ACUMATICA ANNOUNCES
2017 RELEASE 2

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THE BOTTOM LINE

On September 12, Acumatica announced the latest release of its cloud enterprise resource planning (ERP) platform, and a new manufacturing edition. With significant growth in both customer base and partner ecosystem, the company’s continued investments in functionality, particularly in industry capabilities for manufacturing, project accounting, customer relationship management (CRM), and field service, are driving its competitiveness in a consolidating ERP market. Based on early reviews with customers and existing productivity data on user interface (UI) innovation, Nucleus expects its new UI in this release will drive productivity increases of 10 to 15 percent.

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THE ANNOUNCEMENTS

On September 12, Acumatica announced the release of 2017R2, the latest release of its cloud ERP platform, and a new Acumatica edition for manufacturing. Highlights of the announcements include:

- A new user interface (UI). Focused on user productivity, the updated user interface includes a new navigation frameset, reworked search and help, lists as an entry point, and enhancements to the look and feel. Although customers who want to remain on the “classic” interface can do so, adopters of the new UI will be able to take advantage of these enhancements as well as customizable workspaces that enable individual users to configure exactly what fields, data, and transaction records they want to see in their personal workspaces. Nucleus data on UI innovation finds significantly streamlining of UI typically drives a base
productivity increase of 10 percent. Based on early review with customers, Nucleus expects users on the new interface can expect a 10 to 15 percent increase in productivity based on the new UI alone.

- Acumatica Manufacturing Edition. Developed in conjunction with JAAS Systems over a 2-year period, Acumatica Manufacturing Edition integrates JAAS capabilities for make to stock, engineering to order, project centric, make to order, repetitive, batch processing, and job shop manufacturing with Acumatica’s cloud ERP capabilities in a single SKU.

- New project accounting features including new budget structure, commitment tracking, reporting enhancements, a flexible billing workflow, pro-forma invoices, and simplified rate configuration, designed to address the needs of some of Acumatica’s niche verticals where products like Solomon are reaching maturity.

- Enhancements to distribution, financials, customer relationship management (CRM), and field service capabilities.

- Technology enhancements including expanded Web service end-points, OpenAPI 2.0 and swagger standards, external application and tokenized authentication, API optimization control, push notifications, and real-time GPS framework.

- Prebuilt dashboards delivered “out-of-the-box” for 18 to 20 different job roles to provide development teams and implementation partners with faster time to implementation.

**WHY IT MATTERS**

Acumatica touts itself as the fastest-growing cloud ERP company. With more than 3000 customers, 250 value-added reseller partners, and localizations for more than 15 countries, it has continued to gain momentum since Nucleus started following the company several years ago. There are three main reasons for this momentum.

**MIDMARKET ERP CONSOLIDATION**

With Oracle’s purchase of NetSuite, there are both customers and partners that chose NetSuite because they didn’t want to make a commitment to Oracle. Other challenges for NetSuite customers (particularly at the low end of the market) driving them toward a new ERP decision – even before the acquisition – include rate hikes at license renewal time and NetSuite’s clear focus on going upmarket and aligning
their roadmap and support to larger enterprises. Some NetSuite partners have additional reason for pause as well, as alliances made with NetSuite are challenged by Oracle product family competitors such as Oracle Hyperion and HCM Suite.

Consolidation has impacted the lower end of the market as well, with Sage’s acquisition of Intacct. Over the past few years, Acumatica has been successful in recruiting a number of Sage partners that have grown frustrated with Sage’s lack of a modern cloud ERP solution for their customers. The acquisition is further fueling this flame with Intacct partners, who are often seeking a full cloud ERP solution for their existing customer base to grow into (and they don’t see it clearly in the future at Sage). In the case of Sage and Intacct partners, many of whom have owned the relationship with customers for many years, have been talking with their customers about the move to cloud, and see Acumatica as an innovative partner to help them replatform a new offering for a cloud-hungry customer base.

It’s worth noting that partners and customers are coming from other maturing ERP applications as well, such as Microsoft Dynamics GP and SL, Epicor, and others – for largely the same reason.

**PRICING**

Nucleus is seeing many vendors in the ERP CRM space (mostly unofficially at this point) move to more componentized and usage-based pricing rather than a firm per-user per-seat model. Acumatica was one of the first to make this official, offering customers tiered pricing rather than licensing to specific named users. Given the marginal cost of supporting additional users in the cloud, this makes perfect sense (and we expect to see other vendors moving in this direction if they expect to remain competitive). It’s particularly attractive for Acumatica’s sweet spot customers – those privately held companies with $50 to $100 million in revenues – that don’t want the distraction, friction, or extra expense to grow their business by adding new employees and new ERP licenses.

**PLATFORM AND FUNCTIONALITY**

Acumatica has continued to make investments in both its platform and in extending functionality, and in enabling partners to monetize their efforts by creating microvertical solutions in key areas such as manufacturing for key markets, construction, and other project-related businesses (Nucleus Research r11 - *Acumatica Cloud XRP platform delivers value*, January 2017). Acumatica extends the value to potential partners with this latest release, with additional platform capabilities as well as functionality in key areas – such as project management, CRM, manufacturing, and field service – to provide more out-of-the-box capabilities for partners to build on.
LOOKING AHEAD

Although Acumatica is still a relatively small player in the cloud ERP world, its momentum continues to grow both because of gaps in the market and the company’s continued investment in innovation. Further partnerships are likely in the works, such as the recent ones with SmartSheet and Adobe, that will further round out the portfolio for customers. Additionally, work on hot topics such as Internet of Things (IoT) (Acumatica was the first cloud ERP to integrate with Alexa) and machine learning— with a clear focus on customer benefit— are making it more competitive against bigger players. Although market presence and visibility are still challenges for the company, it has made significant advances in just the past 18 months in making Acumatica more known on a global scale. In talking with Acumatica customers, Nucleus found that both the platform flexibility and Acumatica’s sharp focus on customer value has helped with momentum as well. With a broadening ecosystem and partner base, continued innovation, and attractive partner model, it is likely to continue to gain new partners. The new UI, Manufacturing Edition, and other enhancements in 2017R2 will drive opportunities for increased productivity and automation that also drive more prospects to take notice.