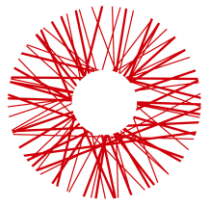


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Microsoft Dynamics GP Competitive ROI Positioning

Nucleus Research, Inc.

www.NucleusResearch.com



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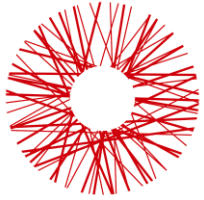
About Nucleus Research

- An ROI-focused technology research and advisory firm
- We deliver factual advice, analysis, and modeling tools to help organizations assess the financial and business benefit of their technology decisions
- Research centers in Boston, Paris, and London

NASBA
National Association of State Boards of Accountancy

Registration #108024.

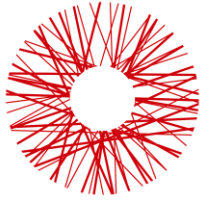




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Who is Nucleus Research?

- Founded in 2000 by experienced analyst team
- Focus on the real value of technology rather than analyst opinions
- Industry leader in ROI - analyst team is quoted twice as often as Gartner Group on ROI
- More published ROI case studies than any other firm
- Partnerships with leading publications: CFO Magazine, The Economist, Computerworld, Information Week, Tech Target, Knowledge Storm, and others...
- Global presence with a direct partnership with Ovum in Europe



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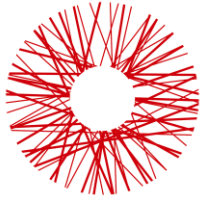
The Research

- **Nucleus analysts independently conducted reference checks:**

- 17 Microsoft Dynamics GP customers
- 22 Oracle E-Business Suite customers
- 17 PeopleSoft customers
- 21 SAP customers

The customers were identified from the customer case studies and success stories on each company's Web site.

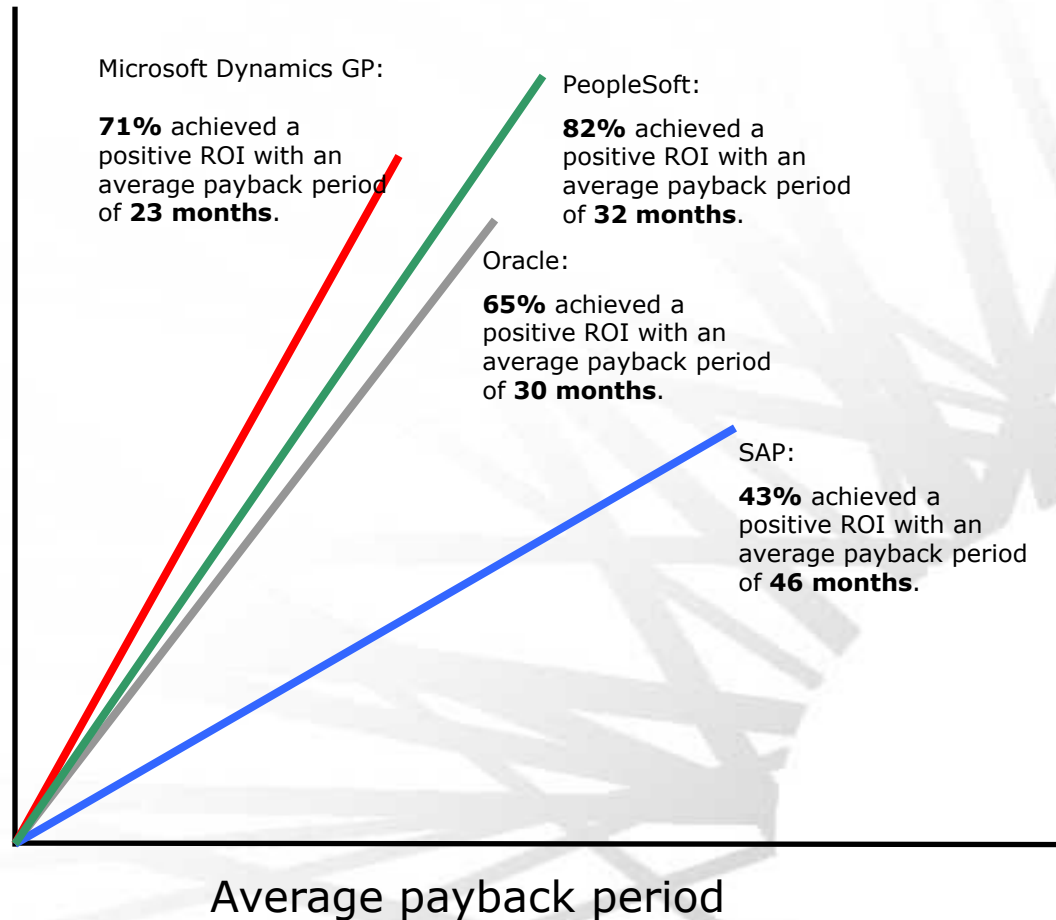


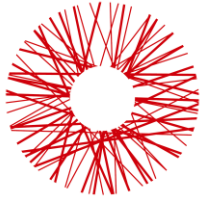


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Key findings: ROI and payback

Customers
achieving
ROI



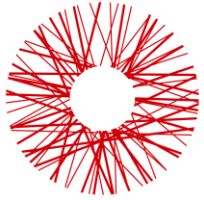


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ROI: Return On Investment

- A calculation that divides the average total savings, over 3 years, by the initial cost
- A three year time horizon depicts the operational threshold for technological innovation and product usability

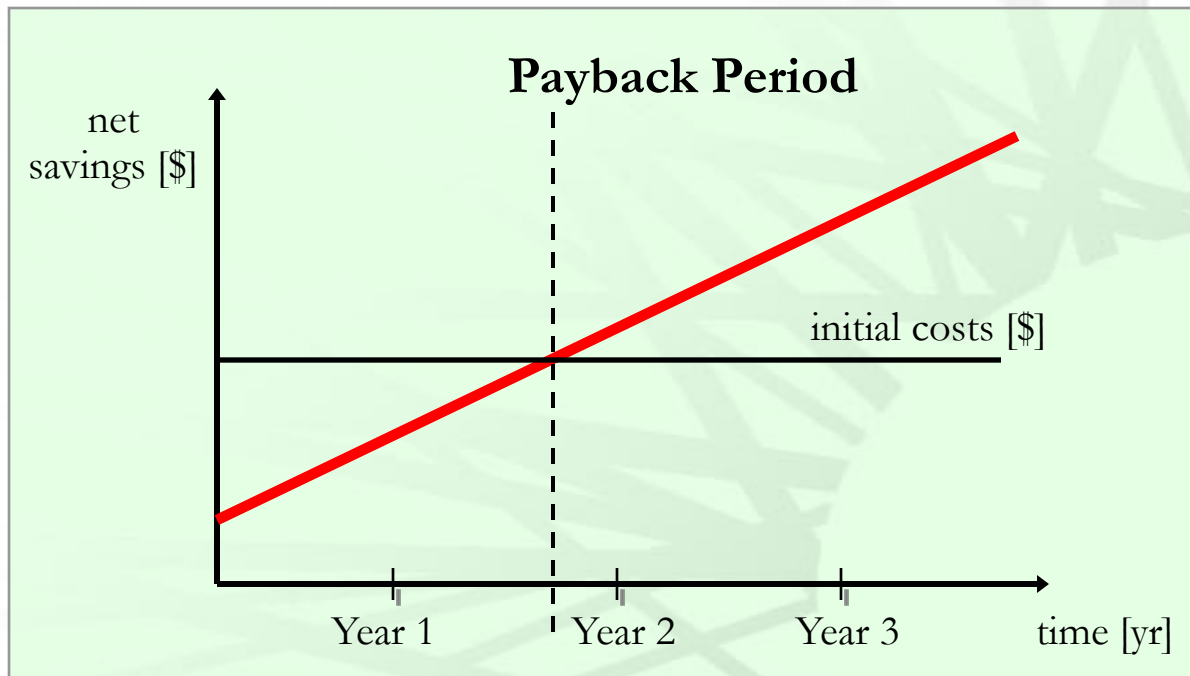
$$ROI = \frac{\text{net year 1} + \text{net year 2} + \text{net year 3} * \frac{1}{3}}{\text{initial cost}} * 100$$

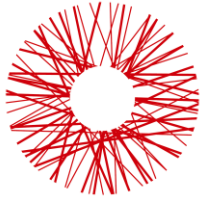


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Payback Period

- The time period needed before net savings equal initial costs.





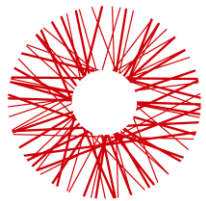
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Specific cost categories



1. Software
2. Hardware
3. Personnel
4. Consulting
5. Training
6. Other

One time
&
Recurring



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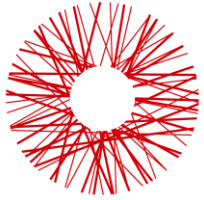
Two Types of Benefits

- **Direct Benefits**

Explicitly quantifiable cost savings or revenue increases are considered direct benefits

- **Indirect Benefits**

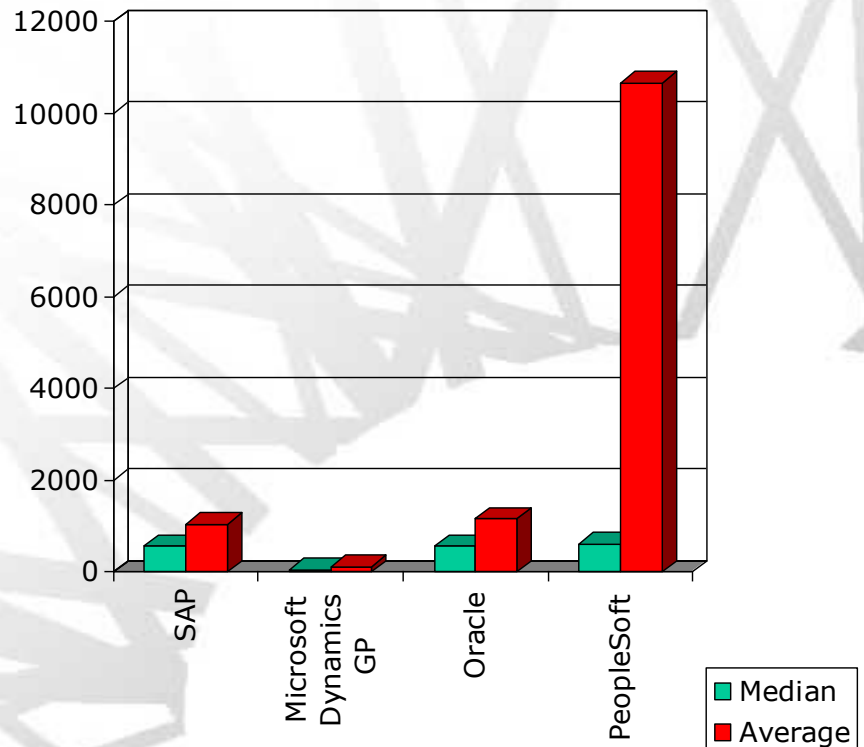
Returns that are not clearly observable, but whose effects can be measured through investigation qualify as indirect benefits

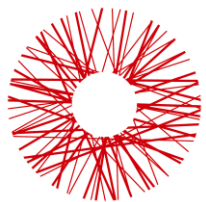


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Deployment size

- Oracle
20 to 3400 users
- SAP
2 to 5000 users
- Microsoft Dynamics GP
7 to 520 users
- PeopleSoft
30 to 150,000 users





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Cost comparison

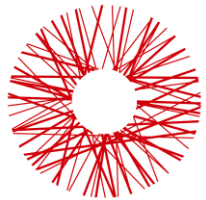
	Microsoft Dynamics GP average	Microsoft Dynamics GP median	Oracle average	Oracle median	SAP average	SAP median	PeopleSoft average	PeopleSoft median
Initial costs								
Software	279,667	250,000	1,729,688	550,000	1,853,333	1,000,000	1,295,833	750,000
Consulting	170,679	125,000	2,301,429	787,500	3,637,039	850,000	1,545,714	900,000
Hardware	132,917	42,500	284,500	62,500	882,000	345,000	625,000	500,000
Personnel	655,722	350,000	675,000	750,000	2,480,000	806,663	3,697,867	2,068,000
Training	125,718	36,539	263,088	57,072	1,271,550	137,500	11,357,136	410,400
Total	1,364,703	804,039	5,253,705	2,207,072	10,123,922	3,139,163	18,521,550	4,628,400
Ongoing costs								
Software maintenance	53,156	42,500	591,924	330,000	1,016,616	637,500	220,291	150,000
Personnel	300,000	175,000	1,590,000	900,000	3,360,000	1,440,000	944,000	560,000
3-year TCO	2,424,112	1,456,538	7,435,629	3,437,072	14,500,538	5,216,663	22,014,423	6,758,400



Customers reporting benefits

	Reduced staff / increased productivity	Reduced IT or other direct costs	Improved customer / partner relations	Improved operations / visibility	Reduced accounting / auditing costs or improved financial management / compliance
Microsoft Dynamics GP	35%*	29%*	24%	47%	47%
Oracle	48%	26%	None reported	None reported	39%
SAP	50%	None reported	None reported	30%	None reported
PeopleSoft	59%	71%	29%	47%	None reported

* Nucleus Research found that most Dynamics GP customers had already streamlined some processes and further productivity gains in those areas were not the primary focus of their deployment. This is evidenced by the fact that Microsoft Dynamic GP customers were the only ones who noted gains in all five benefit areas.

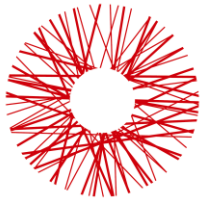


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What about TCO?

Total Cost of Ownership looks at costs and ignores benefits.

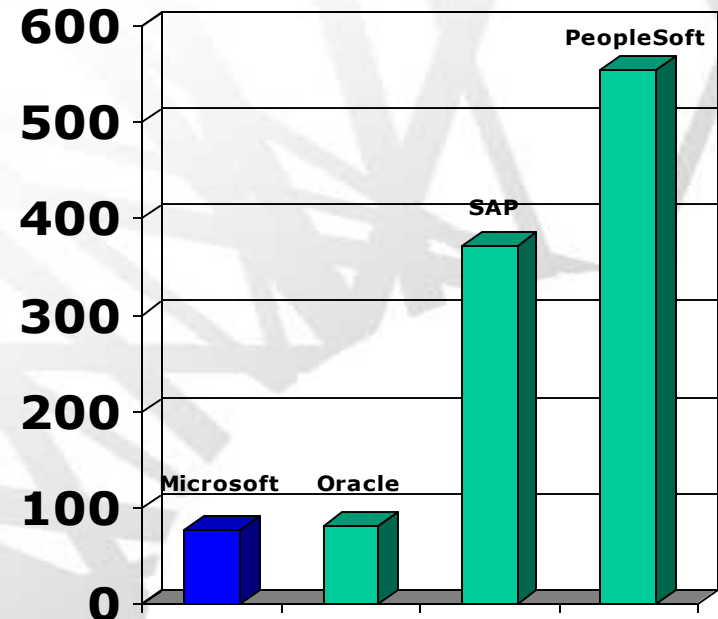
- Good for comparing two similar applications
- Good for budgeting
- Bad for choosing applications
- Bad for prioritizing projects

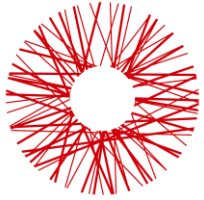


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Average deployment effort

- Microsoft Dynamics GP
77 man-months
- Oracle
81 man-months
- SAP
372 man-months
- PeopleSoft
555 man-months

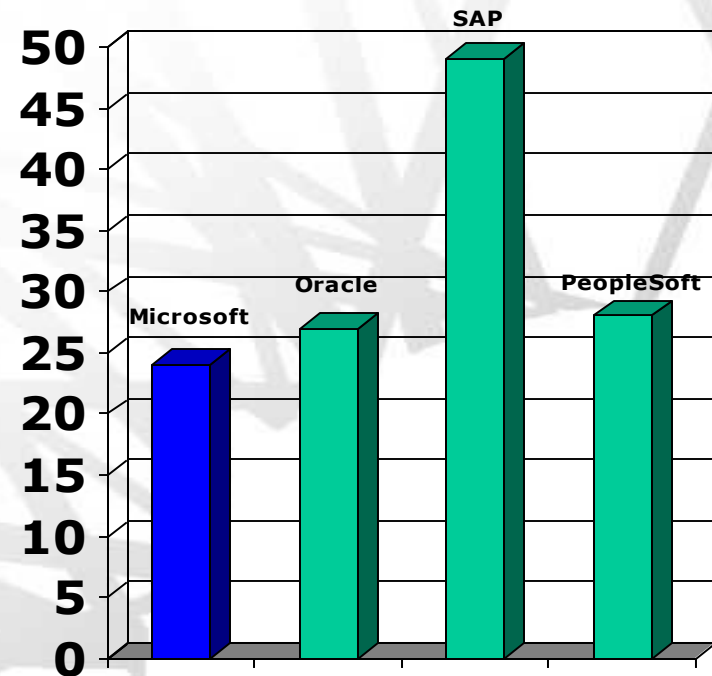


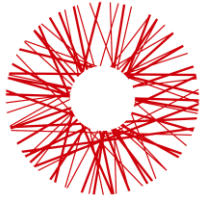


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Average training demands

- Microsoft Dynamics GP
24 hours
- Oracle
27 hours
- SAP
49 hours
- PeopleSoft
28 hours

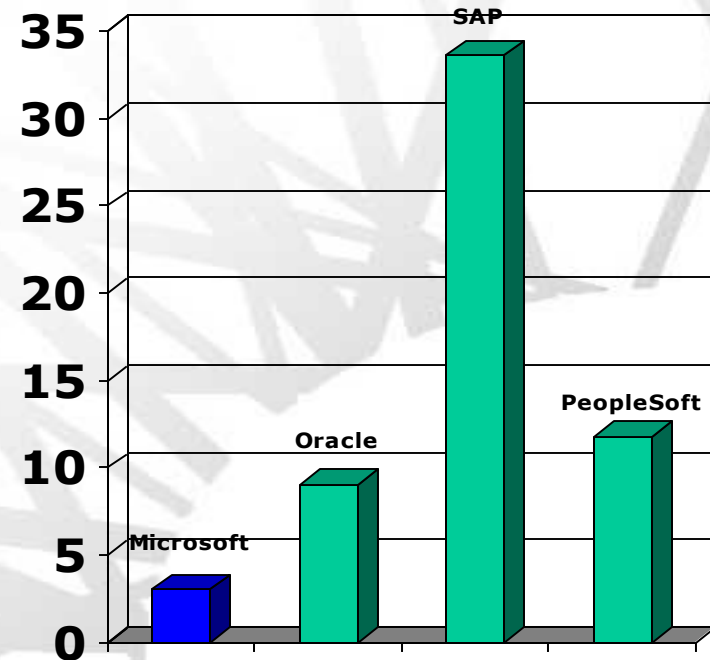


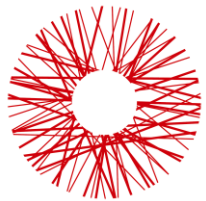


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Ongoing support

- Microsoft Dynamics GP
3 FTEs
- Oracle
9 FTEs
- SAP
33.6 FTEs
- PeopleSoft
11.8 FTEs

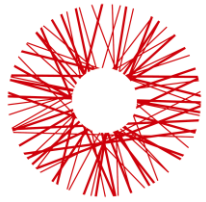




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SAP challenges

- **Lack of breadth and repeatability.**
Companies weren't able to deploy to as many users as they had hoped, or impact enough processes positively on a frequent basis, to achieve enough benefits for a positive ROI.
- **High personnel costs.**
- **Excessive customization.**
Many customers developed new user interfaces or custom-coded specific business processes so SAP could meet their needs and users would be more likely to adopt the solution. Extensive customization slowed deployment and increased consulting costs.



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Oracle challenges

- Need for more thorough vetting of outside consultants.

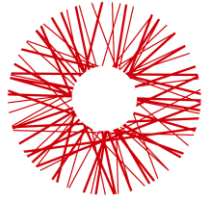
More rigorous investigation of all members of the consulting team would have lessened delays companies experienced in completing the deployment of Oracle applications.

- Buying ahead of business need.

Some companies had applications sitting on the shelf as they were waiting for internal resources to deploy it.

- Staying off the bleeding edge.

Many companies could have achieved a greater ROI if they had not deployed the .0 releases of Oracle applications.



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Microsoft Dynamics GP challenges

- **Change management.**

Companies moving from “green screens” and DOS systems needed to tailor and pace training to ensure effective adoption for all users.

- **Data conversion.**

Cleaning and converting data from older systems would have benefited from more upfront data migration planning and mapping.

- **Customization decisions.**

Several companies noted that in trying to limit business process changes for users, customizations were included that lengthen the upgrade process.



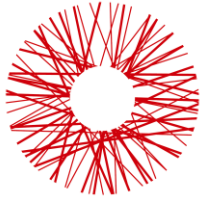
PeopleSoft challenges

- **Change management.**

Many companies were undertaking significant process and culture change efforts, so they had to invest in training and change management programs to ensure users would effectively use the solution.

- **Managing consulting costs.**

A number of customers found they would have spent less on professional services if they had been more aggressive about vetting the skills of their project team and managing the scope of consulting at the beginning of the project.



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Conclusions

- Microsoft Dynamics GP has a lower TCO.
- Microsoft Dynamics GP customers reported benefits across all 5 benefit areas.
- Microsoft Dynamics GP customers achieve a positive ROI by limiting costs while delivering significant returns.
- Microsoft Dynamics GP takes less time to deploy and fewer resources to support than other solutions.



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Resources

Nucleus Research Web site:

www.NucleusResearch.com

Nucleus Research Microsoft ROI tools, case studies, and reports:

www.msftroi.com

Nucleus Research knowledge center

- Tutorial
- B20 – ROI Quick Reference Guide
- A11 – Managing Payback and Risk
- A10 – Maximizing ROI
- A21 – The Strengths and Weaknesses of TCO
- A4 – Human Factors Impact Application Value