

TECH ED 2006

## Midmarket ERP Battle Heats Up

Microsoft releases new Axapta, SAP tallies Business One customer wins

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The already hotly contested midmarket ERP battle is heating up.

Microsoft released its latest promised entry, [Dynamics AX 4.0](#), while SAP said it has 10,000 customers for its Business One midmarket ERP software lineup.

Microsoft's Dynamics products--Axapta, Great Plains, Solomon and Navision--are relying on tighter integration with the Microsoft software stack as their ace in the hole. ERP leader SAP, meanwhile, is betting that companies running SAP All in One at headquarters will want Business One in regional divisions or subsidiaries.

On Wednesday, SAP America unveiled new analytical and business intelligence capabilities developed by ISV partners for Business One. Partners SoftBrands, PARIS Technologies and Third Wave Business Systems are adding advanced internal reporting for the ERP line.

Clearly, the spokes on the so-called hub-and-spoke business model are being challenged by these players.

Solution providers say they are ready to capitalize on feature improvements to Dynamics AX 4.0, which is shipping now. Sandeep Walia, CEO of Los Angeles-based Ignify, cited improved table indexing, Unicode support, better record keying and tighter SharePoint integration as key improvements.

"Axapta 3.0 had missing indexes on tables, and performance got to be a drag on the large tables. Dynamics AX has changed that with indexes across all the tables," he said.

Walia also lauded an updated business connector, now supporting .Net, that will better handle high-volume transactions. Ignify's eCommerce platform for building online storefronts already supports the Dynamics AX release.

Simon Chan, president of Iteration2, an Irvine, Calif.-based solution provider, said that with Dynamics AX, Axapta's interface has been pulled deeper into the Microsoft stack. "[It's] very much like Microsoft Outlook with the menu bar on the side and the hierarchical folder structure. That's where the similarity starts, but is also very apparent with the rest of the product as you use it," he said.

Outlook integration continues to be a competitive point for many business software products, whether from Microsoft or not. Chan also noted the addition of a new Service Management module that ties into Iteration2's field-service offering.

In addition, many partners cited Microsoft's role-based approach with the software. The Redmond, Wash., company has designated some 60 business roles or personas--from payroll clerks and order processing staff to IT personnel--and the

tasks that appear on the sidebar depend on the role assigned to a given user. These roles will show up across the ERP product lines.

The work model is a hierarchical set of descriptions of typical jobs. The tasks may be different for each job, but the interface is familiar to people, said Darren Laybourn, general manager of the Dynamics Tools Group at Microsoft, told Tech Ed 2006 attendees in Boston this week.

"It will look familiar to people. You stay in Outlook. We've basically integrated Outlook into sales, marketing and other processes and host them inside Outlook," Laybourn said.

As Microsoft rolls out its ERP updates, as well as Office 2007, the line between the Office productivity applications and the Dynamics business applications will blur further.

Microsoft-centric solution providers and Microsoft maintain that close integration of the ERP applications with the Microsoft stack is a plus. Whether customers see it that way remains unclear. Even Microsoft-focused partners admit that infrastructure upgrades to run all of this new stuff are costly and nontrivial.

In the meantime, SAP and Oracle remain bigger ERP rivals, and neither one is standing still.

SAP bought TopManage--and the Business One technology--in 2002 when it had 900 customers, and the company said there currently are 10,000 Business One customers. Now the business software giant aims leverage Business One to parlay its dominance in big-shop ERP implementations into a bigger share of the small- and midsize-business market. And some industry observers say SAP is making headway, particularly in subsidiaries and divisions of companies that run SAP All in One at the mother ship.

Ralf Suerken, senior vice president of manufacturing for [SoftBrands](#), a Minneapolis-based SAP ISV and integration partner, said his company just migrated Buddies, the maker of Miracle Gro plant food, from Microsoft Dynamics SL (formerly Solomon) to Business One.

A big factor in the migration was that Buddies' biggest--and really only--customer is The Scotts Company, which runs All in One, Suerken said. Though some say Business One and All in One are separate code bases, Suerken said the integration is quite good.

Suerken added that he sees good momentum for ERP sales going forward. Many smaller-than-enterprise companies have no ERP or limited functionality and are ready to buy. The question is which vendor choices will be viable when they do.

"At the end of the day, if you're a midmarket company, you're looking at an ERP space that was extremely fragmented and is now becoming consolidated," Suerken said. "Oracle's buying everyone that moves. You have to look at who will win the race. The growing perception is there will be three players: SAP, maybe Oracle, and Microsoft."