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**Cutting through the crowd
in the Cloud**

Deloitte conducts ERP Cloud
Marketplace Assessment

The business benefits of moving to the cloud have been well documented. By and large, companies today understand why they should consider moving to the cloud as well as how they might go about doing it. The outstanding issue, it seems, is the “what” of transitioning to a cloud model. What offerings are available? What criteria should a company use in evaluating them? And, what frameworks, if any, exist to guide IT decision-makers in navigating the vendor selection process? To help companies answer these questions, Deloitte performed an analysis of the cloud marketplace, examining the leading six public cloud providers that are showing progress towards end-to-end cloud solution. Ironically, the starting place for this journey required addressing yet another “what.” With so many vendors touting so many cloud offerings, our team first had to explore, “What does ‘cloud’ really mean?”

Definition of a modern ERP cloud

The cloud marketplace has come a long way. In early 2000, some vendors that provided managed services began offering private hosting of traditional ERPs. From there the market saw early movers start to provide niche applications rolled out in a Software as a Service (SaaS) model. These early offerings garnered much attention and served a section of the market. While they have evolved considerably since then, these types of cloud products still do not provide the full range of capabilities expected in a world class ERP system; nor do they deliver the benefits associated with leveraging today’s contemporary cloud offerings. In other words, they do not offer everything one might look for in a modern ERP cloud solution.

In considering where the cloud marketplace has been and where it may be going, our team has identified five key attributes of a modern ERP cloud product. While offerings will differ in their robustness, this study defines a contemporary ERP cloud solution

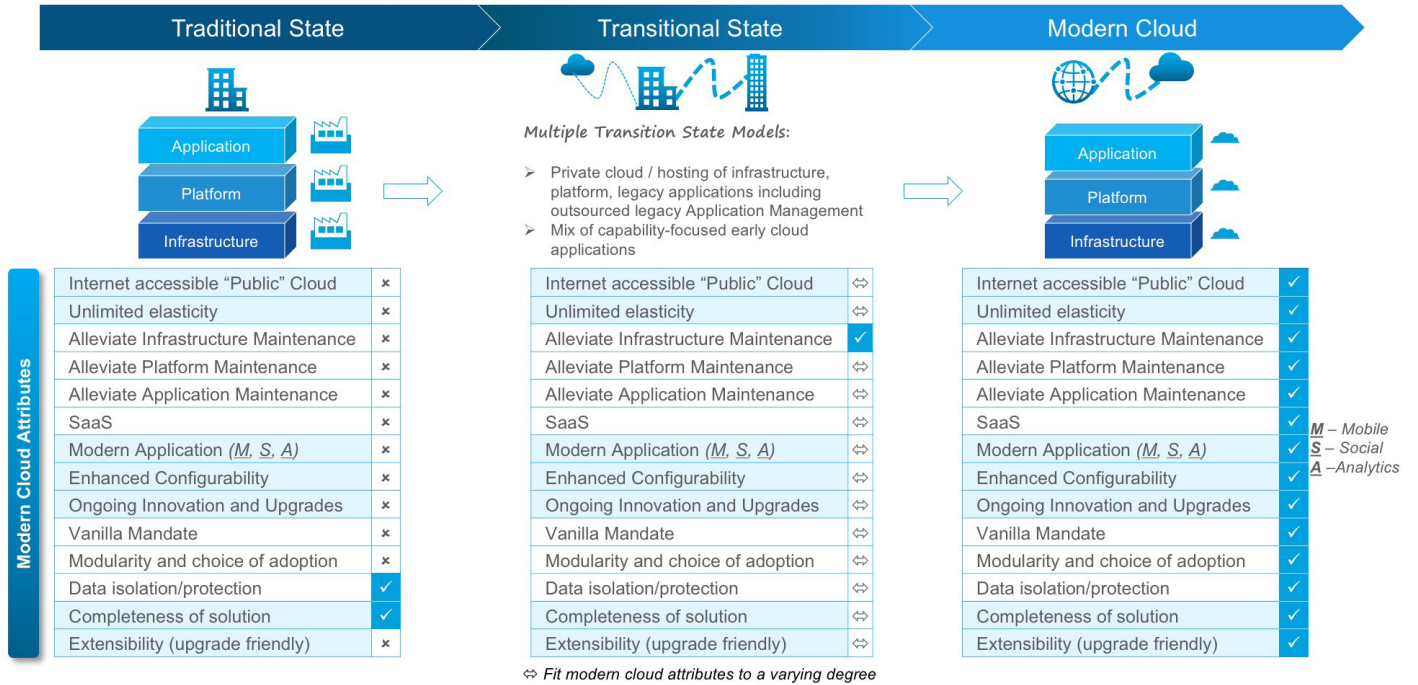
as one that features the following baseline characteristics:

- 01. Public and elastic** — A modern ERP cloud solution is delivered via an internet-accessible public platform. This means applications are deployed on a common infrastructure for multiple customers. Infrastructure resources are pooled for economy of scale, and storage and computing power can be scaled on demand. This should not be confused with a private cloud, where a provider hosts a customer-specific application on prescribed infrastructure, accessible via a private network.
- 02. Lower total cost of ownership** — One of the biggest drivers behind cloud adoption is affordability. A modern ERP cloud solution helps lower costs by alleviating the need to perform infrastructure, platform, and application maintenance. It also allows companies to adapt to change and to pay for what they use through a subscription-based SaaS model.
- 03. Lower total cost of ownership** — One of the biggest drivers behind cloud adoption is affordability. A modern ERP cloud solution helps lower costs by alleviating the need to perform infrastructure, platform, and application maintenance. It also allows companies to adapt to change and to pay for what they use through a subscription-based SaaS model.
- 04. Standard, simple & secure** — Flexibility is the hallmark of today’s cloud. While the need for standardization mandates that core applications remain vanilla, modern ERP cloud solutions ultimately allow companies to determine their adoption paths and to deploy specific capabilities based on the business value they will create. And with heightened public scrutiny on data security, it almost goes without saying that contemporary cloud ERP solutions employ strong measures

to isolate customer data in the cloud. Further, frequent upgrades provide the opportunity to harden security on an ongoing basis.

- 05. Complete** — Modern ERP cloud solutions offer a tightly integrated suite of CRM, ERP and HCM applications, which limits the need for excessive integrations, multi-vendor management and disconnected upgrade schedules. This is not to be confused with deploying a mix of independent, niche cloud applications. Similarly, contemporary ERP cloud solutions are extensible and upgrade-friendly. This implies that they allow customers to build and maintain business-critical applications on the same cloud-based platform, standards and technology as the ERP cloud solution. Seamless integration with such applications is a given, and customization of the core ERP cloud solution is not necessary. (see figure 1-1 ERP Cloud Marketplace Evolution)

ERP Cloud Marketplace Evolution



Solutions that feature all of these characteristics typically have the greatest capacity to deliver the full range of long term business benefits necessary for mid-sized and enterprise organizations to compete in a global environment. Rooted in rapid innovation and adaptation, this value proposition spans business transformation, better economics, greater agility, faster speed-to-market, standardization and simplification, and enhanced talent availability, retention and attraction. In terms of innovation, cloud ERP solutions

could outpace traditional, on-premise ERP solutions, which are limited by their technical foundations. Although vendors may continue to support them, traditional ERP solutions are unlikely to be able to deliver the same value as cloud offerings will in the future. Indeed, leading enterprise vendors have announced their intentions to focus their development efforts almost exclusively on cloud products, which have the inherent —and hard-to-replicate — advantage of being able to drive digital transformation.

Marketplace Assessment

While cloud ERP solutions are lauded for their simplicity, the cloud marketplace is quite complex. This irony makes it difficult for IT decision-makers to get a clear picture of what's out there, and even more, what cloud products might be right for their organizations. To help cut through the clutter, Deloitte analyzed six players in the cloud marketplace, performing several detailed product comparisons. In order for an ERP cloud product to be included in the evaluation, it had to meet three basic criteria:

- 01. Available as a public cloud offering**
- 02. Serve mid-market to enterprise customers**
- 03. Offer integrated suites**

The ERP cloud products that met these criteria were then evaluated against our previously-described definition of what constitutes a modern ERP cloud solution. The evaluation team also considered what markets and industries the solutions serve and whether or not they are global. Our assessment found that while there are a number of players in the marketplace that provide component cloud solutions, Oracle ERP Cloud offers a compelling offering for organizations in the Mid-Market and Enterprise segment looking for a solution that is increasingly complete, global and meets the criteria for modern ERP Cloud solution.

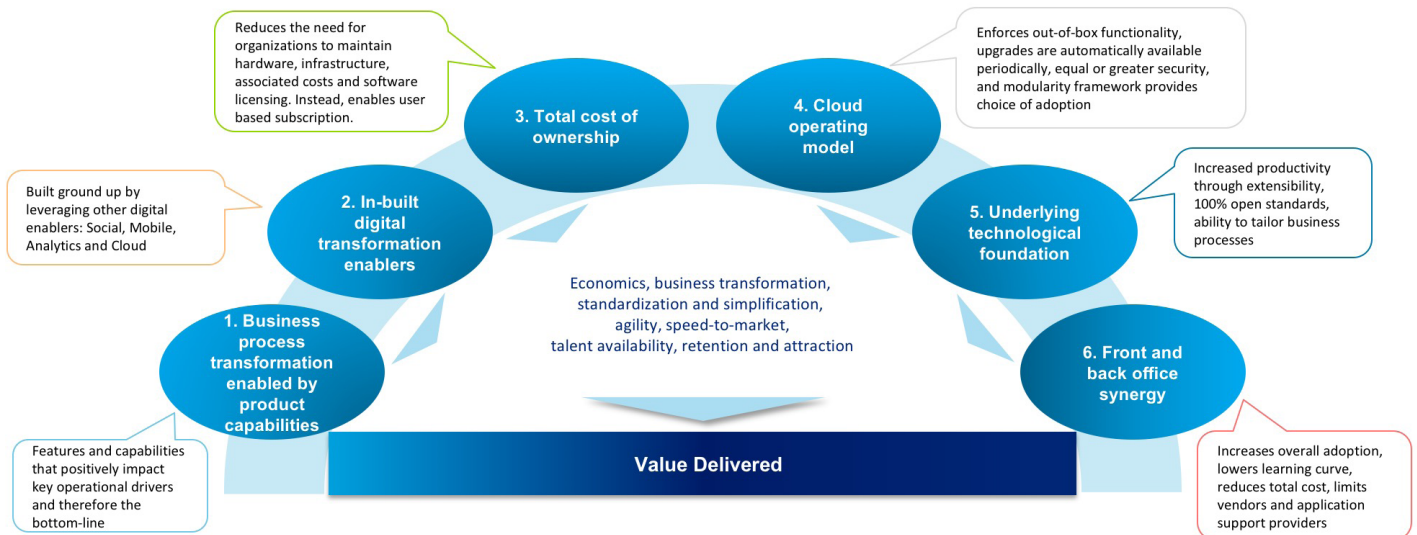
Detailed findings drive Deloitte Cloud Transition Lab

Deloitte's ERP cloud marketplace assessment is part of its Cloud Transition Lab — a customized working session for CIOs, CFOs, finance controllers and line of business resources set in a structured environment. The intent of the Lab is to help attendees develop an awareness and common understanding of cloud; define a cloud deployment strategy by examining the business value and transformation opportunities, and discuss the tactical plan to execute on the strategy.

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Forces Driving the Value of Modern ERP Cloud

The Modern Enterprise Cloud transforms back office business and IT operations by leveraging digital technologies and serving an integrated platform with predictable subscription pricing. There are six key value drivers to consider:



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