



Opportunities For Partners In ERP

Sonal Desai, CRN, May 7, 2012, 1330 hrs

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According to **Kalyan Banga**, Manager, Product Development, Netscribes India, the Indian ERP market is currently estimated to be worth Rs 40,000 crore and is expected to grow at a CAGR of 25 percent in the next 3-4 years. And a study by AMI Partners reveals that of the 4.1 million Indian SMBs with PC penetration almost a million would consider investing in an ERP solution in the next four years.

Growth drivers

Banga says that factors such as reduced product and service cost, enhanced productivity, low time consumption, automation, diminished risk of stock-outs and lower lead-time are attracting SMBs to ERP adoption.

Partners attribute the growth in the ERP market to the tech-awareness among SMBs who were earlier dependent on other technology. "They realized that a local ERP cannot cope with changes. Many customers are therefore migrating from local ERP to vendors who can offer them CRM and BI with ERP," remarks Siddharth Kumar, CEO, Greytrix, a Mumbai-based Sage Premier Partner.

Gen-next push

There is a new breed of second-generation entrepreneurs who want to grow fast, expand geographically, and are looking at scalable options, notes Paresh Shah, Partner, PH Teknow, a Mumbai-based Microsoft partner.

Vikram Suri, MD, Sage Software, India & Middle East, has a similar opinion. He feels that these new-age CXOs are driving ERP deployments. "They have a good sense of their business, so they will not adopt a technology just for the sake of it but only to enhance their business."

New-age businessmen realize that ERP not only enhances productivity but also results in cost savings. This realization at an early stage is leading start-ups to deploy ERP. For example, the Alila Diwa Goa, a 5-star hotel and part of the Alila Group of Hotels, had earmarked investment for ERP at the planning stage itself. The company implemented the Sage Accpac ERP at the hotel.

Shah of PH Teknow says, "New-age entrepreneurs who have the tech know-how and a detailed process plan in place are our new prospects. These next-generation businessmen are willing to invest in ERP right from the start."

Global best practices also play a major role in influencing new entrepreneurs to opt for advanced technologies. Reasons Devesh Aggarwal, CEO, Compusoft, a Mumbai-based Microsoft partner, "With compliance being the new norm across industries, vendors are embedding industry best practices and standard processes in ERP solutions, and these are a huge draw."

Verticals at the top

Finance, distribution, retail, media and services contribute 30-40 percent to the overall ERP segment. Sensing the opportunities, vendors are introducing vertical-specific templates to enable partners to close deals and deploy the solutions faster.

According to a recent Zinnov study, retail is the single-largest vertical by addressable opportunity with two million firms ready for technology adoption and expansion, followed by professional services at 1.9 million and manufacturing at 1.2 million. "By 2015, retail will stand at 2.5 million, professional services at 2.3 million, manufacturing at 1.6 million, and hotels and restaurants at 1.1 million enterprises. The education

segment is not far behind, and is expected to grow to 1.1 million units from the current 0.9 million units," says Kishen Bhat, Engagement Manager, Zinnov.

Oracle is working with partners to develop industry-specific solutions. SAP has developed templates for 26 industries and is now looking at the auto components, dairy, specialty chemicals, infrastructure, healthcare, sugar, poultry farms and textile sectors.

Informs Vivek Singh Rawat, Head, Ecosystem & Channel, SAP India, "We work with partners such as New-Age Business Consultants, SeaSoft Solutions, Highbar Technologies and SpectraSoft Technologies which are strong in verticals, embed their solutions in our templates, and resell those to end-customers."

Opportunities for partners

The Government: has emerged as a serious player. Tally Solutions is targeting ERP implementation at the panchayat level and has already bagged a few orders. The 28,000+ panchayats have been advised by the Central Vigilance Commission to implement ERP for transparency and better productivity.

Education: is another big opportunity. With the mushrooming of new schools and colleges, their managements are turning to automation to ease processes, track finances and manage the faculty and students. "The fact that all the vendors have introduced discounted pricing for the sector makes ERP a viable proposition," Aggarwal points out.

Peer-to-peer collaboration: Partners are leveraging the growing trend of peer-to-peer collaboration and executing solutions instead of a pure-play ERP deployment.

For a project totally valued at Rs 25 lakh, Aggarwal deployed server, storage, networking and security solutions at a start-up food chain and restaurant in Mumbai. "The hardware requirement was mapped to the components on the ERP application that the hotelier wanted to use. Since I do not deal in hardware, I partnered with an ISODA member for the project, which went live in October 2011." He regularly collaborates with ISODA members from other regions for projects involving ERP deployment at branch offices.

Solution provisioning: Sudarsan Ranganathan, CEO, Veeras Infotek, who does not deal in ERP, has an interesting take. "We gauge the importance an organization gives to ERP, and determine whether it is process-based and has clarity for growth. I then chart out the hardware requirements for the CIO which are based on his growth plans."

Services: Partners say that ERP deployments bring in additional revenue from services. Aggarwal asserts that an IT reseller can make up to 2-5 percent margins, whereas a solutions partner can make up to 25-30 percent on solution selling because the project lifecycle is longer. "Partners can also look at revenue from server management, storage, database management and MIS-related support (post-ERP deployment)."

On-premise ERP

The changing dynamics of the ERP market have brought about changes in the business models. While on-premise deployments still dominate the Indian ERP scene, hosted or cloud-based ERP deployments are slowly gaining ground.

Until now, Microsoft offered only on-premise versions of its Dynamics ERP applications though Microsoft partners have had the right to host those applications for their customers under a service provider license agreement. The software giant acknowledges that conversations with customers indicate that interest in on-demand ERP applications has lagged, and that fewer businesses are ready to move mission-critical data and workflows to the cloud.

Microsoft, SAP, Tally, Oracle, Epicor and Infor are very strong in the traditional ERP market, which is growing at the rate of 30-35 percent according to industry estimates.

e-Recovery, a Mumbai-based ERP provider, charges a one-time fee for the licenses which can be used by multiple users across multiple locations. For example, its ERP for a manufacturing company with revenue from Rs 100 crore to Rs 500 crore costs Rs 10 lakh-12 lakh exclusive of training and customization.

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