financial management by eliminating multiple sets of accounts and previously hidden data, such as the cost of defective products and materials; the same information can now be viewed in different applications for in-depth analysis.
- Enabled three finance staff to complete month-end settlement in two days for the whole group (incorporating offices in Taiwan and China).
- Met the requirement to submit financials before the fifth day of the month to parent company.
- Increased transparency into purchase orders and sales, ensuring staff can use resources efficiently.
- Provided clearer view of stock on hand by reorganizing 5,000 raw material codes.
- Reduced the total suppliers from 235 to 150, enabling AzureWave to benefit from competitive stock pricing.

AzureWave Technologies

Taipei, Taiwan

Company Overview:

Industry: High Technology
Established: 2005
Employees: 200
Annual Revenues: US\$119.2 Million

Oracle Solutions:

Financials, Purchasing, Inventory Management, Order Management, Discrete Manufacturing, Shop Floor Management along with Agile PLM

Customer Perspective:

"Oracle E-Business Suite and Agile PLM have improved the way we manage our business as we now have a more transparent view of the manufacturing lifecycle and greater control over accounting processes. This will help us achieve sustainable business growth."

– Wang Yanhua, Senior Manager, IT Division,
Business Dept, AzureWave Technologies

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Unified Global Architecture

To get full value from an ERP deployment, the solution must fully integrate core business processes and simplify access to operating data across multiple sites and geographies to help management make more rapid and effective decisions across the organization. Most ERP solutions fall short of these goals because the underlying architecture is not based on a single, integrated model that can handle multi-site and global requirements. In this way, Oracle E-Business Suite is unique. Designed on a unified global architecture, the solution easily handles the difficult tasks of process automation and data flow to deliver three key benefits:

- Simplified operations and more complete automation delivered through a single, global data model and modular, integrated, end-to-end business functions.
- Greater visibility into information for improved decision making across all functions.
- A standardized application architecture supporting multi-organization, multi-currency, multi-lingual, and local legislative/regulatory capabilities for organizations to compete more effectively across sites and geographies.

Case in point: RDC Concrete, one of India's leading ready-mix concrete companies with a pan-India presence, was having difficulty managing its twenty-two plants on an integrated basis. Bottlenecks in the supply chain were creating delays in construction projects, and data transfer capabilities were limited. To address these challenges, RDC implemented Oracle E-Business Suite in four months, resulting in the following benefits:

- Supported quick, informed decision-making by making data available online.
- Improved productivity by standardizing processes.
- Reduced communication lapses between business groups by enabling seamless information transfer across all locations.
- Standardized data collection templates to improve information quality /consistency.
- Gained a scalable accounting system that cut invoice creation time, reducing working capital needs.
- Cut inventory costs by 5% through better insight into stock levels at manufacturing plants and more efficient resource use.
- Integrated RDC's shipment management system with Oracle Financials, providing staff with weight and volume data that enables fast and accurate invoicing.

RDC Concrete Pvt. Ltd.

Mumbai, India

Company Overview:

Industry: Industrial Manufacturing
Established: 1983
Employees: 500
Annual Revenues: US\$50 Million

Oracle Solutions:

Financials, Purchasing, Order Management, Inventory Management, Manufacturing

Customer Perspective:

"With Oracle E-Business Suite, we can ensure they receive on-time delivery of the right quality concrete produced from the best-equipped plant."

– N. Vairamuthu, CFO, RDC Concrete

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Galam Ltd, managed by Kibbutz Maanit in northern Israel, was struggling with similar challenges in its manufacturing processes as RDC Concrete when it selected Oracle E-Business Suite as its ERP solution. Founded in 1940, Galam is Israel's leading manufacturer of fructose, glucose, and starch. The company meets most of Israel's demand for these products and is also the leading supplier of crystalline fructose to Europe. In addition to manufacturing its own lines, Galam also imports selected products and has formed subsidiaries in a range of fields, including: mineral, fortification, and brain energizing products.

When Galam adopted Oracle E-Business Suite, its dual objectives were to streamline manufacturing processes and improve business intelligence reporting by addressing three challenges:

- Implement an ERP that could manage the company's rapid growth, support mergers and acquisitions, and streamline international expansion.
- Eliminate manual data processing from multiple sources to improve decision making.
- Improve business processes and control over business information.

Post-deployment, Galam is realizing benefits that far exceed its initial goals. Real-time data is more readily accessible, enabling managers to create sales, manufacturing, stock, and financial reports from the same source of information. Through an online interface between its laboratory information management system and manufacturing execution system, Galam now has real-time visibility into inventory and quality status of its goods. With greater control over business information, the company is able to enforce best-practices across business processes on an enterprise-wide basis. And, by reducing time spent by employees collecting costing data from different sources, they are freed-up to devote more time to running higher value, detailed analyses. Overall, the business is able to act on information more rapidly to speed-up decision making processes.

Lower Total Cost of Ownership

Oracle E-Business Suite delivers greater value at lower cost than most competing ERP solutions. This distinction is particularly compelling for growing organizations with limited IT resources, yet who need a strong ERP solution that meets their strategic processes.

Galam Ltd.

Kibbutz Maanit, Israel

Company Overview:

Industry: Industrial Manufacturing
Established: 1940
Employees: 180
Annual Revenues: US\$150 Million

Oracle Solutions:

Financials, Human Resources, Inventory Management, Order Management, Process Manufacturing, Purchasing

Customer Perspective:

"A major advantage of using Oracle E-Business Suite, specifically Oracle Process Manufacturing, is that our systems are now fully integrated. As a result, our production and warehouse staff, no longer waste time consolidating data to manually produce reports."

-Yael Pollak, IT Manager, Galam

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In an uncertain business environment, the bar for cost justifying investments in new capital and IT has been raised. Oracle meets and exceeds this bar by ensuring that Oracle E-Business Suite is financially attractive to growing enterprises in these important ways:

- Integrated suite of open applications that simplify IT support requirements and reduces maintenance cost.
- Expert partner ecosystem and rapid implementation tools such as Oracle Business Accelerators (OBAs) that delivers precise fit and reduces cost, time, and risk of implementations and ongoing support. Oracle has over 100 Oracle Accelerate Solutions for Oracle E-Business Suite that combines the EBS applications, OBAs, and partner expertise in industry-and geography-specific packages.
- Hosted and managed applications services by Oracle experts via Oracle On Demand which reduces cost and improves availability, security, and performance.
- Robust application management and automation tools that reduce ongoing support costs.

Consider the case of OpenTV, a San Francisco-based software provider operating in the digital TV space. With revenues just north of \$100 million and an established portfolio of applications, the business needed to invest in an ERP solution that could deliver enterprise-class capabilities for 5 operating units in 11 countries and 7 currencies at a cost-effective price. OpenTV implemented Oracle E-Business Suite in just twelve weeks, using Oracle Business Accelerators and deployed on Oracle On Demand. From a financial perspective, the savings were immediate and substantial: roll-out was achieved without a large IT staff or extensive in-house knowledge base; a 25-30% reduction in total cost of ownership was realized during years one and two combined and approximately 40% per year, thereafter, due to lower maintenance requirements for the Oracle On Demand solution. The impacts on business process performance were equally impressive:

- Reduced manual processing previously required to unify 11 general ledgers, accelerating financial closing and reporting.
- Automated data collection steps to fulfill Sarbanes-Oxley statutory and regulatory reporting requirements.

OpenTV

San Francisco, California, United States of America

Company Overview:

Industry: High Technology
Established: 1994
Employees: 540
Annual Revenues: US\$116.5 Million

Oracle Solutions:

Financials, Projects, Inventory Management, Order Management, Business Accelerators, On Demand

Customer Perspective:

"Our ERP system may not have as high volume as a large enterprise, but it is just as complex. With Oracle On Demand and the Oracle Business Accelerator program, we were able to quickly launch an industry-leading ERP and almost immediately realize new efficiencies"

– SK Mohanty, Senior Director of Information Systems, OpenTV

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- Standardized key business processes, such as revenue recognition, to simplify systems maintenance.
- Provided an integrated project management solution for the professional services group.
- Eliminated the need to create manual invoices for certain services, such as ongoing maintenance.

In Pakistan, sugar and industrial alcohol manufacturer Al-Abbas Sugar Mills Limited, was also grappling with challenges in its financial and supply chain management systems. The company's accounting program needed to be replaced with a more advanced platform to increase visibility into payables and receivables; the procure-to-pay process needed to be automated; the supply chain management system required improvements; and the costs of compliance, in general, were too high. To address these needs, Al-Abbas implemented Oracle E-Business Suite and achieved significant cost reductions, efficiency gains, and improvements in risk management processes. For example:

- **Cost reductions:** Inventory expenses declined 15% by enabling staff to monitor and maximize resource use; system maintenance costs fell 40% by replacing disparate applications with an integrated platform.
- **Efficiency Gains:** Completion of month-end reports dropped to five days from an average of two-three weeks; business reporting time fell from five to three days; purchase lead times were shortened from 15 to 5 days by streamlining the order management and approval process.
- **Improvements in Risk Management:** Enhanced corporate governance model by creating a transparent audit trail to track the lifecycle of transactions.

Adaptable Business Platform

An ERP solution that can flexibly accommodate business change and expansion

is critical to the needs of a growing organization. Too often, these growing enterprises find they are operationally constrained by a lack of flexibility and scalability at a time when speed and agility are paramount to continued growth.

Al-Abbas Sugar Mills Limited
Karachi, Pakistan

Company Overview:
Industry: Consumer Goods
Established: 1991
Employees: 850
Annual Revenues: US\$40 Million

Oracle Solutions:
Financials, Purchasing, Order Management, Inventory Management

Customer Perspective:
"Oracle E-Business Suite provided us with a complete set of tools to improve customer service, manage the production and distribution lifecycle, and ensure prompt debt collection. We have more control over our operations, which has resulted in greater efficiency, lower costs, and improved corporate governance."

- Khurshid Anwer, Director Finance, Al-Abbas Sugar Mills Limited

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Oracle E-Business Suite's scalability and open platform is designed to help growing enterprises "do it once, and do it right", that is deploy an ERP solution that they will not outgrow, thus providing several benefits fundamental to success:

- Scalable solution to support increasing user count and data volume for growing organizations.
- Built using Oracle's comprehensive, open standards technology stack to easily enable extensions to the solution.
- Ability to accommodate varying business needs through configuration without costly customizations, to meet company specific user flows, process flows, and reporting needs.
- Readily integrate systems by leveraging open standards integration technologies and published web services to lower cost and complexity of integration to other products.
- Realize incremental value with modular deployment of Oracle E-Business Suite products and of solutions complementary to an Oracle E-Business Suite environment. Such complementary solutions from Oracle include: Oracle Governance, Risk, and Compliance (GRC) to simplify compliance and manage risk; Oracle Business Intelligence Applications for packaged BI analytics and reporting capabilities using application data and more.

Consider the case of C.S. Cargo, a transportation company that provides international and domestic haulage, outsourcing, logistics, and customs clearance services in the Czech Republic and the European Union. Founded in 1995, C.S. Cargo was the first transportation firm in the Czech market to be awarded the ISO certificate and was also the country's first provider of third-party and fourth-party logistics. As the company matured, it needed to address challenges in the operating model that could impact its ability to execute successfully as a larger organization: (1) Build an agile IT infrastructure to support the business goals of innovation, improved efficiency, and multinational growth; (2) Improve financial reporting by introducing a single source of data across the entire enterprise; and (3) Reduce operational costs.

Deploying Oracle E-Business Suite has enabled C.S. Cargo to operate more flexibly across the business.

CS Cargo, a. s.

Jicín, Czech Republic

Company Overview:

Industry: Travel & Transportation
Established: 1995
Employees: 2000
Annual Revenues: US\$200 Million

Oracle Solutions:

Financials, Treasury, Fusion Middleware, BPEL Process Manager, Database, Real Application Clusters

Customer Perspective:

"Oracle has made our dream a reality: to have a single, consolidated view of our business."

- Michal Cerny, Chief Financial Officer, CS Cargo

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- The company now runs its core processes on a unified architecture, allowing it to seamlessly integrate third-party applications, legacy systems, and custom applications across its three independent operating entities. This is enabling C.S. Cargo to more cost-effectively integrate large amounts of data from disparate systems and reduce the number of interfaces to access these data stores.
- Leveraging the Oracle E-Business Suite architecture, C.S. Cargo has centralized, standardized, and integrated payroll, human resources, and invoicing processes online, which is enabling the business to operate more efficiently.
- Greater automation of financial business processes - from the general ledger to banking transactions - has resulted in a streamlined financial management function and stronger financial management controls.

Implementing Oracle E-Business Suite, has no doubt, been a winning proposition for C.S. Cargo. Chief Information Officer, Milan Beran, credits Oracle E-Business Suite with supporting the company's growth and ability to execute more effectively. "Thanks to Oracle, we can make faster business decisions and maintain our competitive advantage."

C.S. Cargo's experience with Oracle E-Business Suite is not unique. Brazilian coffee cooperative, Cooperative Regional Dos Cafeicultores De Guaxupe (Cooxupé), is an example of how the performance benefits enabled by Oracle E-Business Suite's adaptable business platform are industry and regionally agnostic.

Cooxupé's is the world's largest coffee cooperative, with 11,470 members who collect grains produced in more than 100 Brazilian municipalities. Cooxupé outgrew its existing systems and needed an ERP platform to remove barriers to business process integration across operating entities/subsidiaries. Its challenges were:

- IT systems had little integration with one another.
- Internal processes and practices - financial, industrial, commercial, logistics, lab, and technical assistance departments - were siloed and inhibited collaboration.
- Production planning and performance could not be analyzed and synched with strategic goals.

Cooperativa Regional Dos Cafeicultores De Guaxupe (Cooxupé)

Guaxupé, Brazil

Company Overview:

Industry: Consumer Goods
Established: NA
Employees: 1,901
Annual Revenues: US\$505Million

Oracle Solutions:

Financials, Purchasing, Inventory Management, Order Management, Advanced Pricing, Process Manufacturing, Service Contracts, Marketing, Financials & Sales Analyzers

Customer Perspective:

"After the Oracle deployment, we were able to sensibly improve information management in the cooperative."

– Milton Calmazini, IT Manager, Cooperativa Regional de Cafeicultores

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Since implementing Oracle E-Business Suite, the cooperative now operates with a centralized database, providing information consistency throughout the decision-making process. Sales planning also improved with Oracle Process Manufacturing in the coffee production area, allowing for greater process control, use of raw materials and aligned production needs.

According to IT Manager Calmazini, "all areas [now] operate in an integrated manner. Employees enter information into a web-based system and make it readily available across the company. We moved from an individual process to an integrated process. Employees now have a vision beyond the department. This is very important." For Calmazini, one of the biggest benefits of the change was the improvement in information quality, not to mention the speed in obtaining data. "If we had not adopted Oracle E-Business Suite, we would not be able to process the volume of transactions and commercialization we have. To get an idea, in 2009, the company had a total of over 23 million accounting entries."

Conclusion

As this recent economic downturn loosens its grip on economies worldwide, growing enterprises are preparing for a return to growth. With confidence and demand improving, these organizations are looking for ways to improve their operating models to ensure profitable expansion in a business environment that could remain unpredictable for some time. By deploying Oracle E-Business Suite, organizations are realizing that a robust and scalable ERP system can help them attain ongoing savings, stronger revenue growth, and competitive advantage across geographies and business segments. Oracle E-Business Suite is uniquely able to deliver these benefits through the following market leading capabilities:

- **Deep Industry Portfolio:** Implement purpose-built, best-in-class industry specific capabilities to meet strategic objectives that drive competitive advantage.
- **Unified Global Architecture:** Streamline operations and provide better information using a single data model and modular, end-to-end integrated business processes, enabling organizations to compete more effectively on a global basis.
- **Lower Total Cost of Ownership:** Realize rapid time to value and reduced total cost of ownership starting with inherent savings from an integrated application suite built on open standards technology, and further reduce costs with rapid implementation tools, hosted deployment options, global ecosystem of expert business partners, and end-to-end system management tools.
- **Adaptable Business Platform:** Accommodate the changing business needs of growing organizations with a scalable solution, flexible configuration tools, integration technologies, and solutions complementary to Oracle E-Business Suite.

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About AMI-Partners

AMI is an industry leader in covering and analyzing small- and mid-market enterprises and the channels that serve them globally. For thirteen years, AMI has invested >\$50 million in building its unique information assets and expertise, which include the following:

Robust Quantitative Small and Mid-Market IT and Communications Coverage: AMI tracks the IT adoption, usage and spending of Global Small & Medium Businesses (1-99 and 100-999 employees) space by conducting significant, on-going annual primary research covering all aspects of IT products and services, including communications and collaboration solutions. Over 7,000 small business and 3,000 mid-market firms answer a comprehensive survey each year across 20+ countries. Current solution/product adoption and future adoption plans, spending and usage behavior are tracked in detail globally across North America, Europe, Asia-Pacific and Latin America and updated quarterly.

Channels/Channels Database: AMI tracks the SMB channel (reseller) partners covering various areas, including channel partner demographics, product/service offerings, customer characteristics, business models, key vendors, etc. The channel partner studies are conducted across four regions - North American, Western Europe, Asia-Pacific, and Latin America – and involve both one-on-one in-depth interviews as well as structured quantitative surveys.

Partnership with Dun & Bradstreet (D&B): Through a strategic partnership with D&B, AMI has access to over 60 million business records in more than 200 countries. We use these records in combination with our databases of mid-market channel partners to identify partners that meet specific criteria (e.g., location, size, customer coverage, product/service mix) for a range of business development and go-to-market targeting purposes).

Cloud Services Practice: In 3Q10, AMI-Partners launched ground breaking research in Cloud Solutions and Technologies. With coverage of 23 markets, AMI is providing guidance to ITC product and service vendors to help them (1) Assess and quantify demand for cloud infrastructure and services among global SMBs; (2) identify specific features, bundles and pricing to maximize SMB cloud service purchase likelihood, decision criteria, channels, uptake and revenues; and (3) achieve business goals with SMB segment targeting, lead generation, and customer acquisition solutions based on propensity to purchase cloud services by category.

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