ORACLE BUSINESS ACCELERATORS: HELPING MIDSIZED BUSINESSES GROW FASTER

An AMI Partners White Paper

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Midsized businesses are a unique mix of growing companies that have the ambitions of large enterprises but not similar resources. And even though they have grown in size, they still retain the cost-conscious mindset of small businesses. In today's competitive environment, technology is critical to helping midsized businesses compete with their larger counterparts. In particular, smart software can level the playing field between businesses of different sizes by providing midsized businesses the flexibility and productivity need to compete effectively.

AMI recently reviewed Oracle Accelerate, Oracle's approach to helping midsized businesses quickly and economically deploy Oracle's enterprise class business applications by using pre-defined sets of templates, tools and development kits (Oracle Business Accelerators or OBAs). Based on this review, this paper explains how OBAs can help midsized businesses deploy Oracle's robust enterprise-class applications to meet their immediate needs while also maintaining the flexibility to scale them as their business grows.

AMI-Partners is a consultancy specializing in identifying the IT needs of small and medium businesses (SMBs), through conducting tens of thousands of interviews with SMB technology decision makers each year. For the past 15 years, AMI has been known as "The Voice of the SMB IT Customer."

THE MIDSIZE BUSINESS APPLICATION DILLEMMA – AND WHY IT MATTERS

Midsized businesses, with their growth ambitions but limited financial and technical resources, have unique needs. They need cost-effective applications that will meet their present needs, without requiring large internal IT staff, and that will also scale with their businesses to meet their needs of the future.

Unfortunately, most vendors offer solutions that are suitable either for the millions of small businesses or very large enterprises. Thus, midsized businesses face a tough dilemma: either make do with applications and tools more appropriate to smaller businesses, or invest vast amounts of money on solutions designed for larger enterprises. Both choices entail great risk. With the former, the risk is the collapse of vital systems under the weight of rapid business expansion, while the latter can be overkill, draining the business of time and money.

Fortunately, there is a third way, with vendors offering more scalable solutions designed specifically for midsized firms. Oracle is one vendor that recognizes this dilemma, and has developed a strategy to partner with midsize firms to address their immediate needs, in a robust and economical manner, while offering a scalable path for growth.

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In AMI's opinion, Oracle has gotten this right. They've identified the need, and have designed a series of solutions using Oracle Business Accelerators (OBAs) offering midsize companies the enterprise-class firepower they need now, at an affordable price, with a clear path for growth. Thus, AMI feels that any midsized business contemplating implementing a new solution should actively consider Oracle's solutions.

WHAT ARE ORACLE BUSINESS ACCELERATORS?

Oracle Business Accelerators (OBAs) are tools and templates developed by Oracle that help midsized businesses deploy Oracle's applications quickly and economically. These are tools which, in effect, take Oracle's heavyweight applications and make them "digestible" for midsize firms, in terms of cost and support, without sacrificing utility. In addition, some of Oracle's partners have packaged together Oracle applications with implementation methodologies, tools, and templates to offer Oracle Accelerate solutions. Each Accelerate solutions is based on Oracle's or its partners' area of expertise in a specific industry segments and/or geography and is reviewed by Oracle. (Appendix 1 presents the breadth of some of areas for which accelerator solutions are available.)

HOW CAN ORACLE BUSINESS ACCELERATORS HELP MIDSIZED BUSINESSES?

This is a key point. Not only are the accelerators designed to meet the needs of midsized firms in general; each accelerator is focused on a specific business functions and industry segments.

The key to the Oracle Accelerate program is the use of templates as well as tools and development kits by channel partners to quickly deliver customer-specific solutions. Some of the examples of successful use of accelerators include the following:

- Amerifit Brands, Inc., based in Cromwell, CT, has about 70 employees and markets leading brands of over-the-counter health and wellness products. It replaced its outdated order & inventory systems and increased data visibility across the supply chains by using Oracle Business Accelerators to implement a MRP system based on Oracle Supply Chain Planning, Oracle Order Management and Oracle Financials. The new system increased data visibility and enabled the company to achieve 99% fill rates while decreasing inventory-on-hand and improving overall inventory management.
- Baja Mining, a 124 year-old company with 60 employees was planning to become a big player in the industry where it'd soon be employing several hundred employees and expected total assets to reach $800 million. It had been using PC-based accounting packages which would soon become obsolete with Baja's growth which would need to comply with the laws of several countries including Mexico and Canada. If worked with a

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local Oracle Accelerator partner to implement JD Edwards EnterpriseOne Financial Management. Using external hosted infrastructure, the implementation started within one week (after the decision) and the total financial management system went live in 8 weeks. Baja will now be compliant with International Financial Reporting Center (IFRS) by January, 2011.

- Tikona Digital Networks is a wireless broadband provider in Mumbai, India. Barely two years old, it already has over 200 employees and is planning for rapid growth in the coming years. Working with a local Oracle partner, it used the Oracle Accelerate methodology to deploy Oracle E-Business Suite to automate its financials, purchasing, and inventory management functions. The entire project went live in 35 days! The applications are now also integrated with Siebel CRM, Oracle Billing and operational support systems and Tikona also implemented a web-based product ordering system.

- Rocela, a UK-based Oracle consultancy, implemented an Oracle E-Business Suite to deliver a scalable solution to a fast growing midsized client (41 employees, USD 32 million in revenues) to replace a standalone tier-two and spreadsheet-based financial tool. The project was completed in eight weeks without any loss of service and led to 50% faster generation of monthly reports and saved the client $30,000 each year required to employ a full-time employee. ***Furthermore, the project anticipated a 100% return on investment within 12 months.***

As part of our analysis of Oracle's OBA initiative, AMI has spoken with several midsize IT decision makers about their perception of Oracle as a midmarket solutions provider. A few themes consistently emerged, summarized below.

AREN'T ORACLE SOLUTIONS MORE SUITABLE FOR LARGE ENTERPRISES?

This is a myth that has been lingering in the marketplace since the nineties, when Oracle was indeed focused on large enterprises. But this is no longer the case. AMI has been tracking the midsized business market since the mid-nineties and monitoring their changing IT needs and adoption. In the nineties, most midsized businesses perceived Oracle to be mostly relevant for the large enterprise customers only and looked to alternative vendors, who were usually much smaller and often local players, to meet their business applications needs. Furthermore, since these smaller vendors offered products that are limited in their scope and functionality, many midsized businesses have to deal with multiple vendors to meet all their needs.

However, those perceptions about Oracle have been steadily changing over the last decade as the company has taken several steps including the acquisition of quintessentially mid-market focused JD Edwards (in addition to acquiring several other vendors serving the midsized businesses), developed a channel partner network to focus on midsized businesses' needs, fine-

tuned its financing program and also offered hosting infrastructure to deliver hosted solutions for midsized businesses. It also developed new partnerships with server vendors selling to midsized customers to offer its products with their server hardware.

While the new acquisitions brought in thousands of new midsized customers for Oracle, they also brought in thousands of new employees who understood these customers very well. These changes have changed Oracle's view of the midsized customers while also changing the perception of Oracle among these businesses. As a result, an increasing proportion of midsized customers have been deploying Oracle applications in recent years.

Today, Oracle's Accelerate program represents the most comprehensive effort by Oracle to bring together its various midmarket initiatives and enable the midsized businesses to quickly and efficiently deploy enterprise-class applications and expand their functionality as their business grows. As the previous examples showed, midsized businesses are benefitting greatly by using the business accelerators in terms of getting solutions configured to meet their specific needs within their time and budget requirements.

MY APPLICATIONS NEEDS ARE SOMEWHAT LIMITED RIGHT NOW, BUT WE ARE GROWING RAPIDLY. WOULD WE NEED TO REPLACE THE ENTIRE INFRASTRUCTURE IN A FEW YEARS?

Excellent question! Many midsized businesses start out with less expensive (and also less sophisticated) applications that are able to meet their immediate needs and also meet their tight budgets. However, as these businesses grow, they need applications that can handle greater workloads and also provide greater functionality. They meet their growing needs by tinkering with the source code, which makes it difficult, if not impossible for the original software vendor to continue to support the source code. Alternatively, some customers deploy new applications to meet their new requirements. That marks the beginning of an application sprawl that soon becomes a highly complex and vulnerable network, patched together by home-grown solutions to deal with temporary problems. Thus, while the business is growing, and dealing with larger and more resourceful competitors using more robust solutions, its patchwork of applications effectively limits its rate of growth and flexibility required in this rapidly changing market.

The most common situation that AMI encounters with midsized businesses is the use of accounting applications. Many midsized businesses start out with PC-based inexpensive accounting applications. However, while many of these applications are adequate for smaller businesses, most have limited scalability. In addition, they neither offer additional functionality (e.g. e-commerce, inventory management, order processing, etc.) nor do they integrate easily with other applications. As a result, thousands of midsized businesses had to dismantle their

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initial applications once they reached a certain size and their needs couldn't be met by their existing applications.

The same is true of other applications like ERP, CRM, order processing, inventory management, and so on. AMI's research shows that many midsized businesses started by using applications from vendors like Sage, Intuit, Lawson, Microsoft, SAP (Business One) and scores of other specialized vendors often serving local midsized businesses in specific countries. While these applications served them well up to a certain point, many midsized businesses had to spend enormous amounts of money and resources replacing their entry-level applications with enterprise class to meet their growing needs when they grew up! In hindsight, these businesses ended up spending up a lot more through their incremental decisions, focusing on meeting their immediate needs rather than taking a long-term view and deploying robust enterprise class applications in the first place. Such rip-and-replace situations impact not only direct investments but also indirect costs resulting from disruption of services and loss of productivity. One company had to write-off nearly a quarter of a million dollars in depreciated costs when it replaced its tier-two solution with Oracle's E-Business Suite required to meet its growth needs and also to comply with Sarbanes-Oxley. This company expected a return on investment of 80% by replacing its legacy systems with Oracle. (Needless to say, this ROI would have been even higher if the company didn't have to write-off its old depreciated assets.)

Oracle's Accelerate solutions are based on Oracle's enterprise-class solutions. While the various templates and tools allow the business to change software settings to meet the midsized businesses' functional and vertical requirements in the short-run, they also enable them to add new Accelerate solutions as the business grows. In addition, the original source-code of Oracle's applications is never changed. That means that, no matter how often the customer reconfigures the system, the original source code remains just as stable as it ever was and the customer can continue to rely on Oracle for the ongoing maintenance and upgrade of the source code. AMI believes that in the long run, this provides midsized businesses a lower total cost of ownership while at the same time, giving them additional flexibility to meet their future needs.

Oracle and its partners are constantly developing new Accelerate solutions to meet the needs of midsized businesses for different applications to be used in different industry segments and geographies. Thus, in the future, midsized businesses will have even more options available to configure their applications for their specific needs.

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WHAT IS THE ROLE OF CHANNEL PARTNERS?

Oracle has been serving the midsized businesses increasingly through its channel partners and now has hundreds of channel partners all over the world offering Accelerate solutions. These partners are trained by Oracle to develop and resell Accelerate solutions and also need to have dedicated resources to developing them and serve the midsized businesses. Oracle reviews and approves Accelerate solutions developed by these partners.

Oracle also provides extensive support to its channel partners including:
- Technical training
- Pre- and post-sales support training
- Hosting infrastructure for offering hosting solutions for midsized customers that do not wish to deal with installing, maintaining and constantly upgrading extensive, complex IT infrastructures on their own premises.

One area where Oracle really distinguishes itself from its competitors is its superior and extensive worldwide support, better than any of its competitors.

Customers can locate Oracle Accelerate Solution Providers in their local area from Oracle's website. They can find partners in specific countries based on the solution providers' functional and vertical expertise.

ISN'T IT TIME TO USE SOFTWARE-AS-A-SERVICE – IT INVOLVES NO CAPITAL EXPENDITURES OR INTERNAL IT STAFF?

Certainly, software-as-a-service (SaaS) has gained considerable attention in recent times. While they may hold considerable promise in the future, many of the midsized businesses are apprehensive of completely switching to SaaS, especially for their critical business applications which effectively run their businesses. Their apprehension arises from the fact that cloud technologies and architectures are still evolving with different vendors offering their own versions. Midsized businesses are also concerned about critical issues like security, control and regulatory compliance. Since many businesses operate on a global basis, they are concerned about 24/7 access to their critical applications by their employees located in different countries, especially since the Internet access is not equally available or reliable in all the countries.

As a result of these concerns, few midsized businesses have replaced their critical on-premise applications with SaaS. AMI's research conducted in over a dozen leading developed and

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emerging markets shows that proportion of midsized businesses using SaaS-based business applications is in the low single digits, and almost nil in many countries.

On the other hand, Oracle Accelerator-based solutions can offer midsized businesses the advantages of the cloud-based offerings while at the same time meeting the needs of midsized customers using the robust and proven Oracle technologies:

- Oracle solutions can be hosted by the channel partners (on behalf of their customers) at 3rd party infrastructure owned/operated by various hosting companies. In fact, Oracle itself has its own hosting infrastructure that it makes available to its channel partners for hosting their customers' Oracle solutions.
- Oracle's own hosting infrastructure has been designed and developed to Oracle's own standards and specifications, including various levels of physical and network security. Thus, when midsized Accelerate customers get their solutions hosted on Oracle's hosting facilities, they are for all practical purposes getting the same level of security, reliability and robustness that Oracle itself has specified.
- Each On Demand customer has the choice of deploying their applications on dedicated servers, eliminating the security concerns many businesses have regarding multi-tenant cloud-based solutions."
- Hosted solutions also provide high scalability as the customers can rent additional infrastructure as their needs grow.
- Finally, Oracle has a financing program that enables eligible midsized businesses to get their applications up and running quickly, without large capital outlays. Instead they pay the monthly installment and interest only.

CONCLUSIONS

In a rapidly globalizing economy, midsized businesses are growing quickly – both within developed countries and (particularly) in the emerging markets. Today's size of the business is no reflection of how big the business might be in a few years. In this environment, business applications can play a critical role in determining the businesses' ability to grow while at the same time maintaining the flexibility and innovativeness required to compete with the large multinationals.

Many midsized businesses are thinking of developing new enterprise applications or upgrading existing ones but are concerned about issues like cost, scalability, changing technology, etc. In such cases, AMI believes these businesses need to seriously look at Oracle's Accelerate solutions as an option. Built upon proven source codes used by large enterprises for a long time, Oracle

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Accelerate solutions can deliver the required functionality within a very short period of time and at a much lower cost than most midsized businesses believe possible. The ability of these solutions to grow with the business should provide them the peace of mind about scalability. They can focus their energies on developing new products & services and meeting the needs of their customers rather than be constantly limited by their business applications' capabilities.

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About Access Markets International (AMI) Partners, Inc.

AMI-Partners specializes in IT, Internet, telecommunications and business services strategy, venture capital, and actionable market intelligence — with a strong focus on global small and medium businesses (SMBs), and extending into large enterprises and home-based businesses. The AMI-Partners mission is to empower clients for success with the highest quality data, business strategy perspectives and "go-to-market" solutions. Led by Andy Bose, the firm has built a world-class management team with deep experience cutting across IT, telecommunications and business services sectors in established and emerging markets.

AMI-Partners has helped shape the go-to-market SMB strategies of more than 150 leading IT, Internet, telecommunications and business services companies. The firm is well known for its IT and Internet adoption-based segmentation of the SMB markets; its annual retainership services based on global SMB tracking surveys in more than 25 countries; and its proprietary database of SMBs and SMB channel partners in the Americas, Europe and Asia-Pacific. The firm invests significantly in collecting survey-based information from several thousand SMBs annually, and is considered the premier source for global SMB trends and analysis.

For more information about this study, AMI-Partners, or our global SMB research, call 212-944-5100, e-mail ask_ami@ami-partners.com or visit the AMI Web site at www.ami-partners.com.

An Overview of Oracle Business Accelerators (OBAs)

What are OBAs

- Targeted for growing midsized businesses
- Pre-designed tools and templates to configure Oracle's applications
- Based on past experience by Oracle/ channel partners – closely aligned with real-life situations faced by midsized businesses

ERP

CRM

SCM

Oracle Accelerate Solutions at a Glance:

- More than 300 solutions
- Covering more than 45 Industry Segments
- Delivered by more than 170 partners
- In over 30 countries

Governance, Risk & Compliance   Financial Management   Performance Management   HR Management

Implementation

- Designed by Oracle or its certified partners
- Reviewed by Oracle for relevance to midsized businesses
- Quick implementation
- Greater certainty of time and cost schedules

PLC

BI

Benefits

- Designed for specific functions / verticals
- Speedy implementation
- Priced for midsized business budgets
- Lower total cost of ownership
- Can scale up as the business needs grow
- Built on Oracle's enterprise class applications
- Hosted solutions provide the benefits of proven Oracle applications and flexibility of SaaS

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