

ERP MEETS SPECIALTY NEEDS

The industry-specific ERP market is thriving, which is good news for solution providers serving the enterprise and SMB sector looking to cost-effectively maintain their existing ERP systems with immediate specialty feature upgrades. As the ERP software market continues to expand, where do the best opportunities for solution providers lie and which vendor offerings will give them the competitive edge they need to succeed in this sought-after market? By MANDA BANDA



The enterprise resource planning (ERP) software market in the Middle East and North Africa (MENA) has continued to gain momentum with IT vendors increasing their focus in this segment.

For channel partners serving or looking to serve this segment, finding the right ERP software vendors and building a solutions-based approach is critical if they are to succeed in the most sought after market in the region.

The benefits ERP software brings to small and large organisations is undeniable, but challenges still remain as to whether an organisation should adopt a cloud-based ERP application to maintain the on-premise system.

While cloud-based ERP applications are getting more widely adopted in the Middle East and North Africa (MENA) market, some companies are still hanging on to on-premise systems that remain core to their business.

Analyst IDC said the Middle East cloud applications market comprising of ERP, CRM, HCM, eComm, ECM, SCM and BI is growing at a CAGR of 22%, and is expected to have a market size of \$2404.5m by 2020. According to IDC, most of the vendors have set-up cloud data centres in the region over the last five years.

Manish Ranjan, programme manager, Software at IDC Middle East and Africa (MEA), said the ERP software market in the Middle East is evolving rapidly. Ranjan said the market is driven by global vendors which are increasingly embedding technologies such as artificial intelligence (AI), machine learning and analytics to make their ERP software more "intelligent".

He pointed out that businesses across the region are undergoing digital transformation initiatives and are continuously upgrading their traditional solutions by embracing much advanced and scalable technologies such as cloud and mobility.

"As cloud-based ERP solutions have started getting the market traction, there are a lot of movements in the overall ERP ecosystem in the region," he said. "To support the growing demand for SaaS-based ERP solutions, global vendors have started focusing on regional data centre build-outs."

Ranjan added that the whole cloud movement has given birth to the "born-in-the-cloud" companies and solution provider partners that bring their expertise in the cloud domain where traditional channel partners are lacking currently, will succeed in this market segment.

Zakaria Haltout, head, Global Channels and General Business at SAP MENA, said the Middle East's ERP software market is rapidly advancing as organisations with the help of channel partners are being helped to digitally transform into intelligent enterprises. Haltout noted that having a real-time ERP digital core is vital for Middle East organisations to gain market share, grow revenue and be profitable.



“ We are already seeing strong success by our channel partners in enabling the Middle East ERP innovation in government and public sector, banking and finance, and retail. In 2019, the biggest opportunity is for channel partners to serve as trusted advisors in integrating ERP software with breakthrough technologies such as AI, machine learning, blockchain, and the Internet of Things (IoT). ”

ZAKARIA HALTOUT, HEAD, GLOBAL CHANNELS & GENERAL BUSINESS, SAP MENA

A recent study by Oxford Economics revealed that while 84% of organisations value digital transformation but only 3% have completed their digital transformation in MENA.

Haltout pointed out that increasingly, Middle East organisations are running to the cloud to optimise their ERP software.

About 75% of the digital-leaders and about 60% of all organisations in the MENA are currently investing in cloud, according to the Oxford Economics survey.

"With a cloud-based ERP, organisations can optimise assets, supply chain and customer experiences," remarked Haltout.

With the emergence of a new breed of enterprise-focused solution providers helping their end user customers to maximise their investments in the ERP sector, it's critical that these channel partners develop some domain expertise and industry specific specialisations.

Hesham El Komy, regional vice president, Middle East, Africa and India (MEA) at Epicor, said cloud ERP providers that are able to deliver industry-specific, data-driven analytics will be best positioned to succeed in this business.

El Komy said another differentiating factor will be the services packages offered by the cloud ERP providers.

"We have seen finance and supply chain lines of business start to not only see the immediate value that the cloud provides but also see it as a secure business environment with e-commerce gaining grounds by connecting vendors with suppliers (B2B) and customers (B2C)," he said.

El Komy explained that today organisations in MENA are looking at digital transformation and cloud helps businesses to digitise and improve core business processes and operations. "Epicor believes that cloud is the perfect fit for a dynamic changing world with a consumption model that offers flexibility combined with quick innovation cycles," he said. "We are working closely with our channel ecosystem to ensure that they remain relevant in a rapidly evolving market where they still manage profitable partner businesses."

Given that Oracle, SAP, Microsoft, Infor, Epicor, Sage, and Focus Softnet, all offer on-premise, cloud and hybrid ERP software, channel partners have to evaluate ERP systems based on business functionality and features for their end user customers to benefit.

For end user companies that require it, ERP is the lifeblood that courses through business operations, from sales, marketing, finance and HR through purchasing, production, inventory management and service. It must integrate with nearly every system and business process. ERP integration and implementation can be lengthy, and are major considerations for any channel partner trying to implement the system at an end user to realise an immediate

return on investment (ROI) from ERP.

Binoy Matthew, lead code architect, Xpandretail, a company that specialises in business intelligence and IT solutions providing in the retail sector, said companies across various industries require ERP services, especially organisations that constantly strive to better manage and use their corporate resources efficiently.

Matthew said with the rise of new and technological advances in MENA, the need for usage of proper ERP services is gaining momentum across the region. "ERP software is helping companies to reduce dependence on manual labour, thus reducing the chances for any human errors to negatively affect any company operations," he said.

Matthew added that at Xpandretail, employees are constantly trying to promote proper and constant usage of ERP software systems to ensure end user customers increase satisfaction and retention rates. "The implementation of ERP strategies at end user level has also assisted in ensuring significant growth and development rates of the company in the MENA market," he said.

IDC's Ranjan pointed out that the current market trend suggests that not every organisation in MENA is migrating to the cloud for ERP. "Organisations today are opting for both cloud and on-premise solutions where they are shifting their non-critical workloads from traditional ERP solutions to a cloud-based ERP model, and still prefer to keep critical and data-sensitive workloads on-premise," he said. "We believe this will change very soon as various global vendors announced their data centre plans in the major markets like the UAE, Saudi Arabia and Bahrain, which will bring the trust in the market."

He noted that in general, conglomerates and large companies have been first to deploy and migrate to cloud-based ERP, which is being driven by the desire to lower costs by capping CAPEX.

For channel partners that have to untangle the complexities of ERP, identifying the right vertical segments to target with ERP implementations is vital if they are to develop domain expertise and a sustainable business model.

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pressures," he said.

Additionally, El Komy explained that Epicor ERP has provided extensibility framework to develop macro and micro virtualisations. "Partners will own this IP, which helps them to generate additional revenue," he said.

At business applications giant SAP, Haltout said the SAP PartnerEdge channel partner programme is enabling reseller partners across MENA to guide their customers in adopting cloud-based ERP solutions, particularly on SAP's public cloud data centre in the UAE. "We are already seeing strong success by our channel partners in enabling the Middle East ERP innovation in government and public sector, banking and finance, and retail," he said.

He said in 2019, as Middle East organisations become more "intelligent enterprises", the biggest opportunity is for channel partners to serve as trusted advisors in integrating



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ERP software with breakthrough technologies such as AI, machine learning, blockchain, and the Internet of Things (IoT). "In the Middle East, we are seeing strong demand for our SAP S/4HANA real-time business suite, along with our SAP Leonardo digital innovation system," he said.

Going forward, IDC's Ranjan said given that demand for cloud-based ERP solutions is already rising in the region especially in the areas of HCM, payroll and accounting and procurement management, ERP vendors will continue to push cloud-based applications with embedded analytics and AI functionality in the market. "All of these initiatives will help cloud-based EAS solutions to grow at a much faster rate than traditional on-premise solutions thereby opening up more opportunities for solution provider partners in MENA," he said. ■