

Old and New ERP Establishments Should Watch Out for Acumatica

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TEC REPORT

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Acumatica is a rising cloud enterprise resource planning (ERP) software vendor with a value proposition of delivering the benefits of cloud computing and software as a service (SaaS) without sacrificing system customization, control, security, or performance (speed). In addition to providing system tailoring *flexibility*, the vendor also affords choice in deployment—on premise, hosted at a data center, or run on a cloud computing platform.

Deployment and Purchase Choice

Acumatica customers have the following *deployment options* (whereby customers can switch their deployment method at any time using the same source code):

- Traditional on premise
- Hosted at a data center
- Run as SaaS on a cloud computing platform (on a virtual or dedicated server)

In case of a cloud platform, customers have the following choices:

- **Microsoft Azure Cloud** (i.e., **Microsoft Windows Azure** and **Microsoft SQL Azure**)
- **Amazon Web Services (AWS)**
- **Reviora**

Acumatica is not involved in the platform choices of its customers. Of course, if the customer already has apps in the cloud with one particular vendor, it just makes sense to “stick to your knitting” and aggregate apps under a single provider. It’s usually the reseller that plays the middleman, and drives the choice, unless the customer’s chief information officer (CIO) or information technology (IT) manager prefers otherwise. It therefore becomes a reseller choice. Acumatica resellers reportedly love Reviora, as the company is a specialized, smaller (i.e., more responsive) hosting provider that offers fast, personalized service—probably the easiest of the three cloud platforms to implement (and quickly).

AWS could be the resellers’ next preference, as Amazon is the market leader in providing cloud platforms. In terms of the most powerful (and perhaps as a result, most complex) option would be Microsoft Azure. Azure allows both platform as a

service (PaaS) and infrastructure as a service (IaaS) deployment options—again, for more complex customer requirements.

As a cloud ERP alternative to **NetSuite**, **Plex Systems**, **Rootstock**, **AscentERP**, etc., Acumatica offers the aforementioned advantage of three choices of deployment—cloud, data center, or on premise. For example, NetSuite and the other cloud vendors can't offer those same options. **Epicor**, **SAP Business One**, and some **Sage** and **Microsoft Dynamics ERP** systems will soon be able to do this with the same product code, albeit a few years later than Acumatica. From a sampling of several hundred current customers of Acumatica, about 70 percent opt for a perpetual license, with an equal split between on premise and managed hosting.

Related to the deployment choice, customers also have the perpetual licensing or SaaS subscription purchase option. Again, customers can switch their purchase model at any time. As depicted in figure 1, the system is priced for an unlimited number of users per Acumatica's *Departmental*, *Divisional*, and *Enterprise* product editions (with the idea of involving everyone in a company to use it).

Acumatica – Priced By Server, Not Users

		Editions		
Suites	Perpetual License	Departmental	Divisional	Enterprise
	Financial Suite	\$15,000	\$30,000	\$60,000
	Customer Management Suite	\$1,500	\$11,000	\$30,000
	Distribution Suite	\$1,500	\$11,000	\$30,000
	Project Accounting Suite	\$1,500	\$11,000	\$30,000
	Inter-Company Accounting	\$1,500	\$11,000	\$30,000
	Annual Maintenance	10%	10%	10%
	Trainers	3	10	Unlimited
	SaaS (annual fees)	Departmental	Divisional	Enterprise
	Financial Suite	\$11,800	\$23,600	\$47,200
Financial Suite	\$11,800	\$23,600	\$47,200	
Customer Management Suite	\$1,500	\$11,000	\$30,000	
Distribution Suite	\$1,500	\$11,000	\$30,000	
Fixed Assets	\$1,500	\$4,500	\$6,000	
Upgrade to 10 GB database	\$1,500	\$1,500	\$1,500	
Trainers	3	10	Unlimited	
Active Instance Size	Small	Medium	Large	

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Figure 1

Acumatica Customers

Acumatica was founded in 2006, with headquarters in McLean, Virginia, United States, and a development center in Moscow, Russia. The company delivers its software exclusively through a global network of hundreds of channel partners, and also sells its software through several large original equipment manufacturer (OEM) ERP partners, such as **Visma.net** in Europe. In the US, Acumatica has more than 150 value-added resellers (VARs) and independent software vendor (ISV) partner locations.

The vendor has affiliates in Mexico, the Philippines, Indonesia, and Singapore (who have **KFC** and **Pizza Hut** franchises using it there, for example). Localization is not difficult based on this short language and localization video [here](#). In Q3 of 2012, [Acumatica Cloud ERP expanded its global channel partner network by adding 21 VARs](#).

The “Acumatica” name is apparently just a stylized attempt of “automated accounting”—cloud ERP software designed for mid-sized businesses with complex accounting and financial needs. If one is to find the closest functional fit to the four Microsoft Dynamics ERP products, it would probably be **Microsoft Dynamics SL**. Both have strong financials, intra-company capabilities, strong project accounting, wholesale distribution, fixed assets, and targeting business services, etc.

Typical Acumatica customers are companies with 25 to 500 employees (although the vendor has some installations for companies with more than 1,000 employees). These companies typically have multiple locations and entities that need intra-company or rollup of financials. Acumatica customers have been more often distributors than manufacturers (although the **JAAS** add-on ISV partner brings Acumatica into the manufacturing realm). There has been lots of upgrades/migrations from current client/server systems, while some customers are using Acumatica as a “second” (divisional) ERP in a two-tier (hub-and-spoke) ERP setup.

Often, the vendor’s customers are organizations that are getting on board with the bring-your-own-device (BYOD) approach—i.e., anytime, anywhere, any device browser-based access to ERP. Recently, Acumatica Cloud ERP was ranked best in all four categories—Ease of Deployment, Ease of Use, Features and Functionality, and Overall Value—of [Gleanster’s Benchmark Report on CRM for Small and Midsized Businesses](#).

Platform Play

As Acumatica is quite a malleable enterprise system based on **Microsoft .NET Framework**, it comes with a built-in business development platform in which Web customization tools are included, allowing customers to create dashboards, reports, business logic, and integration to Acumatica ERP business objects. The platform offers the following features:

- Web site development, including search engine optimization (SEO), analytics, built-in search, user profiles, leads management, and dynamic forms development
- Role-based security
- Collaborative content management (wiki with visual editor)

- Dashboard creation with real-time key performance indicators (KPIs) and graphics
- Document management with checkout and version management
- Support/service ticket management
- E-mail integration

Acumatica ERP comes with built-in reporting engines for exporting to HTML, **Microsoft Excel** and **Word**, and PDF output with e-mail integration. A visual report designer uses web services integration for custom reports. A built-in customization platform caters to the following aspects and needs:

- *Visual tools*—for moving, adding, hiding, or deleting screen objects
- *Functional tools*—for changes to business processes and business logic
- *Database tools*—for modifying data access class properties to add new custom fields and change existing field properties
- *Integration tools*—for integrating Acumatica with other apps and mapping data to other app schemas (e.g., salesforce.com)

Smart ISV Partner Ecosystem Approach

As hinted earlier, Acumatica's development studio platform for OEMs and ISVs is also a big part of its value proposition. Acumatica's customization tools and development tools are a huge draw and advantage over legacy alternatives.

Acumatica Studio is a development platform that enables developers (ISVs and OEMs) to customize and extend Acumatica and create new cloud applications while leveraging standard development tools, such as **Microsoft Visual Studio IDE 2010**, and standard Web technologies (see figure 2).

There are many established ERP vendors with huge client/server install bases who have been facing the harrowing prospect of migrating those customers to the cloud and offering cloud ERP to new customers. Rather than attempting their legacy product rewrite from scratch, they might want to leverage Acumatica Studio and get the following capabilities and advantages straight away:

- Built-in financials
- Cross-platform compatibility (Microsoft Windows, **Apple OS**, **Android**, Linux)
- Scalability (add more server/cloud resources as needed)
- Multitenancy and user/application density support
- Localization and personalization support
- Built-in security for data object creation and authentication

- Built-in report designers
- Cloud or on-premise deployment options

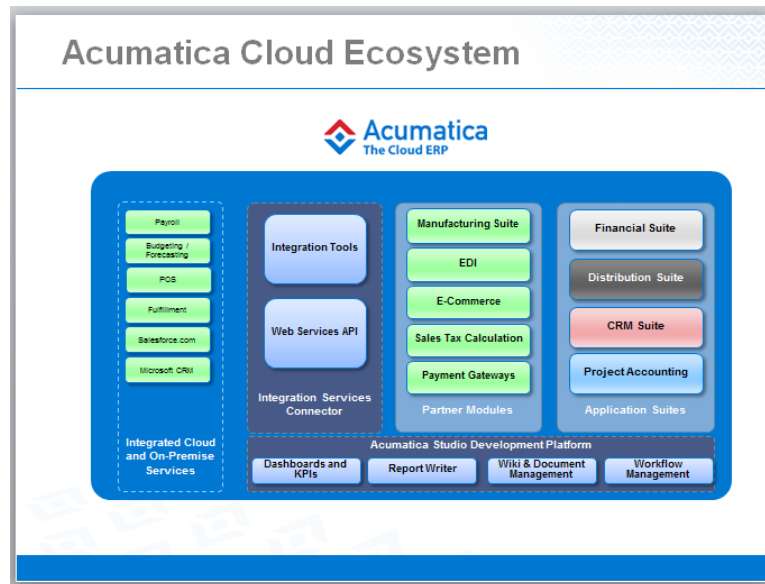


Figure 2

Enter Visma.net

Visma, an Acumatica partner in Europe, is a \$1 billion (USD) ERP player with 99 percent of its revenue coming from Nordic countries. The company is owned by **Kohlberg Kravis Roberts & Co (KKR)**, who took it private in 2010. Visma's customers range from very small companies to large enterprises in a variety of vertical markets, such as professional services automation (PSA), general ledger (GL) provision for accounting firms, etc. Similarly to Acumatica, Visma has a broad accounting system that it sells through a large VAR network in Nordic countries.

The company has the largest market share of ERP in Scandinavian countries (still only about a small percentage of the total world ERP market, but #1 in Nordic countries nonetheless). Surely, **IFS**, **IBS**, **Jeeves**, **UNIT4**, **Exact Software**, etc., would be other notable players in the region, and perhaps more so in the larger midmarket/enterprise space. But in terms of total ERP market share in Scandinavia/Nordic countries, Visma is the leader.

Acumatica is a technology partner of Visma (in an OEM relationship). Like everyone else, Visma needed true fully browser-based cloud technology, and didn't want to invent it in-house. I don't think Visma necessarily stopped selling its current legacy offerings, but the vendor just launched www.visma.net in September 2012. Visma.net is Visma's new cloud ERP offering powered by Acumatica technology. Visma positions Visma.net as the product for new

customers, and the [product on which to upgrade its 300,000 customers once they are ready for the cloud.](#)

Reportedly, the vendor was able to do it all in less than a year—which bodes for a great return on investment (ROI) on time to market. In addition, [since 2011, Visma has become an investor in Acumatica](#) (it is not uncommon for partner companies to make investments in smaller countries when the technology/relationship makes sense).

There are some indications that Acumatica is in similar OEM discussions with other ERP leaders that have a number of legacy ERP products that are ripe for rejuvenation. For those reasons, both the on-premise, old-school ERP providers and new cloud ERP market entrants and incumbents should take note of Acumatica's value prop.

References and Recommended Reading

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