

## WHAT MAKES ACUMATICA DIFFERENT?

### THE POWER OF A PLATFORM AND THE “LITTLE THINGS” THAT MAKE A BIG DIFFERENCE

#### About Acumatica

*Acumatica is a leading provider of cloud ERP software for small and mid-size businesses. Built on the robust and flexible xRP cloud platform, Acumatica delivers a suite of fully integrated core modules, including Financials, Distribution, CRM, Project Accounting and industry “editions” including Field Service, Manufacturing, eCommerce and its new Construction edition.*

*With over 4,000 customers, Acumatica operates with 3 different go-to-market models:*

- ✓ Acumatica branded resellers: Acumatica Cloud ERP is 100% sold through channel partners
- ✓ Private label (OEM) business: Visma, and MYOB, Acceo, Senior Software and LexWare give Acumatica expanded international reach
- ✓ xRP Cloud Platform for vertical ISVs (e.g. hotel or property management, non-

*The Enterprise Resource Planning (ERP) market is very mature. Over the last few decades core functionality has become table stakes, making many think of it as a commodity. While it is true an ERP must have all the basics in order to compete today, in reality the range of functionality, as well as the underlying technology architecture, can vary tremendously. And yet, it is also true that many ERP vendors find it difficult to differentiate themselves. Why?*

- *Because go-to-market messages (which are meant to differentiate a vendor or solution) are either overly complex or distilled down to sound bites or a tag line that all begin to sound the same. Either way, they become meaningless.*
- *Because it is very easy to say “yes” to everything on a request for proposal (RFP), even when “yes” is a real stretch.*
- *Because on the surface many solutions look quite similar. Those who do demos for a living can make most anything look easy.*
- *Unless you fully understand the technology under the covers, the potential advantages or disadvantages of the architecture also remain hidden. And let’s face it, most business people in need of a new solution today are not and have no inclination to be technologists.*

*So amidst this backdrop of apparent “sameness” we take a look at what one ERP vendor - Acumatica - is doing to stand out in this competitive landscape. Acumatica will tell you its core differentiators are:*

- *The ability to access the solution from anywhere, on any device*
- *A flexible deployment model, allowing the customer to choose public cloud, private cloud or licensed on premise*
- *Modern consumption-based licensing meant to be affordable and inclusive of all designated employees as well as key customers and partners*
- *A connected cloud platform that aids in extending the solution without creating islands of automation*

*No one of these is unique in of itself. For each differentiator there is at least one other vendor that can make a similar claim. But if we combine all four, Acumatica is indeed in a class all by itself. But Mint Jutras has a bit of a different take on what sets Acumatica apart. Let’s begin...*

## Cloud versus SaaS

**Cloud** refers to access to computing, software, storage of data over a network (generally the Internet.) You may purchase a license for the software and install it on your own computers or those owned and managed by another company, but your access is through the Internet and therefore through the “cloud,” whether private or public.

**SaaS** is exactly what is implied by what the acronym stands for: Software as a Service. Software is delivered only as a service. It is not delivered on a CD or other media to be loaded on your own (or another’s) computer. It is accessed over the Internet and is generally paid for on a subscription basis.

Using these definitions, we can confidently say **all SaaS is cloud computing, but not all cloud computing is SaaS.**

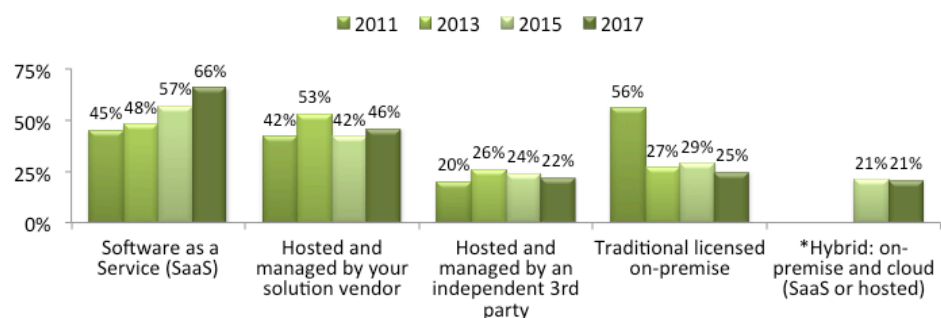
## CLOUD AND SAAS WITH A TWIST

The first part of the first differentiator Acumatica lists (**the ability to access the solution from anywhere**, on any device) comes from its cloud roots. The ability to access anytime, from anywhere is inherent in any solution delivered as SaaS. When software is delivered as a service, it is quite easy to gain access through any web browser as long as you have the appropriate credentials. Acumatica was one of the early cloud and SaaS pioneers. Like most of these early pioneers, the solution was engineered to be a multi-tenant SaaS solution. But unlike those other pioneers, Acumatica never limited its offering exclusively to SaaS.

Even today the company offers three different deployment options including a public cloud option (SaaS), a private cloud option (hosted in the cloud), and also a more traditional on-premise license. This was especially important in the early years when traditional on-premise deployments were decidedly preferred, allowing Acumatica to grow more quickly than some of its early competitors that stuck exclusively with SaaS.

But today perceptions and preferences are quite different. Mint Jutras has been tracking these preferences for deployment options for years now. We have watched as more and more of our research participants are willing to consider SaaS and fewer and fewer are drawn to a traditional licensed model. In 2013 we observed a large drop in interest in on-premise solutions. Beginning in 2015, Software as a Service (SaaS) has been the deployment option most widely considered for new purchases (Figure 1) and that trend continued in 2017, with 66% willing to consider SaaS and 51% selecting this deployment option as their first choice (new question in 2017).

**Figure 1: If you were to select a system today, which deployment options would you consider (Select all that apply)?**



Source: Mint Jutras Enterprise Solution Studies

Acumatica customers follow this trend as well, with fewer and fewer opting for on-premise deployments, although this is partly because Acumatica makes the subscription options more attractive. But Chief Product Officer, Ali Jani describes 2017 as the “year of the awakening.” Eighty-three percent (83%) of new deals are now subscription-based, and these subscriptions are heavily

weighted towards SaaS (63% SaaS, 20% private cloud). Furthermore, 80% of those on-premise deployments were outside the United States, where SaaS preferences lag a bit behind.

## MOBILITY PLUS

The second part of that first differentiator (the ability to access the solution from anywhere, **on any device**) is reflective of today's culture of connectivity. Whether you are a remote worker, a traveling executive, a repair technician in the field or a manufacturing supervisor on the shop floor, you need to stay connected. In some respects, any SaaS solution is mobile. If you have a web browser on your mobile device (and the proper credentials) you can access your SaaS solution. However, what you can do and how you do it can vary tremendously. It's one thing to just lift and shift the same user experience to a mobile device. It is quite another to fully support those activities you are most likely to need when you are not in an office, while also taking full advantage of the features native to that device.

If talking to Siri or Alexa is part of your daily repertoire, wouldn't you like Siri and Alexa to be able to query your ERP? Many of us (the author included) were loathe to give up our keyboards, but smart phones helped wean us away from them and now we are all quite comfortable with touch technology. Indeed we miss it when we go back to our laptops and desktops. Acumatica has been delivering mobile functions that make use of that native touch technology and is now introducing voice recognition.

But our smart phones and tablets not only introduced us to natural language processing (NLP), but also artificial intelligence (AI) and machine learning (ML). Why do you think all those virtual assistants, including navigation assistants seem to get smarter and smarter? They are using vast volumes of data, detecting patterns, learning and predicting outcomes. That's what AI is all about. As consumers we didn't ask Apple or Samsung or Amazon for any of those new digital technologies. But once we started using them, we were hooked.

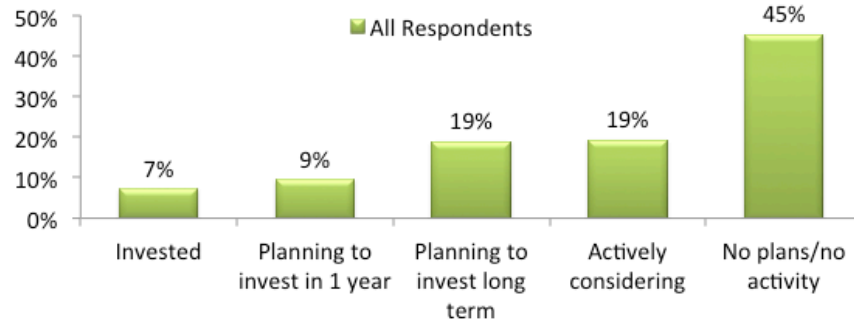
Very few companies today have invested in these types of technologies. Few are listening to all the hype and many are thinking perhaps they are still the stuff of science fiction. Take virtual assistants as an example. Early results from our 2018 Enterprise Solution Study indicate a very small percentage (7%) has invested in these and almost half (45%) have no apparent interest (Figure 2).

And yet, presented with the ability to easily record expenses while on the road by taking a picture of a receipt and entering verbal descriptions, who wouldn't jump at the chance? This requires a virtual assistant. This is exactly what Acumatica is developing.

In doing so, Acumatica is stretching the boundaries of the technology currently in use and pushing its customers to use more advanced capabilities, just like

mobile device manufacturers did when they introduced Siri, Alexa, Cortana and other virtual assistants.

**Figure 2: What level of investment have you made in virtual assistants?**



Source: 2018 Mint Jutras Enterprise Solution Study

## A NEW WAY TO LICENSE/SUBSCRIBE

Whether you are licensing a copy of ERP software to be installed on-premise, or subscribing to software delivered as a service, typically these licenses or subscriptions are on a per user basis. You might have named users, which is exactly what it sounds like – you purchase a license or a subscription for every employee that might need access. Or you might have concurrent users. You might have 150 employees, but they work over three shifts, so you would never have all 150 logged in at the same time. Perhaps you buy a license or subscription for 50 concurrent users. When the 51<sup>st</sup> user tries to log on, they can't until another user logs out.

In a real three-shift environment, or a distributed one that is spread over different time zones, this isn't very limiting. But oftentimes companies purchase less than the optimal number of concurrent users simply to reduce the cost. Or they might limit the number of (named) users that can access the solution either by having them share a generic named user ("shop floor user") or denying access to some. They might purchase a limited number and then add headcount without increasing their licenses or subscription. This will have a direct impact on the level of engagement of employees and consequently the value derived.

Acumatica takes an entirely different approach to licensing, or rather, subscriptions. The company firmly believes in providing an unlimited subscription environment to include not only employees, but also customers and partners as appropriate. And therefore rather than counting users, it offers an enterprise-wide subscription (at different levels) based on the size of the company and the breadth of the implementation. Once in place, any and all employees within the company are allowed and encouraged to access and use the solution, and potentially suppliers and customers (on a restricted basis) as well. While Acumatica is not the only vendor to provide to use this

kind of model, this kind of a subscription is indeed very rare. This is a huge advantage in that it removes growth limitations and encourages employee engagement.

## LEADING THE WAY WITH A PLATFORM APPROACH

More and more leading ERP solution providers today are taking a platform approach. But for Acumatica, this is not a new direction. Its solution was not only conceived using a platform approach, it has thrived by making that platform very open and accessible to all.

Why is platform the way to go? There are numerous benefits, but the two primary reasons are agility and “last mile” functionality.

### AGILITY

Face it: We live in disruptive times. Agility provides you with the ability to innovate, evolve and change in order to take full advantage of new business opportunities. You may not be able to accurately predict what the future holds, but with an agile solution, you can be ready for anything.

The 2016 Mint Jutras Enterprise Solution Study found 88% of companies believe they face some level of risk in their businesses and/or industries being disrupted by new innovative products, new ways of selling or pricing existing products or services, entirely new business models, or some combination of all of the above. Early results from our 2018 study indicate that percentage has risen to 93%. And then of course there are still the more traditional disruptive factors like expansion and growth, organizational restructuring and regulatory changes, just to name a few.

All this disruption can have a cascading impact on business application requirements, making agility - the ability to easily innovate, evolve and change - even more important than current functionality.

### BREAKING THE 80/20 RULE

A “one size fits all” solution is not the most effective approach to meeting the needs of a wide range of businesses. No software vendor can be successful in trying to be all things to all businesses and Acumatica doesn’t try to be that.

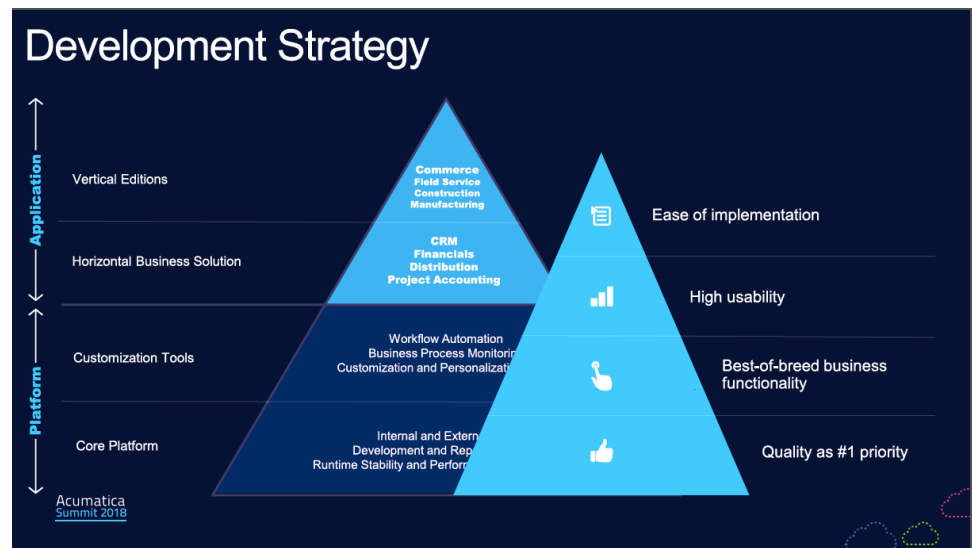
By trying to please everyone, you add complexity to the solution and you never have a complete solution for anyone. The 80-20 rule prevails. You typically wind up with an 80% fit, resulting in invasive (and sometimes expensive) customizations that build barriers to further innovation. It also causes a proliferation of disparate systems that may or may not be integrated.

Instead Acumatica chooses to provide an open platform and take a collaborative approach to accelerate innovation, collaborating with customers to plot a product roadmap and with partners to fill gaps and provide specialized functionality, producing what it calls vertical “editions.” In doing so it moves away from the traditionally cumbersome monolithic solution in favor of more loosely coupled features and functions.

*How do you think the taxi industry might have assessed the threat of disruption on the eve of the launch of Uber? Do you think the hotel industry anticipated Airbnb? Did Blockbuster foresee the devastating impact Netflix would have on its business? What kind of disruption is lurking out there for you?*

Its development strategy (Figure 3) starts with an open platform, which is further strengthened by a robust set of customization tools that circumvent the need for invasive code changes. On top of that, they focus on the kind of horizontal functionality every business needs, like basic accounting and customer relationship management. The vertical “editions” sit at the very top of the stack, satisfying the needs of more specific functions in collaboration with a strong set of partners.

**Figure 3: Acumatica’s Development Strategy**



Source: Acumatica

Unlike most other ERP solution vendors, which describe themselves as solution providers, Acumatica considers itself a “technology” company. While other ERP solution providers dedicate a considerable percentage of their operating budgets to sales and marketing, Acumatica relies 100% on its channel for sales and is therefore able to redirect that funding back into the product. A full 73% of its employees are dedicated to advancing the product and enabling the partners to do the same.

Acumatica will continue to invest (and invest heavily) in the underlying architecture and technologies that enable partners to more easily enhance and extend the solution for the specific needs of their customers, encouraging loose coupling of these extensions by providing modern APIs ([application programming interfaces](#)) that negate the need for invasive customization.

This type of loose coupling is often described as [microservices](#). For the reader with a technical background, microservices, also known as the microservice architecture, is defined (by Wikipedia) as an architectural style that structures an application as a collection of [loosely coupled](#) services. For those nontechnical readers, think of it as constructing a solution from a set of Lego building blocks.



Think about how you build a structure from Legos. Each Lego block is made of the same kind of material and is attached (connected) to the other Lego blocks the same way. In many ways they are interchangeable. But by choosing different colors and sizes, and connecting them with a different design, you can make a structure that is very unique. And once constructed, if you want to change it, decoupling some of the blocks and replacing them doesn't destroy the parts that are not affected. There is far less disruption introduced than if you had constructed it with a hammer and nails.

Many other vendors have started to introduce this kind of architecture by [refactoring](#) the underlying code. Again, for the nontechnical reader, think of it as restructuring the code without changing the behavior or the functionality. These other vendors may be making it easier to work with their ERP, perhaps reducing complexity and the cost to maintain, but the refactoring itself adds no new features or functions. Because it was originally developed using an open platform, Acumatica is already one step ahead in this process, making it easier for partners to add specialized solutions to a solid core that will be used universally. Today many of these partners simply deliver these in the guise of customizations (though noninvasive). But most recently Acumatica has been encouraging them to "productize" those enhancements and leverage their own specific vertical expertise in a way that is more scalable. Indeed Acumatica has routinely engaged select partners in developing their own vertical editions.

Current editions are available for Field Service, Manufacturing and eCommerce. A new Construction Edition has just been introduced, opening doors to a whole new industry for Acumatica, one that has been underserved by modern, next-generation solutions. It is a good representation of Acumatica's philosophy and approach.

### **ACUMATICA CONSTRUCTION EDITION**

The [Acumatica Construction Edition](#) is designed to address the needs of general contractors, homebuilders, subcontractors, specialty contractors and land developers. This industry is far from homogenous in terms of how these different players contribute to the construction of structures large and small. And yet there are also some common threads. All tend to have a project orientation, starting with an estimate and a plan. Projects are managed against a budget, with a schedule that must be sequenced correctly and allow for interdependencies. They require people and specific skill sets, as well as materials that must arrive in time, but not too early. And the back office must handle the billing and accounting, payroll and a myriad of compliance requirements. So while different sectors might seem very different on the surface, is designing and installing a kitchen really all that much different from designing and installing landscaping surrounding a home or commercial complex?

This is an industry that is likely to use the most advanced technology available in the construction process, ranging from sophisticated equipment for the

most hazardous tasks to drones to monitor on-site work in remote locations. And yet, most companies in the construction industry are woefully behind in terms of the technology they use to run the business itself.

There is no shortage of solution providers that target the construction industry, but most are small, niche players that address one, or a few specific needs. Small businesses in this industry often start out with one or more of these and a desktop accounting solution such as QuickBooks. Seldom are these solutions integrated, requiring redundant entry of data and providing no single source of the truth. With any kind of growth and success, this doesn't scale well. Few ERP solutions target the industry and some of those are legacy solutions based on outdated technology. This is particularly troublesome for those who do both manufacturing as well as construction (think window and door manufacturers that also do installation). All told, this market has remained largely underserved and is ripe for modernization.

Acumatica didn't have to start from scratch in offering a more holistic solution. It already had the basics covered in its core product, which also included Project Accounting. By working with a select group of partners with specific expertise in construction, Acumatica further extends the solutions for Compliance Management, Retainage, Change Orders, Job Costing, and Document Management.

But Acumatica doesn't feel the need to provide every last bit of functionality itself, especially when there are good solutions already in place at many of its prospective customers. Instead it has forged partnerships and delivered integration to specialty vendors and products like [Hyphen Supply Pro](#) (for home builders), [Procore](#) (construction project management), [Criterion](#) (payroll), and [SmartSheet](#) (visual scheduling). In this way it has been able to assemble a very complete solution. And it has the added benefit of integrating with productivity tools including Microsoft Office 365 and electronic signatures with DocuSign and Adobe.

While on the surface this might seem to perpetuate the problem caused by a proliferation of systems, in fact it does not. First of all, seamless integration is provided. Secondly, the Acumatica partner relieves the customer of much of the burden of dealing with multiple vendors by orchestrating the deal. Ultimately they turn to Acumatica to facilitate easy integration and connectivity.

## CONCLUSION AND RECOMMENDATIONS

Don't fall into the trap of thinking all ERP solutions are alike, or even similar today. Yes, fit and functionality remains important and an 80% fit is no longer the standard. You need to address that last mile of functionality. But it is wise to look beyond the typical checklist of features and functions. Don't just ask if the feature is supported; demand to see it. Even better, put your own hands on the software and see if it is as easy to use as it looks. It's okay if the vendor



recommends a third party product to complete your solution. But is it integrated and is the integration seamless?

It is important to do your due diligence in evaluating different solutions. Look at the underlying technology. If you don't have that kind of expertise on staff, seek the help of an independent consultant that can objectively evaluate and guide you. Ask them to look at the underlying platform in terms of how (and how much) innovation is developed and delivered. Is it open and extensible?

Regardless of how you want to deploy the solution, look for its cloud capabilities. Can you access it from anywhere, any time? We are a mobile society working in a global, digital economy. Does it take full advantage of the devices you already use to stay connected?

And finally, will the vendor be challenged to support you or will they challenge you to take advantage of new and better technology and capabilities? The answer to that one question will speak volumes to your continued growth and success.

**About the author:** *Cindy Jutras is a widely recognized expert in analyzing the impact of enterprise applications on business performance. Utilizing over 40 years of corporate experience and specific expertise in manufacturing, supply chain, customer service and business performance management, Cindy has spent the past 12 years benchmarking the performance of software solutions in the context of the business benefits of technology. In 2011 Cindy founded Mint Jutras, specializing in analyzing and communicating the business value enterprise applications bring to the enterprise.*

Learn how Acumatica can work for your business by visiting us online at [swktech.com](http://swktech.com) or by calling 877.979.5462.

