

July, 2008

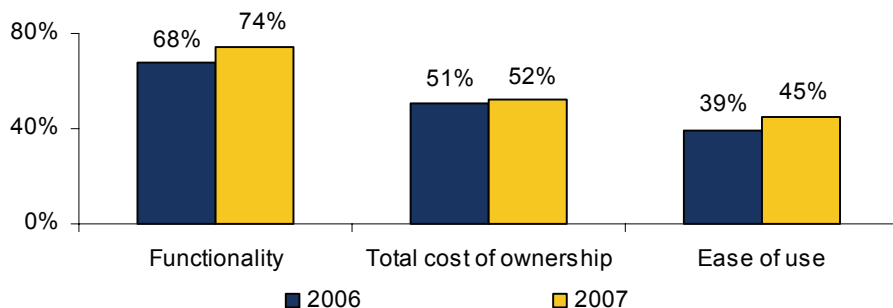
The Total Cost of ERP Ownership in Mid-Size Companies

Total Cost of Ownership (TCO) remains a significant factor that influences Enterprise Resource Planning (ERP) strategies and decisions. While "total" costs can and should include a wide range of factors, Aberdeen research benchmarks the cost of software, services, and maintenance on an annual basis. Past research has found these are the cost elements which are most often measured and considered when evaluating software or measuring the Return on Investment (ROI) of ERP implementations. Costs vary significantly as companies grow in size. What can the average mid-size company with revenues between \$50 million and \$1 billion expect to pay for the business benefits that can be derived from ERP?

Cost Matters in Selecting ERP

In May and June of 2008, Aberdeen surveyed over 1,400 companies of all sizes to benchmark *ERP in Manufacturing*, including over 600 companies with annual revenues between \$50 million and \$1 billion. Functionality, ease of use, and TCO have clearly been the top three selection criteria in ERP software over the past three years. In prior surveys, Aberdeen asked survey respondents to select the top three priorities in ERP software selection. TCO was placed in the top three by 51% of mid-size companies in 2006 and 52% in 2007, second only to functionality.

Figure 1: Historical ERP Selection Criteria in Mid-Size Companies



Source: Aberdeen Group, July 2007

Suspecting that other selection criteria which did not make a company's "top three" were also very important, Aberdeen's 2008 survey asked respondents to rank all selection criteria on a scale of one to five, with five being the highest priority. Not surprisingly, using this method of prioritization, TCO again ranked in the top three. In addition, we see other factors which either directly or indirectly impact TCO have similar priority rankings (Figure 2).

Sector Insight

Aberdeen's Sector Insights provide strategic perspective and analysis of primary research results by industry, market segment, or geography

Aberdeen TCO Series

The Total Cost of ERP Ownership is influenced by a variety of factors, including:

- ✓ company size
- ✓ number of ERP users
- ✓ depth and breadth of functionality deployed
- ✓ business benefits gained from ERP deployment
- ✓ other factors

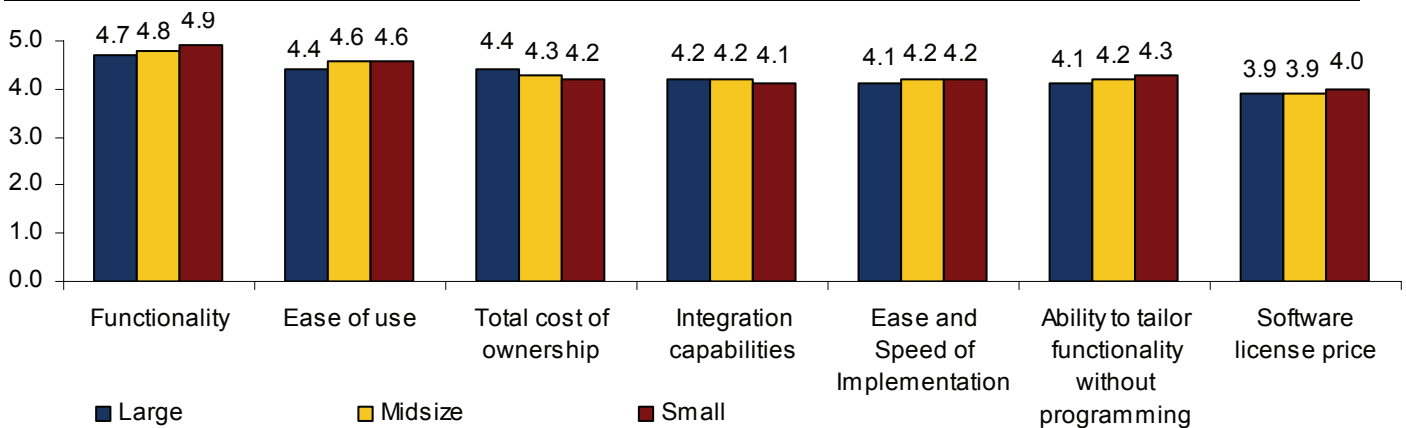
As a result, this Sector Insight is only one in a series of reports exploring the Total Cost of ERP Ownership. See Related Research for other available reports.

Sector Definition

This Sector Insight explores the TCO of ERP in mid-size companies. Aberdeen defines company size as follows:

- ✓ Small companies have revenues under \$50 million
- ✓ Mid-size companies fall between \$50 million and \$1 billion in revenue
- ✓ Large companies have revenues in excess of \$1 billion

Figure 2: 2008 ERP Selection Priorities



Source: Aberdeen Group, June 2008

The priorities were remarkably similar across all sizes of companies, yet we did see the significance of the price of the software decline slightly while the priority of TCO rises as the size of the company grows. While these differences in priorities are small, they are reflective of the fact that software price is but one of many elements included in overall cost of ownership. Aberdeen has observed the depth and breadth of ERP implementations also grow as enterprises become larger. As companies grow organically or through acquisition, applications proliferate, implementations span international boundaries, and integration capabilities become more important. Yet companies reach this stage of complexity long before they reach the billion dollar threshold in terms of annual revenue.

For Comparative Purposes...

Many survey participants indicated two or more ERP packages were implemented across the enterprise. But, for purposes of comparison here, only those responses where participants clearly identified a single ERP vendor were used. This reduced the sample size to 1027 responses, 319 of which were from mid-size companies.

Costs Scale with Company Size

One would naturally expect a correlation between the size of the ERP deployment and costs. As a company grows, the number of users goes up, along with the total cost of software and services. Unlike the past two years where we saw some exceptional dips, this proved to be true across the entire spectrum of company size this year with respect to software and maintenance costs, although dollars spent on services remains flat regardless of company size between \$100 million and \$500 million (Table I).

However, the rate of increase in total costs varied significantly throughout the mid-size tiers. Total costs grew 144% as companies breached the \$50 million mark and 87% in crossing the \$100 million threshold, then stayed relatively flat in broaching the next bracket starting at \$250 million with only a 15% difference. However, we then saw total costs rise sharply again by 80% in the final surge to \$1 billion.

Table 1: Average Costs by Company Size¹

Company Size	Average # of Users	Average Software Cost	Average Service Cost	Average Maint. Rate	Average 3 Year Maint. Cost	Average Total Cost ²
Under \$50 million	35	\$165,583	\$123,746	15.5%	\$77,615	\$366,583
\$50 to \$100 million	81	\$366,387	\$346,573	15.5%	\$177,984	\$892,765
\$100 to \$250 million	176	\$644,892	\$705,896	16.3%	\$317,414	\$1,672,297
\$250 to \$500 million	283	\$803,017	\$705,769	15.8%	\$364,260	\$1,926,349
\$500 million to \$1 billion	521	\$1,427,041	\$1,415,042	16.6%	\$702,860	\$3,483,776
\$1 to \$2.5 billion	1,145	\$2,375,000	\$1,793,750	15.9%	\$1,103,942	\$5,376,146
\$2.5 to \$5 billion	2,056	\$2,862,097	\$2,447,059	14.9%	\$1,162,425	\$5,866,175
Over \$5 billion	3,274	\$2,878,646	\$2,732,447	16.4%	\$1,522,587	\$7,148,750

Source: Aberdeen Group, June 2008

¹ Performing calculations at the aggregate level shown in this table will not yield accurate results. In order to use as much data as possible, all calculations were made for each individual response and subsequently averaged. In addition, where multiple elements were needed, calculations were only made where the respondent answered all required questions. For example, Total Cost may not equal the sum of Average Software Cost, Average Service Cost, and Average 3 Year Maintenance Cost because not all survey respondents answered all three survey questions. The Average Software Cost is based upon all respondents who answered the said survey question, as is the same for Average Service Cost and Average 3 Year Maintenance Cost. However, the Total Cost is based upon averaging individual responses where respondents answered all three survey questions.

² Total Cost is the total of software cost, services cost and three years of maintenance cost, where maintenance cost is estimated by multiplying the maintenance rate by the software cost and then multiplying by three.

In comparing TCO of ERP implementations year over year, Aberdeen observed total costs in small and mid-size companies fluctuating by less than 20% in either direction (actual fluctuations ranged from -17% to +13%). In the aggregate we saw a slight dip in maintenance rates. Most vendors will price maintenance as a percentage of software license fees. As a result, Aberdeen collected maintenance rates in this format and applied this rate to the software license fees to estimate the maintenance cost of one year, then multiplied this by three to get the three year cost. This is an approximation since maintenance fees may indeed escalate from one year to the next, or customers may negotiate lower rates as implementations expand with more modules or additional users.

This dip is interesting to note at a time when several ERP vendors have recently announced (or pre-announced to Aberdeen) increases in maintenance rates. Average list prices for maintenance are in the 18% to 22% range, yet average street prices in mid-size companies, as shown in Table 1, are lower than the bottom end of this range by 1.4 to 2.5 percentage points.

Costs per User Move in the Opposite Direction - Almost

Just as the total price of software, services and maintenance go up as companies grow, costs per user should scale down. Not only should we observe volume discounts being applied, but bargaining power increases with company and deal size. However, costs were almost the same for all companies under \$100 million (Table 2), reflecting few volume discounts where the average number of users was less than 100.

In each year beginning in 2006, companies in the \$50 to \$100 million range actually paid more per user than small companies (under \$50 million), implying one of two situations. Either smaller companies were purchasing less complete solutions, or they were paying for minimum configurations and not taking full advantage of them. However, the difference this year was negligible. In fact, companies in the \$50 to \$100 million range experienced the largest drop in software costs year over year of all mid-size companies. However, we still see the combination of software and services and total costs (including three years of maintenance) per user increasing slightly as companies top \$50 million in revenues. Implementations become more complicated and therefore service related portions of the total cost do not scale down quite as neatly as companies move from small to mid-size.

While last year this escalation of per user costs continued up until the \$250 million mark, this year the downward trend, leveraging increased volume discounts, began at the \$100 million threshold. Not only are additional low cost options available for small companies but the ERP companies such as Oracle and SAP, which have reached their market dominance by capturing a large share of the large company market, are concentrating efforts on coming down-market and adjusting their price scales accordingly.

Table 2: Average Costs per User by Company Size¹

Company Size	Average # of Users	Average # of ERP Modules Implemented	Average Software Cost per User	Average Software + Services Cost per User	Average Total Cost² per user
Under \$50 million	35	10.0	\$6,223	\$10,669	\$13,148
\$50 to \$100 million	81	10.3	\$6,168	\$11,381	\$13,506
\$100 to \$250 million	176	10.8	\$4,382	\$9,115	\$11,306
\$250 to \$500 million	283	11.5	\$3,656	\$7,814	\$9,526
\$500 million to \$1 billion	521	12.0	\$3,763	\$8,104	\$9,746
\$1 to \$2.5 billion	1,145	11.3	\$3,698	\$7,086	\$8,268
\$2.5 to \$5 billion	2,056	11.8	\$3,020	\$5,577	\$5,876
Over \$5 billion	3,274	12.0	\$2,445	\$5,856	\$6,802

Source: Aberdeen Group, June 2008

¹⁻² Refer to Footnotes 1 and 2 below Table 1.

Yet the downward trend in software per user costs did not continue throughout our full range of company sizes, but instead hit several plateaus along the way. Companies from \$250 million all the way to \$2.5 billion paid virtually the same average software per user cost in spite of the fact that the average number of users increased from 283 to 1,145. This signals that large companies no longer have the same bargaining power they once had. Even in broaching the \$5 billion threshold, as software costs per user declined, software and services combined rose slightly.

A Look at the Vendors

Aberdeen segments survey respondents in a variety of different ways, including by ERP vendor. Because of the correlation between size and cost, for the purposes of this Sector Insight, only mid-size companies were included in the side-by-side comparison of vendors. Four vendors were selected based on the sample size of our survey pool: Epicor, Infor, QAD, and SAP. Other vendors besides those listed also offer solutions to the mid-market, but if the sample was not large enough to provide some directional insight, Aberdeen chose not to include them. Vendors with a significant sample size, but not quite large enough to make the cut included Lawson, Microsoft Dynamics, Oracle, Plexus Systems, and Sage Software. Please refer to the Research Preview for [ERP in the MidMarket](#) for a more comprehensive list of vendors that serve this market.

Software Costs

Table 3 compares software costs of these four vendors to those of ERP purchased by mid-size companies from "All Other Vendors". Also included are averages aggregated across "All Mid-size Companies", which includes these four as well. The software license fees for these vendors are quite comparable, with the cost of an SAP implementation coming in at a higher cost, but also representing a significantly larger implementation in terms of average number of users (331). The average software costs per user are also quite similar with QAD customers reporting the lowest cost per user, 17% less than the average of all mid-size companies, but with slightly (5%) fewer modules implemented. Infor average per user costs came in 3% under the average, while SAP and Epicor were just above by 3% and 4% respectively, but at lower per user costs than all other vendors not listed separately. Epicor, Infor and SAP customers implemented a broader solution than the average mid-size company, as measured by the number of modules implemented.

"We feel there are significant benefits we are going to reap. ROI is expected to be in the 18% to 20% range, just in terms of improved business processes. We also feel there will be a customer service impact. We will be able to reach more customers and business partners in a real time manner. We expect to reduce cost and we expect revenue growth as a result of being more responsive."

~ Don Brekke, VP of
Information Technology,
Greenhecke Fan Company
(1,500 employees)

Table 3: Software Cost for Mid-Size Companies¹

ERP Vendor	Average # of Users	Average # of ERP Modules Implemented	Average Software Cost	Average Software Cost per User	Variance from Average
QAD	164	10.5	\$556,111	\$3,991	-17%
Infor	182	11.3	\$598,529	\$4,675	-3%
SAP	331	11.8	\$977,419	\$4,972	+3%
Epicor	130	11.6	\$449,242	\$5,029	+4%
All Others	214	10.8	\$645,890	\$5,140	+7%
All Mid-size Companies	214	11.0	\$692,947	\$4,818	0%

Source: Aberdeen Group, June 2008

¹ Refer to Footnote 1 below Table 1.

Service Costs

The cost of external professional services is a significant portion of the TCO of ERP. These services might include implementation, training, customization or consulting, but do not include the burdened or unburdened cost of employees. While internal costs due to assigned headcount also contribute significantly, past Aberdeen research has shown these are costs which are most often overlooked in TCO and ROI calculations, and those companies that do collect this data have their own individualized way of measuring it, which makes it difficult for comparisons. As a result, Aberdeen chooses not to collect and contrast these costs fearing unfair comparisons. Yet companies are cautioned against ignoring these costs as they can be a significant portion of TCO.

Table 4: Service Cost for Mid-Size Companies¹

ERP Vendor	Average Software Cost	Average Service Cost	Average Service Cost per \$1 Spent on Software	Average # of ERP Modules Implemented	Average Service Cost per ERP Module Implemented	Average Service Cost per Percentage Point of ERP Functionality
				Weighted Average Use of ERP		
Epicor	\$449,242	\$320,833	\$0.71	11.6	\$27,739	\$9,304
				34.5%		
QAD	\$556,111	\$425,000	\$0.76	10.5	\$40,316	\$13,190
				32.2%		
Infor	\$598,529	\$575,781	\$0.96	11.3	\$51,131	\$15,925
				36.2%		
SAP	\$977,419	\$1,376,613	\$1.41	11.8	\$116,405	\$40,077
				34.3%		
All Others	\$645,890	\$522,945	\$0.81	10.8	\$48,238	\$15,235
				34.3%		
All Mid-Size Companies	\$692,947	\$735,828	\$1.06	11.0	\$67,081	\$21,961
				33.5%		

Source: Aberdeen Group, June 2008

¹ Refer to Footnote 1 below Table 1.

Table 4 lists service costs side-by-side with software costs, as well as the ratio of services to software, since this ratio can be indicative of both ease of use and ease of implementation. However, it can also be indicative of how well the solution fits the organization and its implementation strategy. Since customization services may be included, decisions to align business processes with the software or adapt the software to existing processes can have a major impact on the level of services required. Of course, decisions to employ internal versus external resources is another factor. Many factors weigh in here, including the extent of the implementation as measured by number of modules implemented and the weighted average use of ERP.

We observed far greater variability between vendors in comparing services associated with ERP implementations than we did in costs of the software itself. The costs shown in Table 4 are total service costs, and the reader should bear in mind that the number of users will also impact the services required. We should expect that an SAP customer with an average of 331 users will spend more on implementation services and training than an Epicor customer with an average of 130 users. However, later on we will see that Epicor's low service costs still places them as having the lowest service costs when considering per user costs, despite having fewer users.

Weighted Average Use of ERP

The Weighted Average use of ERP is calculated by first dividing the number of modules used by 24 (a list of 24 generic modules are provided for selection) and then multiplying this percentage by the percentage of the available functionality used.

The ratio of service fees paid for each dollar spent on software is a common metric and therefore determines the sequence in which we present the four vendors, with Epicor being the lowest ratio at \$0.71 and SAP being the highest at \$1.41. The average customer of both of these vendors employs similar number of modules and similar weighted average of functionality. However, we should point out that the percentage of **available** functionality, captured from survey respondents separately from the modules used and employed in this calculation, is a relative metric. SAP is well-known for the comprehensiveness of its solution, so implementing 34.3% of SAP's ERP may very well represent a broader deployment than 34.3% of one of its competitors. Even within the SAP installed base we see variability in comparing SAP/R3 or SAP Business Suite customers to those running SAP Business One or SAP Business ByDesign.

Maintenance Costs

Table 5 compares maintenance rates, average maintenance fees paid in aggregate, and on a per user basis for one year and over a three years. Aberdeen chooses to use three years of maintenance in its calculation of Total Cost because we find this is generally the lifecycle of a major release. While technical support and bug fixes are included in maintenance fees, much of the value delivered from these fees lies in product innovation. However, in order to reap the benefits of paying these fees, customers must take advantage of new features and functions that are funded by their maintenance. ERP vendors will release new functionality in minor releases as well as in major upgrades. While the timing between releases can vary significantly from vendor to vendor and even release to release, interviews with end users indicate most are reluctant to go through a major upgrade any more frequently than once every three years. This often means skipping releases and eventually catching up.

Aberdeen captures the maintenance rate as a percentage of software license fees and then estimates the maintenance cost by multiplying this rate by the software cost. As a result, the actual maintenance paid is dependent both on the maintenance rate, as well as software prices. QAD's lowest software price, coupled with an average maintenance rate which is slightly below average, places it as the lowest priced maintenance amongst our vendors serving the mid-tier. While QAD is lowest, we see little variability in maintenance costs per user overall.

“We set high standards for our business performance and we cannot run the risk of non-performance. One hour of downtime costs us \$100,000. We have achieved 99.8% on-time delivery and the vast majority of that .2% stems from customers being late in picking up their own orders. In terms of our ERP implementation, we stay just behind the technology curve instead of just in front of it.”

~CIO, mid-size manufacturer of steel products

Table 5: Maintenance Cost for Mid-size Companies¹

ERP Vendor	Average # of Users	Average Maint. Rate	Average Maint. Cost per Year	Average Maint. Cost per Year per User	Average Maint. Cost over 3 Years	Average 3 Year Maint. Cost per User
QAD	164	15.6%	\$73,417	\$618	\$220,250	\$1,855
Epicor	130	15.7%	\$68,991	\$753	\$206,973	\$2,258
SAP	331	16.3%	\$153,143	\$781	\$459,429	\$2,343
Infor	182	17.0%	\$99,711	\$809	\$299,133	\$2,428
All Others	214	14.5%	\$90,213	\$487	\$270,638	\$1,941
All Mid-Size Companies	214	16.0%	\$110,035	\$438	\$330,104	\$2,212

Source: Aberdeen Group, June 2008

¹ Refer to Footnote I below Table I.

As noted earlier, average list prices for maintenance are in the 18% to 22% range, yet average actual maintenance fees are lower. Survey findings show a drop in maintenance fees as a percentage of software costs since 2007. In 2008, maintenance rates dropped by 3% to 7% for the vendors included in our tables, with the exception of Infor with a negligible 0.1% increase. The ability to preserve maintenance rates is a tribute to a company's ability to continue to deliver perceived value to its customers through maintenance and therefore we applaud Infor's ability to hold steady and command the highest percentage of all the vendors listed here.

Total Costs

Table 6 provides a summary of software, service and maintenance costs on a per user basis. With its low software costs, which also translate into low maintenance fees, QAD customers have the lowest total cost per user. Yet it is Epicor's low service costs that put them in second place. Likewise, while Infor and SAP have very similar software costs per user, Infor's lower service costs translate to slightly lower than average total costs.

Table 6: Total Costs for Mid-size Companies¹

ERP Vendor	Average # of Users	Weighted Average Use of ERP	Average Software Cost per User	Average Service Cost per User	Average 3 Year Maint. Cost per User	Average Total Cost per User ²
QAD	164	32.2%	\$3,991	\$2,961	\$1,855	\$8,828
Epicor	130	34.5%	\$5,029	\$3,308	\$1,197	\$9,797
Infor	182	36.2%	\$4,675	\$3,825	\$2,428	\$11,317
SAP	331	34.3%	\$4,972	\$6,549	\$2,343	\$13,674
All Others	214	34.3%	\$5,140	\$4,096	\$1,941	\$10,164
All Mid-Size Companies	214	33.5%	\$4,818	\$4,818	\$2,212	\$11,576

Source: Aberdeen Group, June 2008

¹ Refer to Footnote 1 below Table 1.

The Cost of Achieving Business Benefits

Aberdeen believes the success of an ERP implementation is not only based on costs and time to implement, but also on the business benefits achieved through implementation. For our purposes here, business benefits are defined by the cost savings and schedule improvements that we feel can be applied universally to all manufacturing companies. However, with rising costs and weakening economies, we see evidence that cost savings are becoming harder to produce. In 2007, our Best-in-Class were able to reduce inventory, manufacturing operational costs and administrative costs by 24%, 18% and 18% respectively. This year, Best-in-Class companies were still able to reduce costs, but at more modest rates—about 17% less than last year. Reductions in manufacturing operational costs, which bear the biggest burden of rising energy costs, took the hardest hit at 22% less than last year.

Table 7 summarizes these business benefits in terms of these reductions in costs and improvements in manufacturing schedule compliance and complete and on-time shipments. We then take an average across these metrics to determine the average overall improvement and we monetize this by computing the total cost per user per percentage point of improvement.

Table 7: Cost of Business Benefits for Mid-Size Companies¹

Performance Metric	QAD	Epicor	Infor	SAP	All Others	All Mid-Size	Best-in-Class Mid-Size	All Best-in-Class
Reduction in inventory	16.1%	14.0%	13.2%	11.9%	14.1%	13.5%	19.9%	20.3%
Reduction in manufacturing operational costs	10.9%	8.1%	9.6%	9.2%	9.6%	9.3%	13.1%	14.2%
Reduction in administrative costs	12.1%	9.1%	7.2%	9.6%	12.2%	10.3%	13.5%	15.1%
Improvements in complete and on-time shipments	17.6%	12.0%	14.4%	11.4%	13.7%	13.3%	17.8%	20.3%
Improvements in manufacturing schedule compliance	15.2%	13.2%	15.0%	9.5%	13.9%	12.3%	17.0%	18.3%
Average	13.9%	11.2%	11.9%	10.8%	12.6%	11.7%	16.3%	17.7%
Total cost per user per percentage point of improvement	\$636	\$875	\$953	\$1,269	\$808	\$988	\$607	\$664

Source: Aberdeen Group, June 2008

¹ Refer to Footnote 1 below Table 1.

The sequence of vendors, from left to right, is from least to most total cost per user per percentage point of improvement. The average actual improvement does not scale exactly with the cost. The customers of QAD produced the highest average improvements for the lowest cost per user. Infor customers produced better results than Epicor's, although at a slightly higher cost. Both QAD and Infor customers produced better average improvements than all mid-size companies.

However, improvements are relative. Where performance is poor, it is easy to get some quick improvement. As performance approaches Best-in-Class, each percentage point of improvement can be a hard fought battle. This observation caused us to compare current performance across the different vendors (Table 8), this time sequencing them from left to right by those performing the best in terms of current performance as measured by inventory accuracy and the percentage of orders shipped complete and on-time, as well as manufacturing schedule compliance. In this comparison, Infor customers take the lead. We also noted that Epicor customers have slightly lower performance than their peers. Referring back to our discussion of services (Table 4), recall that Epicor had the lowest ratio of service to software costs. While this is certainly a tribute to Epicor's ease of implementation and ease of use, Epicor customers might very well be advised to take some of these savings and apply them to efforts to improve

Best-in-Class Criteria

The *2008 ERP in Manufacturing* benchmark used 5 Key Performance Indicators to determine Best-in-Class:

- √ Reductions in inventory
- √ Inventory Accuracy
- √ Complete & On-time Shipments
- √ Manufacturing Schedule Compliance
- √ Number of days to close a month

Best-in-Class is the top 20% of aggregate performance scorers.

overall performance. This may mean additional training in terms of both processes and use of the software.

Table 8: Current Performance by Mid-Size Companies

Current Performance	Infor	QAD	SAP	Epicor	All Others	All Mid-Size	Best-in-Class Mid-Size	All Best-in-Class
Inventory accuracy	92.0%	92.2%	92.7%	86.2%	91.4%	91.7%	97.1%	97.0%
Complete and on-time shipments	89.9%	87.1%	88.7%	85.8%	90.1%	88.9%	95.6%	95.3%
Manufacturing schedule compliance	92.3%	91.6%	89.2%	87.2%	91.4%	91.1%	97.1%	96.9%

Source: Aberdeen Group, June 2008

Aberdeen Conclusions and Recommendations

In comparing ERP costs year over year, we saw a slight increase in the cost of implementations, but also slightly broader deployments. Cost of implementations scaled more smoothly as companies grew in size, yet the decline in costs per user hit several plateaus as the number of users grew. We found each of our four vendors claiming leadership in the mid-market in different categories:

- Lowest software cost per user: QAD
- Lowest average service cost per \$1 spent on software: Epicor
- Most successful at preserving maintenance rates as a percentage of software costs, a tribute to delivering perceived value for maintenance fees: Infor
- Highest number of modules used: SAP
- Highest weighted average use of functionality available: Epicor
- Lowest total cost per user: QAD
- Most improvement and lowest total cost per user per percentage point of improvement: QAD
- Best average current performance: Infor

“If we don't have a global system we can't compete. But if you don't have specific business drivers behind your ERP implementation, everything stalls.”

~ Business Transformation Program Director, manufacturer and distributor of wellness products

Significant business benefits can be achieved by all companies as a result of ERP implementations. Rising prices and a weakening economy not only place additional cost pressures on manufacturers, but make each percentage point of improvement a harder fought battle.

The [2008 ERP in Manufacturing Benchmark](#) makes the following cost-related recommendations:

- Assign ERP ownership to the line of business executive who stands to gain the most benefit from the implementation. Lagging implementations stop short of reaching the full benefits that can be attained in terms

of cost reductions, improvements in schedules, and further business benefits.

- *Broaden and deepen use of ERP.* This recommendation has been a consistent message throughout Aberdeen's ERP benchmark reports, but results are clear: Best-in-Class manufacturers make more extensive use of ERP in terms of number of modules implemented and the percentage of available functionality deployed.
- *Do not let your maintenance dollars go to waste.* While it may be acceptable to skip a release or run one release behind the most currently available, do not let your implementation lag significantly, leaving functionality and technology improvements largely unused.

For more information on this or other research topics, please visit www.aberdeen.com.

Related Research

[The 2008 ERP in Manufacturing Benchmark Report](#); June 2008

[Enterprise Applications: How Disruptive is Innovation?](#); April 2008

[The Outlook for ERP Spending in 2008](#); January 2008

[The Cost of Implementing ERP Functionality](#); July 2008

[The Total Cost of ERP Ownership in Large Companies](#); July 2008

[The Total Cost of ERP Ownership in Small Companies](#); July 2008

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