


# Deriving Value from Twenty-First Century ERP Applications

META Group's *Deriving Value from 21st Century ERP Applications* articulates ERP market trends and provides key metrics and statistics that will delineate leading players. Following is a high-level summary of key study findings.

*Best score for metric shown in **bold**, where applicable.  
Study Definitions provided on page two.*



Metric	Lawson	PeopleSoft	Oracle	SAP
<b>Respondent Details</b>				
Respondents	29	33	34	34
Average Corporate Revenue for Respondents	\$585M	\$2.3B	\$1.8B	\$2.9B
<b>Total Cost of Ownership Breakdown (Totals 100%):</b>				
Implementation Costs	75%	85%	63%	64%
1st Year Post-Implementation Costs	13%	8%	19%	21%
2nd Year Post-Implementation Costs	12%	7%	18%	15%
<b>Relative Total Cost of Ownership</b>				
Average All Respondents	<b>.56%</b>	1.38%	1.75%	2.27%
Breakdown by Respondent Size: (Rank Order)				
Tier 1 (>\$1B)	<b>1st</b>	5th	4th	6th
Tier 2 (\$200M – \$1B)	2nd	3rd	6th	5th
Tier 3 (<\$200M)	2nd	4th	<b>1st</b>	5th
Breakdown by Geographic Complexity: (Rank Order)				
Single-Site	<b>1st</b>	4th	3rd	6th
Multi-Site	<b>1st</b>	4th	5th	6th
Breakdown by Process Complexity: (Rank Order)				
1-3 Business Functions	<b>1st</b>	3rd	4th	6th
4-5 Business Functions	<b>1st</b>	3rd	5th	6th
Breakdown by Environmental Complexity: (Rank Order)				
Low (<\$1M)	<b>1st</b>	3rd	4th	5th
High (>=\$1M)	<b>1st</b>	3rd	6th	5th
<b>Implementation Cost of Ownership to ERP Software Cost Ratio</b>				
All Respondents	<b>2.5:1</b>	4:1	3.3:1	4.5:1
<b>Implementation Cost of Ownership - Labor Costs to ERP Software Cost Ratio</b>				
All Respondents	<b>1.1</b>	2.7	1.8	2.8
<b>Time to Implement</b>				
All Respondents	<b>16.5 mos.</b>	20.3 mos.	17.1 mos.	29.6 mos.
Breakdown by Respondent Size: (Rank Order)				
Tier 1 (>\$1B)	<b>1st</b>	3rd	2nd	5th
Tier 2 (\$200M – \$1B)	<b>1st</b>	6th	2nd	3rd
Tier 3 (<\$200M)	<b>1st</b>	2nd	3rd	5th
Breakdown by Geographic Complexity: (Rank Order)				
Single-Site	2nd	4th	2nd	6th
Multi-Site	2nd	4th	3rd	6th
Breakdown by Process Complexity: (Rank Order)				
1-3 Business Functions	2nd	4th	3rd	6th
4-5 Business Functions	2nd	4th	3rd	6th

Metric	Lawson	PeopleSoft	Oracle	SAP
<b>Time to Benefit</b>				
All Respondents	<b>22.3 mos.</b>	26.6 mos.	25.9 mos.	37.8 mos.
<b>Time to Benefit from Go Live</b>				
All Respondents	<b>5.8 mos.</b>	6.3 mos.	8.8 mos.	8.2 mos.

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Source: META Group Inc., Deriving Value from Twenty-First Century ERP Applications.

Note: META Group advises that decisions surrounding ERP implementations should not be made based on any single metric or chart. For information on the full report, please visit [metagroup.com](http://metagroup.com).

Due to space constraints, only four of the six companies included in the META Group study have been included in this summary.

## Study Definitions

### ■ Total cost of ownership (TCO)

Costs include server hardware, software, professional services and internal staff costs. Also includes two years of post-implementation costs.

### ■ Implementation cost of ownership (ICO)

TCO less the two years of post-implementation costs.

### ■ Relative total cost of ownership (RTCO)

TCO divided by client's corporate revenue.

### ■ Time to implement (TTI)

Length of time to complete solution implementation.

### ■ Time to benefit (TTB)

Length of time from start of implementation until tangible benefits are received.

### ■ Respondent tiers (sales revenue)

Tier 1 = \$1 billion or greater

Tier 2 = \$200 million to \$999 million

Tier 3 = under \$200 million

### ■ ERP defined by six processes

Finance, HR/payroll, manufacturing applications, customer relationship management, distribution and logistics and other. Study participant purchases/implementations ranged from a single process to as many as five processes.

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