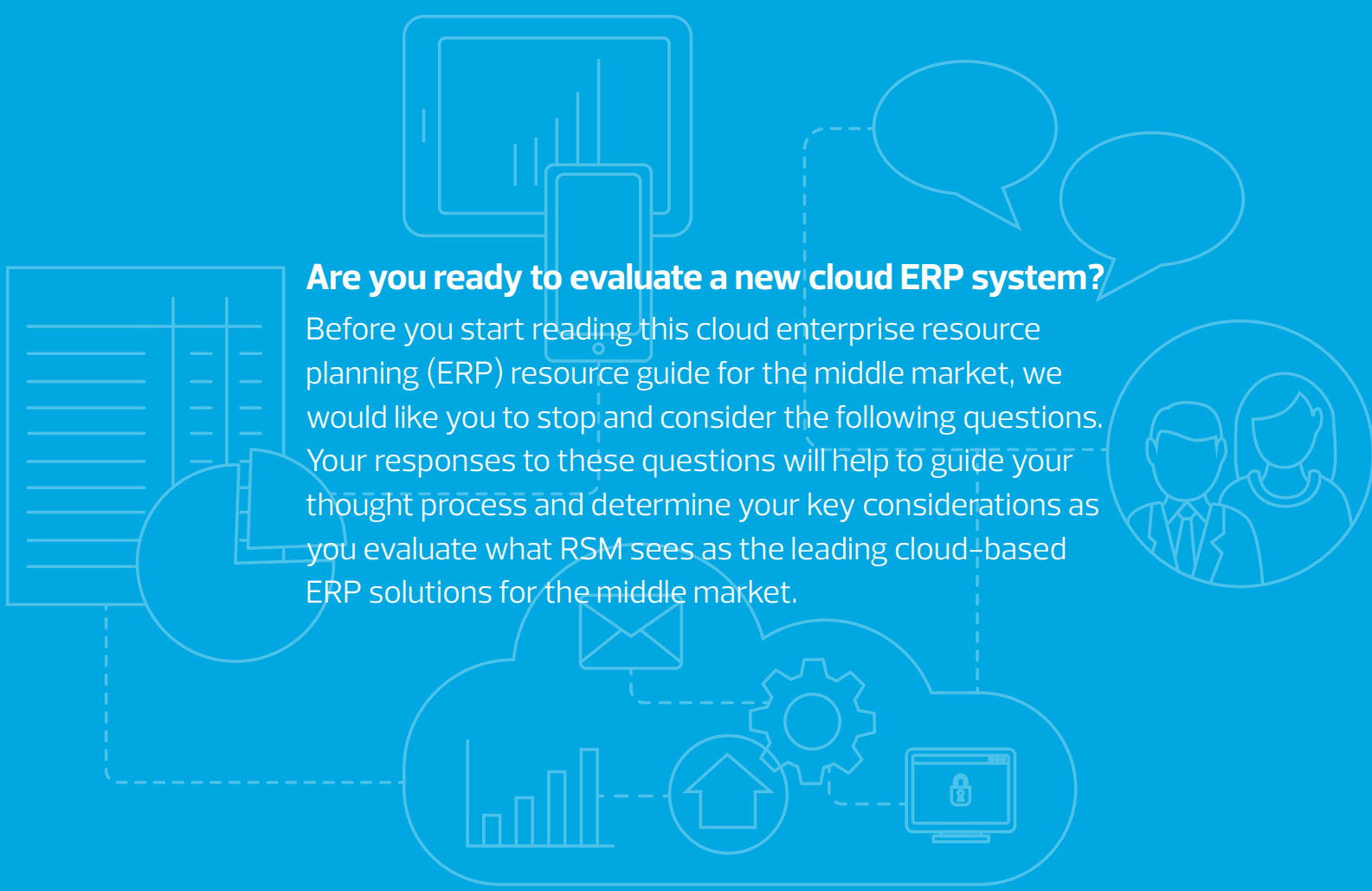




CLOUD ERP SELECTION GUIDE FOR THE MIDDLE MARKET

- 1** ERP readiness questionnaire
- 2** Common pitfalls to avoid
- 3** Five common ERP trends
- 4** Industry research
- 5** Comparison matrix
- 6** Selecting the right implementation partner
- 7** Evaluation checklist



Are you ready to evaluate a new cloud ERP system?

Before you start reading this cloud enterprise resource planning (ERP) resource guide for the middle market, we would like you to stop and consider the following questions. Your responses to these questions will help to guide your thought process and determine your key considerations as you evaluate what RSM sees as the leading cloud-based ERP solutions for the middle market.

1 GETTING STARTED: ERP READINESS QUESTIONNAIRE

- ☐ Are you maintaining multiple systems and platforms to manage core business and operational functions?
- ☐ Do you have to maintain integrations between these systems or are you looking to build an integration between them?
- ☐ Does your current ERP solution provide enterprise-wide visibility into financial and operational data in real time, with anywhere access (mobile, tablets)?
- ☐ Can you easily access reporting and analytics dashboards from any point in your operations with real-time data that helps facilitate decision-making?
- ☐ Do you access your business management information from a centralized up-to-date database, or is information pulled from multiple systems?
- ☐ Can you accurately track and manage key activities and performance metrics to compete in your industry?
- ☐ When needed, can your business systems reflect changes in organizational structure or operations?
- ☐ Has your organization recently executed or is it planning to execute a key growth initiative such as a merger or acquisition, expansion in locations or sales channels, the addition of new product lines, etc.?
- ☐ Will your current system sustain your growth in two to three years?
- ☐ Do you have global needs? Do you require a multilingual, multicurrency or international taxation solution?
- ☐ Does your current ERP solution help your organization to automate, track and record processes to meet and maintain regulatory compliance requirements?
- ☐ Do you have or work with a technology consultant that demonstrates knowledge of industry standards and best practices?



The ERP software market encompasses many vendors, offering several diverse cloud ERP applications. Some of these ERP software companies have developed vertical solutions to meet specific industry requirements for retail, distribution, manufacturing and more. Our selection guide is designed to help your company facilitate the process of evaluating critical aspects of cloud-based ERP systems to choose the right solution that supports your unique requirements and business needs.

② AVOID THESE COMMON PITFALLS OF ERP SELECTION

- DON'T – Lose sight of the original goals
- DON'T – Just buy what a peer has at his/her similar company
- DON'T – Skip evaluating the software vendor
- DON'T – Forget to evaluate a qualified and reputable advisor who will do the implementation
- DON'T – Only look at the initial costs
- DON'T – Miss looking at the core technology
- DON'T – Forget to build a definitive list of requirements
- DON'T – Limit the requirements gathering and selection process to a small group within the organization
- DON'T – Buy dead, obsolete or brand new software products
- DON'T – Neglect your company's business strategy
- DON'T – Buy new software to fix bad processes
- DON'T – Buy the latest hot thing and not evaluate enough choices
- DON'T – Ignore the need to follow a well-defined process



③ FIVE COMMON ERP TRENDS FACING THE MIDDLE MARKET

Currently, we are hearing both bad news and good news for the chief financial officer (CFO). While CFO.com says the majority of financial executives describe their technology as inefficient, constrained by silos and not linked to decision-making, the upside is that a number of technology-based remedies are available. Some of the leading trends transforming finance are actually hidden opportunities for financial decision-makers.

1. CFOs are becoming more comfortable with software as a service for finance

Using cloud-based software for customer relationship management (CRM) has been a mainstay for organizations for years. Over the last few years, software as a service (SaaS) applications became a default option for finance as well (even for small to mid-sized companies). This means there are now more users, configuration options and support resources, which will eventually drive costs down. While sometimes organizations use a mixed model—an on-premises legacy application integrated with multiple SaaS solutions—the comfort level with SaaS has increased.

At least **94%** of CFOs consider CRM and ERP platforms important elements of digital strategy.



2. Mobile accessibility is here

While it has taken ERP vendors some time to adjust to the increasingly mobile business environment, leaders in the industry have finally succeeded in making their platforms available via mobile devices. It's now possible for CFOs and company managers to obtain real-time snapshots of key metrics or enter transactions from a phone or tablet.

So whether it's viewing sales, expenses, inventory and receivables, or placing purchase orders, approving transactions or managing the warehouse, users now have those capabilities on any device, from anywhere, at any time. This ability will have a huge impact on the CFO's ability to manage operations, make key decisions and be more proactive about leveraging opportunities.



ERP readiness questionnaire



Common pitfalls to avoid



Five common ERP trends



Industry research



Comparison matrix



Selecting the right implementation partner



Evaluation checklist

③ FIVE COMMON ERP TRENDS FACING THE MIDDLE MARKET (cont.)

3. Workflow automation software is being widely adopted to help CFOs operate

Software to prioritize tasks and operate more efficiently has also existed for a number of years. As with adoption of any kind, it hasn't happened overnight. However, we have noticed a marked increase in the use of workflow automation software applications that minimize the number of emails, eliminate unnecessary steps in the workflow and optimize processes.

For organizations that already use ERP systems, workflow automation capabilities are usually included. With these applications, a more streamlined operation may be able to function with fewer people. It also allows a business to run efficiently, which means available resources can be used for higher-value tasks.

New digital solutions can bring more efficiency and accuracy to the financial process, yet **68% of CFOs** are still using Excel to build and maintain budgets.

But that is changing. **Sixty-six percent plan to automate** their financial process in the next 12 months. Another **28% are looking ahead to incorporate sophisticated robotic process automation.**



4. The monthly close process has become less cumbersome and more affordable

For many companies, waiting until the end of the month to close the books and deliver financial statements is a thing of the past. Tools are now available that can automate reconciliations and close on a daily basis. Plus, they are now more affordable for small to mid-sized companies.

These platforms require integration across existing systems and the capabilities of cloud software, but the energy and resources used on a burdensome closing process can now be shifted from transaction processing to financial analysis and strategic action.

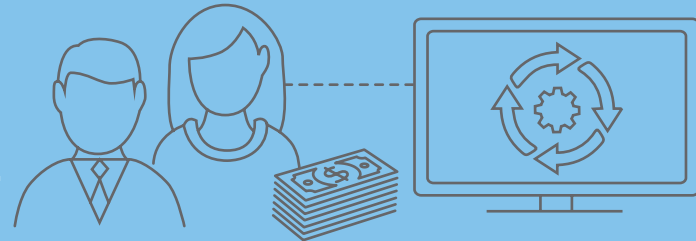
③ FIVE COMMON ERP TRENDS FACING THE MIDDLE MARKET (cont.)

5. Improved analytics and artificial intelligence are making existing ERP systems more capable

As software evolves, it naturally becomes more efficient at its core functions. Developers are constantly thinking of ways for their products to do what they do well even better. The introduction of artificial intelligence as a technology that can supercharge existing capabilities as well as enable new ones is an entirely new reality.

For example, machine learning can take historical sales data and forecast demand to help drive the procurement process. It can look at customer behavioral data and identify the customers to invest more resources on. It can also analyze social media and unstructured data to help focus the sales team.

Over the next three years, **86%**
of middle market CFOs expect to increase their
investment in operational efficiency technology.



While more software capabilities are on the horizon—think, “Alexa, please run my monthly financial statements”—the platforms and applications, rates of adoption, and integration of existing and up-and-coming cloud-based systems are simplifying the job of the CFO. They are also creating new opportunities for developing new lines of business and ways to compete. Today and in the future, CFOs will need to discard the transactional mindset of the past and adopt the analytical and strategic mindset of the present.

Additional resources:

[RSM survey details middle market digital transformation strategies](#)

[Embracing digital to transform operations](#)

4 INDUSTRY RESEARCH

According to Gartner, the market for core financial management suites is shifting from on-premises to cloud implementations.

By 2023, 50% of all new midsize core financial management application projects and 25% of large and global ones will be public cloud implementations.



Gartner's definition of this market includes cloud core financial management suites marketed and sold to the following sizes of enterprise:

- Midsize enterprise: Annual revenue from \$50 million to \$1 billion
- Large enterprise: Annual revenue from over \$1 billion to \$5 billion
- Global enterprise: Annual revenue over \$5 billion

In addition, Gartner's definition of a cloud service is not associated with a specific technical architecture, such as one involving multitenancy at the application level. The four types of cloud service solution met the inclusion criteria are:

- Born in the cloud solutions: Architected from the outset only as cloud services, these typically have a multitenant application architecture.
- New-generation solutions: These are architected for multiple deployment models, typically public cloud, private cloud and on-premises. These solutions often support multitenancy at the database or operating system level, though sometimes not at the application level. They may use virtualization techniques.
- Existing solutions substantially rearchitected as cloud services. These are similar to new-generation solutions in that they also support multiple deployment models (public cloud, private cloud and on-premises). But rather than being built from scratch, their vendors have made substantial changes to the underlying architecture of existing applications to support public cloud deployment.
- Existing solutions delivered as public cloud SaaS: These are existing solutions for which the underlying architecture has not changed significantly, but for which the vendor has developed an infrastructure-provisioning layer in order to deliver them in public clouds. These solutions are also offered in private cloud, hosted or on-premises environments.

Gartner's definition of this market is broad, covering midsize, large and global enterprises across all major regions. In such a broad market, many vendors will struggle to become leaders, because they either focus on companies of a particular size (several focus on midsize enterprises) or have limited geographical reach. The fact that we classify certain vendors as leaders does not mean that their solutions are necessarily the best, in terms of functionality and technology, for all use cases. All the vendors featured in this Magic Quadrant deliver viable suites and are equally worthy of evaluation.

1

ERP readiness questionnaire

2

Common pitfalls to avoid

3

Five common ERP trends

4

Industry research

5

Comparison matrix

6

Selecting the right implementation partner

7

Evaluation checklist

4 INDUSTRY RESEARCH

Gartner's Magic Quadrant for Cloud Core Financial Management Suites for Midsize, Large and Global Enterprises includes:

Microsoft Dynamics 365 for Finance and Operations

Dynamics 365 for Finance and Operations contains a full suite of core financial management applications. It is sold and marketed on a stand-alone basis, as well as being part of a larger suite. It is aimed at midsize and large enterprises, and may be suitable for some global enterprises, depending on their requirements. It is appropriate for a wide range of industries, but the primary target sectors are retail, manufacturing, services, the public sector and distribution.

Microsoft is categorized as a Visionary, due to its broad financial functionality, wide geographic coverage, cloud focus and plans for finance line-of-business marketing. Its ability to execute position is limited by below-average scores from surveyed reference customers and the limited visibility of Dynamics 365 for Finance and Operations in the cloud core financial management sector during the past 12 months.

Microsoft Dynamics 365 Business Central

Gartner's Magic Quadrant for Cloud Core Financial Management Suite for Midsize, Large and Global Enterprises was released on May 29, 2018. Microsoft Business Central was launched in October 2018, making it too early to evaluate Dynamics 365 Business Central. Gartner continues to recalibrate the Magic Quadrant from one year to the next as the market progresses.

Oracle NetSuite

NetSuite Financial Management is a comprehensive financial management suite that, along with financial planning, includes billing and revenue management capabilities. It is delivered with the NetSuite SuiteCloud Platform, which enables partners and users to extend, customize and integrate applications. NetSuite Financial Management is part of a broader ERP suite. NetSuite has customers in a wide range of industries, but the business services, high technology, retail and wholesale sectors are its largest.

Oracle (NetSuite) is considered a Leader because it has a strong cloud service record, good financial functionality, and cloud services that are open and extensible. It supports 140 countries and 25 languages. It also leads the vendors in this Magic Quadrant in most aspects of ability to execute, including revenue, global capabilities, partners and product functionalities.

Sage Intacct

Sage Intacct provides a full suite of core financial management applications. It also offers time recording, expense management, inventory management, and contract subscription billing and revenue management capabilities. Its solution is aimed at small and lower-midsize enterprises, but scalable enough for some large ones. Sage Intacct's customers are primarily in service-centric industries and the not-for-profit sector. Intacct had focused entirely on North America, but now, as part of Sage, it is expanding its reseller channel into Europe and Asia/Pacific, and is focused on broader international expansion. Sage Intacct supports all left-to-right languages for documents and emails sent to customers, vendors and employees. The user experience, however, is limited to U.S. English.

Sage Intacct is categorized as a Visionary, due to its cloud commitment, focus on financial functionality and marketing initiatives for finance teams. However, Intacct's very limited presence outside North America limits its ability to execute.

¹ Gartner, Inc., Magic Quadrant for Cloud Core Financial Management Suites for Midsize, Large and Global Enterprises, John Van Decker, Robert Anderson, Mike Guay, 29 May 2018. <https://www.gartner.com/doc/3876963/magic-quadrant-cloud-core-financial>
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5 COMPARISON MATRIX: CLOUD ERP PROVIDERS

We have created five assessment categories on how we would classify certain functionality and industry alignment to support a given company profile. Please keep in mind that our assignment of a specific category is our opinion and not one validated by each of the software solutions represented in our document. Many software providers claim to address a wide variety of industry and functional needs. It is our goal to provide a nonbiased and objective viewpoint based on our years of experience working with a large variety of clients.

Mature (M)

By our definition, mature reflects a software solution that is deep in functionality and should support a high percentage of business needs including specific requirements associated with a given industry focus. These solutions have a strong presence in the market, revealed through their ability to win deals and profile successful deployments across a range of companies.

Growth (G)

A growth-based assignment indicates the core solution will support a high percentage of business and reporting requirements. We recognize that not all companies have the same needs, even in a defined industry.

This category is used for aligning solutions that continue to make investments in these industries or functional areas but haven't reached the level of maturity we would expect in an industry-leading and mature platform. This assignment is not a negative reflection, assuming the needs of your business are fulfilled by the software vendor or a third-party solution.

Emerging (E)

An emerging provider offers core functionality for a given industry or business need. However, its ability to support complex or expanded needs are limited. In addition, it might not be a strategic focus in the near future regarding investment for expansion. The solution provides basic functional or industry capabilities.

Third Party Solutions (Third Party)

Major ERP vendors also support an ecosystem of independent software vendors, companies that create applications that enhance and extend the core ERP solutions. These companies may have formal partnerships with the ERP vendors and may have their applications certified through the ERP vendor's partner program. Third party solutions may provide functionality that an ERP vendor has decided not to build into their solution, they may provide more robust functionality in a specific area than an ERP provides natively, or they may extend functionality to meet the needs of a specific industry. In some cases, third party applications are built on the cloud ERP platform using the same toolset for full integrations and an identical look and feel. In other cases, they are standalone applications with pre-build integration to the ERP system.

Not available (N/A)

An assignment of N/A indicates our opinion that the solution lacks functionality or focus; we are unable to offer an assessment of its value at this time.

5 COMPARISON MATRIX: CLOUD ERP PROVIDERS (cont.)

COMPANY	MICROSOFT		ORACLE	SAGE
Products	Dynamics 365 for Finance and Operations	Dynamics 365 Business Central	NetSuite	Intacct
Customer profile				
Typical revenue range	\$200M+	\$20M–500M	\$10M–750M	\$10M–500M
International	M	G	M	E
Deployment options				
Cloud	M	M	M	M
On-premise	Available	Available	N/A	N/A
Hybrid	Available	Available	N/A	N/A
Industry specialization				
Manufacturing	M	M	G	N/A + Third party
Wholesale distribution	M	M	M	E + Third party
Food and beverage	M	M	G	N/A
Life sciences R&D	M	M	M	N/A + Third party
Life sciences manufacturing	G	G	E	N/A + Third party
Retail	M	N/A + Third party	M	N/A + Third party
Field services	M with D365CE	M with D365CE	E + Third party	N/A + Third party
Media and publishing services	N/A	N/A	M	M
Professional services	M	M	M	M
Technology and software	M	E + Third party	M	M
Nonprofit	M	E + Third party	M	M

1

ERP readiness questionnaire

2

Common pitfalls to avoid

3

Five common ERP trends

4

Industry research

5

Comparison matrix

6

Selecting the right implementation partner

7

Evaluation checklist

5 COMPARISON MATRIX: CLOUD ERP PROVIDERS (cont.)

COMPANY	MICROSOFT		ORACLE	SAGE
Products	Dynamics 365 for Finance and Operations	Dynamics 365 Business Central	NetSuite	Intacct
Compliance				
HIPAA	G	E	N/A + Third party	G
ASC 606 – Revenue recognition	N/A + Third party	N/A + Third party	M	M
ASC 842 – Lease accounting	N/A + Third party	N/A + Third party	E + Third party	N/A + Third party
Common ERP features, functionality and modules				
Core financials	M	M	M	M
Multicurrency	M	M	M	M
Multibook	M	E	M	M
Multientity, single database	M	M	M	M
Automated consolidations	M	M	M	M
Business intelligence	M	M	M + Third party	G + Third party
Human resources	G	E + Third party	G + Third party	N/A + Third party
Payroll	E + Third party	N/A + Third party	E + Third party	N/A + Third party
Product and purchase planning	M	M	M	E + Third party
Manufacturing	M	M	M	N/A + Third party
Demand planning	M	M	G + Third party	E + Third party
Inventory management	M	M	M	G + Third party
Shipping	M	M	M	E + Third party
Supply chain management	M	M	M	N/A + Third party
CRM – Marketing automation	M with D365CE	M with D365CE	G + Third party	N/A + Third party
CRM – Sales Force automation	M with D365CE	M with D365CE	M + Third party	N/A + Third party (SFDC native integration)
CRM – Customer service	M with D365CE	M with D365CE	G + Third party	N/A + Third party

1

ERP readiness questionnaire

2

Common pitfalls to avoid

3

Five common ERP trends

4

Industry research

5

Comparison matrix

6

Selecting the right implementation partner

7

Evaluation checklist

5 COMPARISON MATRIX: CLOUD ERP PROVIDERS (cont.)

COMPANY	MICROSOFT		ORACLE	SAGE
Products	Dynamics 365 for Finance and Operations	Dynamics 365 Business Central	NetSuite	Intacct
Common ERP features, functionality and modules, cont.				
Integration tools	M	M	M	M
REST	M	M	M	M
SOAP	M	M	M	M
CSV	M	M	M	M
Advanced revenue recognition	E + Third party	G	M	M
E-commerce	E + Third party	N/A + Third party	M	N/A + Third party
Localization	M	M	M	E
Translation	M	M	M	N/A
RSM services				
ERP system selection	M	M	M	M
ERP implementation	M	M	M	M
ERP optimization	M	M	M	M
Application development	M	M	M	G
E-commerce integration	M	M	M	G
CRM implementation	M	M	M	M (SFDC integration only)
Security and controls	M	M	M	M
Sales use tax	M	M	M	M
Managed application services (help desk)	M	M	M	M
Finance and accounting outsourcing	N/A	G	M	M
Industry developed intellectual property (IP)	Food and beverage, retail and life sciences	Food and beverage and industrial products	Association management, member management, life sciences and banking integration	N/A

1

ERP readiness questionnaire

2

Common pitfalls to avoid

3

Five common ERP trends

4

Industry research

5

Comparison matrix

6

Selecting the right implementation partner

7

Evaluation checklist

⑥ SELECTING THE RIGHT CLOUD ERP IMPLEMENTATION PARTNER

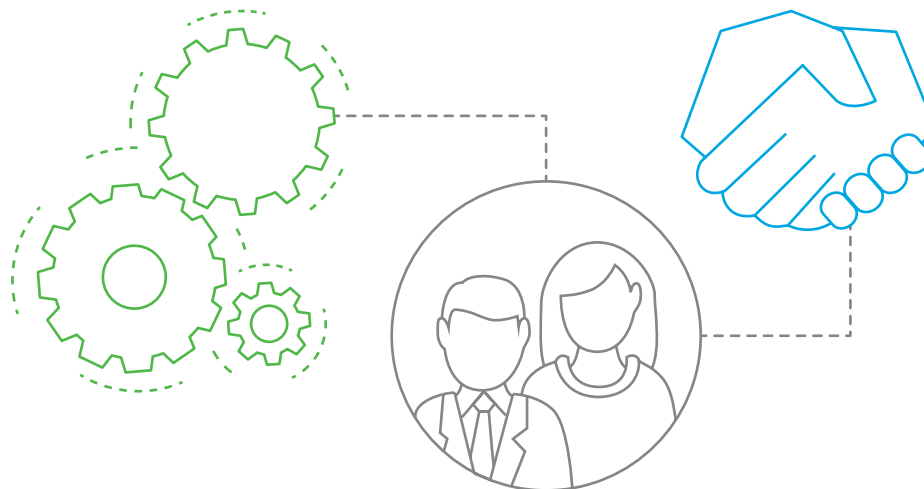
ERP and financial management solutions involve more than just software. Whatever your needs—managing multiple locations, merging new business, enhancing purchasing decision-making, managing inventory, handling complex accounting functions or migrating to the cloud—your ERP solution should help to improve processes and streamline operations.

The process of implementing a new ERP system usually requires consultants with specialized knowledge of application and business processes. A cloud solution may not require fees for software installation, but otherwise, the costs are very similar to an on-premises implementation. It is important to choose the right implementation partner who has worked with a significant number of CFOs and their teams and knows how to navigate complex challenges and drive strategic decision-making.

“Our employees think of RSM as part of the team. They challenge parts of the business in a good way, and help us think about what we really need from a solution. RSM knew what questions to ask—they understand the language, the lingo and the processes.”

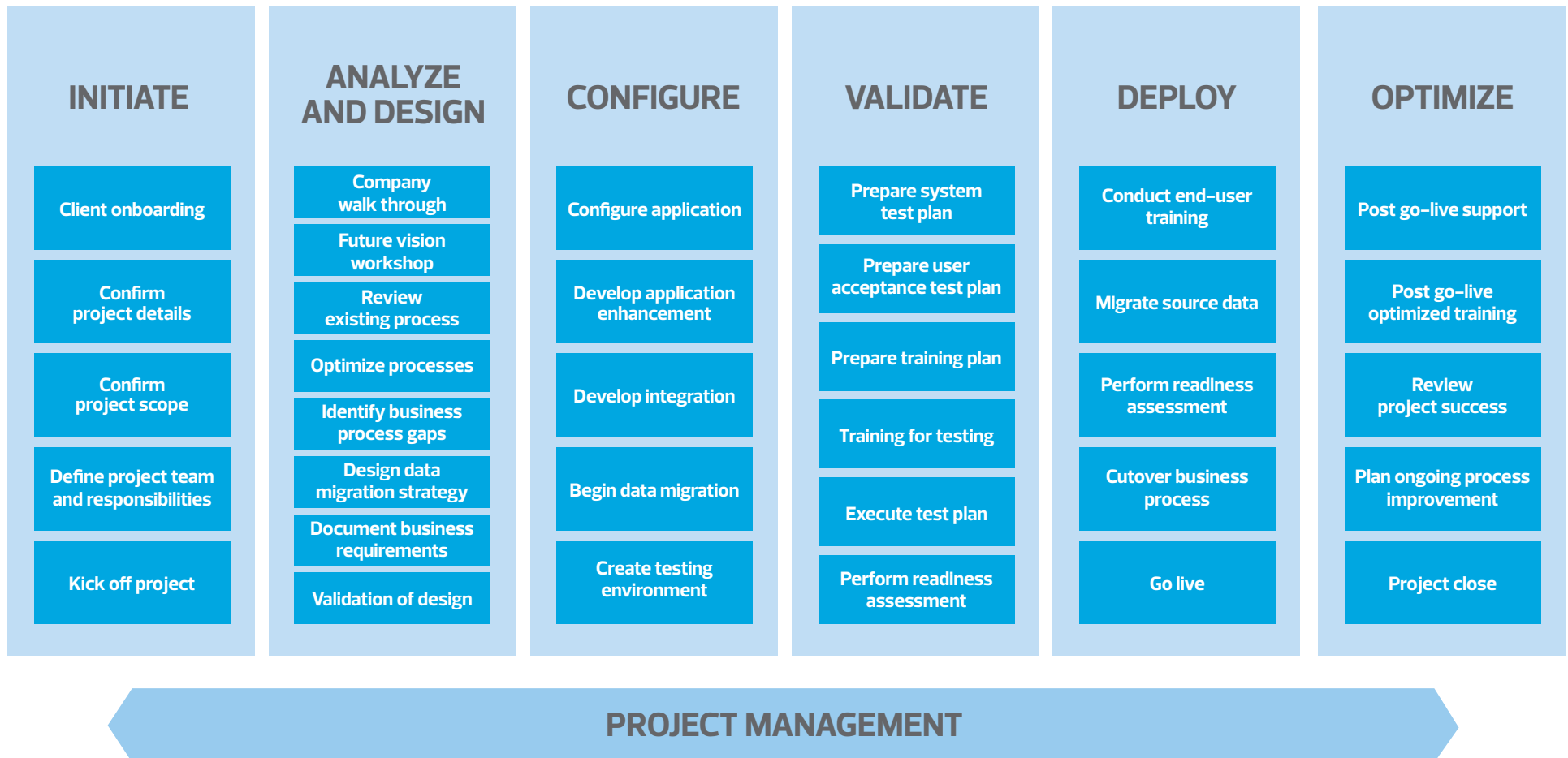
Matt James, Chief Operating Officer, Hickory Farms

Make sure you review your implementation partner's methodology and approach to ensure they take the time to understand your business while providing the best solution for your business. Every project plan should include the following elements: discovery, design, configuration, integration, data conversion, training and testing to make sure the system serves the needs and goals of your business.



⑥ SELECTING THE RIGHT CLOUD ERP IMPLEMENTATION PARTNER (cont.)

Implementation methodology and approach



1

ERP readiness questionnaire

2

Common pitfalls to avoid

3

Five common ERP trends

4

Industry research

5

Comparison matrix

6

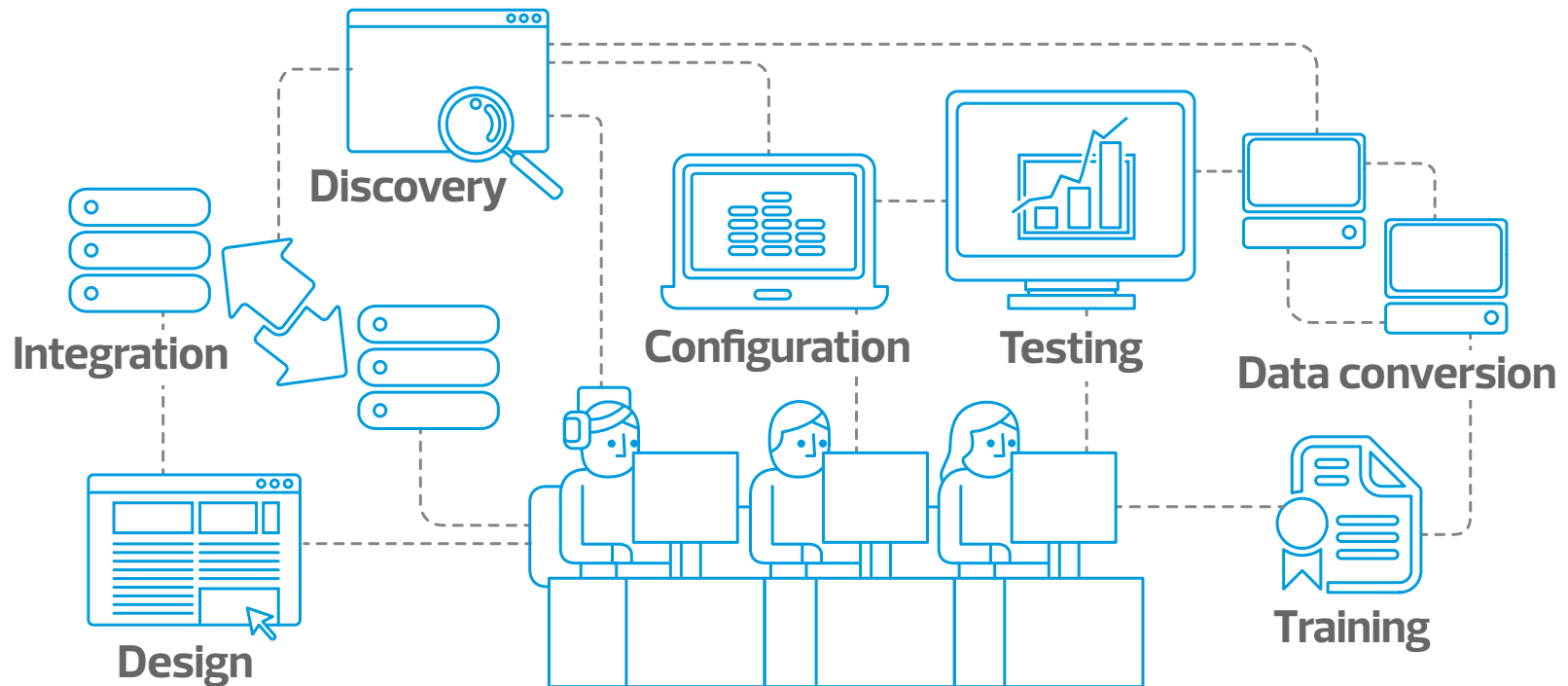
Selecting the right implementation partner

7

Evaluation checklist

⑥ SELECTING THE RIGHT CLOUD ERP IMPLEMENTATION PARTNER (cont.)

Implementing an ERP system requires support from an experienced team



1

ERP readiness questionnaire

2

Common pitfalls to avoid

3

Five common ERP trends

4

Industry research

5

Comparison matrix

6

Selecting the right implementation partner

7

Evaluation checklist

7 EVALUATION CHECKLIST:

- ✓ Evaluate a potential partner's methodology and approach
- ✓ Is there a cultural fit—can your team work with their team?
- ✓ Do they have experience with the product? Are they certified?
- ✓ Do they have experience with projects like yours? Can they provide references?
- ✓ Do they have experience with add-on functionality?
- ✓ Do they have industry experience? Can they provide references?
- ✓ Do they have any preconfigured industry solutions?
- ✓ What are their implementation practices, tools, methods?
- ✓ How will they provide ongoing support?
- ✓ How will they train? Are they flexible?
- ✓ Do they offer value? What are their rates (taking into consideration the above)?



Bottom line

Do you feel comfortable your partner will get it done, on time, on budget and in line with quality expectations?

1

ERP readiness questionnaire

2

Common pitfalls to avoid

3

Five common ERP trends

4

Industry research

5

Comparison matrix

6

Selecting the right implementation partner

7

Evaluation checklist

WORKING WITH RSM

RSM is one of the world's leading audit, tax and consulting networks. We build strong relationships based on a deep understanding of what matters most to you. By sharing ideas from our most senior professionals around the world, we empower you to make critical decisions with confidence to move your business forward and make the most of the opportunities change creates.

With offices across the United States and a global network, RSM has certified resources in your area. Whether you're looking for consultants who can support you on the ground or remotely, RSM has deep experience for all of your ERP needs. RSM's size allows us to attract and retain exceptional people and provide industry-focused services beyond technology, including operations, tax and accounting services. This experience means we are spending more time helping you find cost-effective ways to address your business technology needs and less time getting to know your industry.

NEED HELP?

Schedule a [Rapid Assessment](#)[®] exploratory call to get started.

To learn more about the specific components of this service, [watch this short video](#) and view our [Rapid Assessment approach and deliverables](#).

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