

Surviving Amid “ERP Sharks” as a “Visionary Vendor for the Pragmatic User” (Part I)

Maybe just for the sake of change (or some fun), let me start this blog post as a quiz question. It could go like this:

Can anyone name the mid-market incumbent manufacturing and distribution-oriented enterprise resource planning (ERP) vendor that has a global presence (through regional territory distribution centers and a global reseller network in the United States [US], Canada, Africa, Asia-Pacific, Australia and the United Kingdom [UK]), an install base of 12,000 companies in over 60 countries, and the channel consisting of a few hundred value added resellers (VARs) that contribute to about 85 percent of its revenues?

As some helping tips, the privately-held vendor was incorporated in 1978 in South Africa, and has since grown organically (with no major acquisitions thus far) to about \$60 million in revenues. Well, for those (rare few I suspect) that have guessed we are talking here about SYSPRO, may I boldly suggest an audition for the “Jeopardy” (or like) quiz show?

In any case, for nearly 30 years, SYSPRO has been offering a broad range of extended-ERP solutions for small and mid-sized manufacturing and distribution organizations (the sweet spot being the companies with US\$10 million to US\$250 million in revenues).

I believe that SYSPRO has survived largely unscathed through all the mayhem and carnage in its market via the right combination of product and technologies, plus a successful “partner-dominant” go-to-market strategy that can (and should) be leveraged more aggressively going forward.

Recently, SYSPRO has founded and has been targeting a new information technology (IT) buyer category. For such buyers, it has espoused a strategy called PragmaVision — a “chasm-crossing” bridge that provides a visionary, yet feasible enterprise applications roadmap for mid-market technology buyers.

As described well in Goeffrey A. Moore’s “Crossing the Chasm” bestseller book, there is a typical gap between early adopters (i.e., visionary buyers, which are somewhat keen to try out new technologies, appreciate product’s potential for competitive advantage and have more influence than innovators, but are also a small market segment) and the early majority (i.e., pragmatists that are a large percentage of the market, and that buy into new technologies only after there is a clear, easy understanding of the benefits by all peers).

SYSPRO believes strongly that these buyers demand a unique combination of robust and scalable yet current technologies that provide near-zero risk and high return on investment (ROI). “PragmaVists,” as SYSPRO calls them, buy into new technologies only after there is a clear, easy understanding of the benefits. They also happen to make “the bulk” of all IT purchases, but they do not love technology for technology’s sake and require an evolutionary and stable strategy to control their “mission critical” systems. They also desire a proven track record from their vendor and demand strong references from people they trust.

In other words, a pragmatic prospective customer wants from its vendor:

1. a vertical market expertise;
2. a strong and integrated product suite;
3. broad but tried-and-true technology options; and
4. a large and satisfied customer base (of peer companies).

While the last criterion is easily met via the above figure of 12,000 installations, to the end of the verticalization demand SYSPRO targets four vertical manufacturing and distribution sectors (and their sub-sectors or micro-verticals):

1. Food;
2. Medical Devices;
3. Electronics/Hi-Tech; and
4. Industrial Machinery/Equipment.

As an example of vertically-oriented functionality, for Medical Device manufacturers, the vendor offers the following capabilities:

- The US Food & Drug Administration (FDA) and other regulatory compliance;
- Lot and serial number traceability;
- Digital signatures;
- Multi level Bills of Material (BOMs) with Routings and Structures;
- Asset utilization; and
- Integrated service and customer relationship management (CRM).

Generally speaking, SYSPRO provides quite a well-rounded enterprise applications choice for mixed-mode manufacturers and distributors. For distribution companies [evaluate this product], SYSPRO offers a strong 24/7, 360-degree view of order and inventory, serial number and lot tracking, order fulfillment, sales analysis and customer service.

For discrete manufacturing companies [evaluate this product], SYSPRO offers real-time, finite production scheduling, shop floor controls and choices of engineer-to-order (ETO) [evaluate this product], assemble-to-order (ATO), made-to-order (MTO) and/or mixed mode manufacturing [evaluate this product]. The product is also applicable for both discrete and process manufacturing [evaluate this product] environments.

The namesake SYSPRO suite is a role- and Web-based, with solutions in the following 11 categories:

1. Financial Management [evaluate this product];
2. Distribution;
3. Manufacturing;
4. Analytics;
5. CRM [evaluate this product];
6. E-Commerce;
7. Advanced Factory Scheduling;
8. Reporting;
9. Regulatory Compliance;
10. Technology Solutions (i.e., to develop custom SYSPRO e.net extension solutions based on a service-oriented and open architecture); and
11. Lean Operations.

SYSPRO also offers a number of vertically-oriented and differentiating capabilities that are not typically found in traditional ERP systems. Such so-called “killer applications” would be:

- Embedded electronic data interchange (EDI);
- Trade Promotion Management;
- Material Yield System (for Cut-to-Size/Shape industries);
- Integrated Forecasting & Inventory Optimization; and
- Visibility & Tracking Functionality (pervasive across the entire suite).

Part II of this blog topic will analyze SYSPRO's response to the remaining demands of pragmatic buyers as well as potential challenges for the vendor's vision. Your views, comments, opinions, etc. about SYSPRO's newly minted strategy and/or its moves (and your experiences) within any particular sector are customarily welcome in the meantime.

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