TECH CHOICES

November 10, 2005

The Forrester Wave™: Enterprise Applications Software Licensing, Q4 2005

by R "Ray" Wang

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Evaluation Of Top Enterprise Application Software Vendors Across 65 Criteria

by R "Ray" Wang
with John Ragsdale and Ian Schuler

EXECUTIVE SUMMARY

Enterprise application vendors face pressure to deliver simplified licensing metrics while modeling the complexity of business around usage. In addition, vendors are striving to enforce consistency in licensing policies while accommodating flexibility throughout the software life cycle. However, enterprises seek two paradigms: simple licensing metrics with flexible licensing policies and sophisticated licensing metrics with flexible licensing policies. To assess the state of the enterprise applications software licensing market and see how the vendors stack up against each other, Forrester evaluated the strengths and weaknesses of top ERP vendors across 65 criteria that examine how these vendors address simplicity versus complexity and consistency versus flexibility. The results: Vendors like Epicor Software, Oracle, and QAD scored higher in accommodating complex license metrics and flexible licensing policies, while vendors like Epicor, Microsoft Business Solutions (MBS), and SAP scored higher in delivering simplified license metrics and flexible licensing policies.

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NOTES & RESOURCES

Forrester conducted evaluations in September 2005 and interviewed nine vendors, including: Epicor Software, IFS, Intentia, Lawson Software, Microsoft Business Solutions (MBS), Oracle, QAD, SAP, and SSA Global Technologies.

Related Research Documents

"Enterprise Software Licensing Strategies"
July 26, 2005, Tech Choices

"ERP Applications — The Technology And Industry Battle Heats Up"
June 9, 2005, Market Overview

"Midsize ERP Vendors Fend Off Newcomers"
April 7, 2005, Market Overview

"To Be Or Not To Be Single-Instance ERP"
April 19, 2005, Tech Choices"

ENTERPRISES SEEK TO OPTIMIZE SOFTWARE LICENSING STRATEGIES

Enterprise applications software licensing refers to the available user-based metrics, usage metrics, and delivery and financing mechanisms, as well as the policies that affect the software life-cycle ownership experience and the software life-cycle costs related to the customer-vendor experience in procuring software. Enterprises are re-evaluating their existing contracts because:

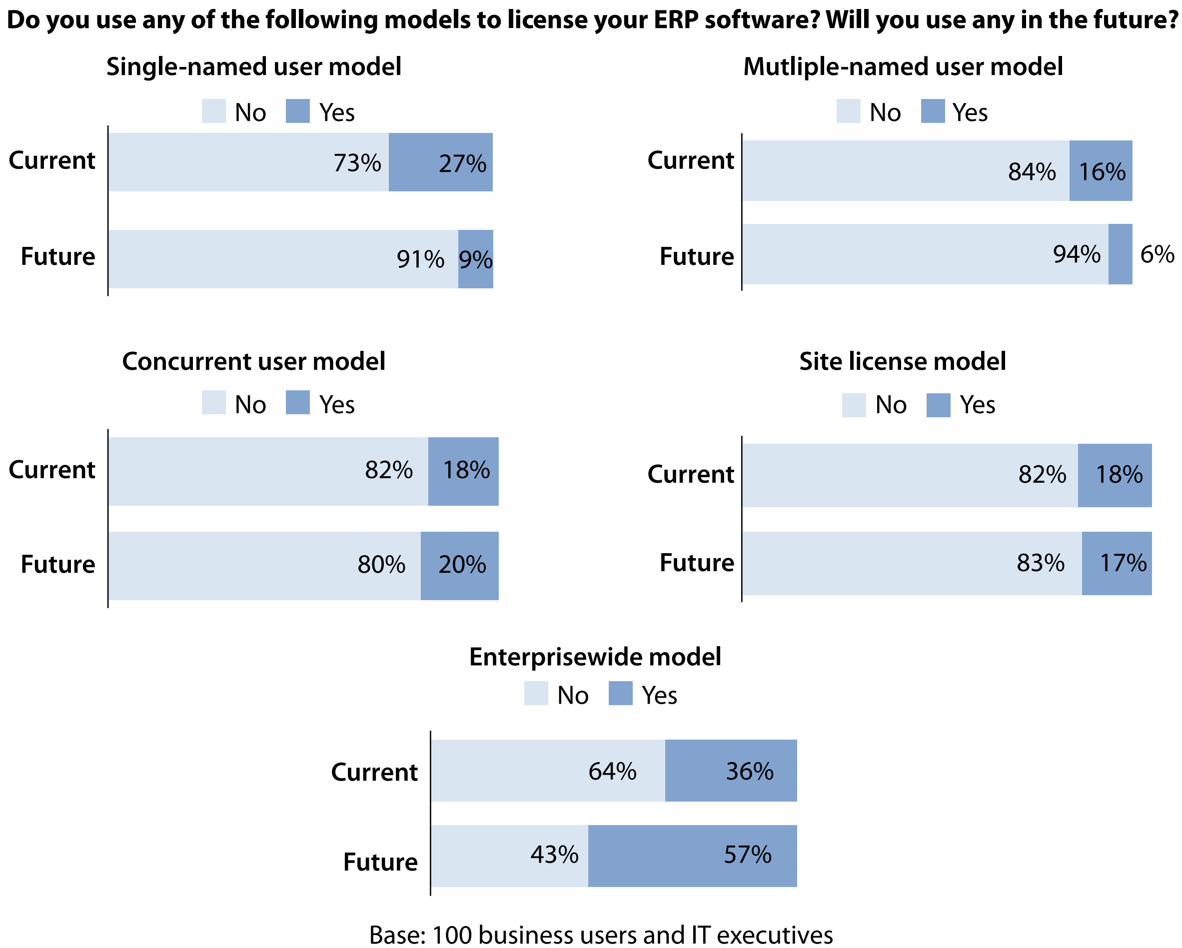
- **Existing licenses do not accommodate new licensing metrics.** The software industry faces challenges to deliver simplified licensing metrics such as enterprisewide licenses. At the same time, enterprises have asked vendors to model usage around business processes or actual amounts of usage to avoid overpayment. New business models such as employee self-service, supplier portals, nonemployee users, and application hosting require different licensing metrics around users and usage that may not have been originally accounted for (see Figure 1).

- **A lack of flexibility in licensing policy handicaps business.** In many cases, language in existing contracts prohibits IT from making the necessary changes to accommodate business initiatives such as shared services, mergers and acquisitions, and outsourced operations. Questions arise as to how licenses are credited, combined, augmented, and reduced. Additionally, flat IT budgets are leading to instance consolidation and reduction in the number of vendor relationships. Vendors face pressure to enforce policy to maintain margins and also to show flexibility throughout a company's software life-cycle to win new business (see Figure 2).

- **Current systems are nearing the end of their life-cycle.** Many ERP systems were initially installed pre-Y2K and are now coming up on replacement.[1] Enterprises have learned harsh lessons, as they have paid for maintenance of unused licenses (i.e., shelfware), suffered undefined maintenance fee increases, and lost functionality credit for future releases. As companies begin their vendor selection processes, they do not want to repeat the same mistakes.

- **New licensing preferences are emerging.** A recent Forrester survey of 100 business users and IT executives asked, "How do you license your ERP software, and how would you like to license in the future?" Three clear trends emerged across all sizes of businesses: a shift away from named user licenses; a shift from existing usage-based models to enterprisewide licenses; and a dislike of processor-specific metrics (see Figure 3).

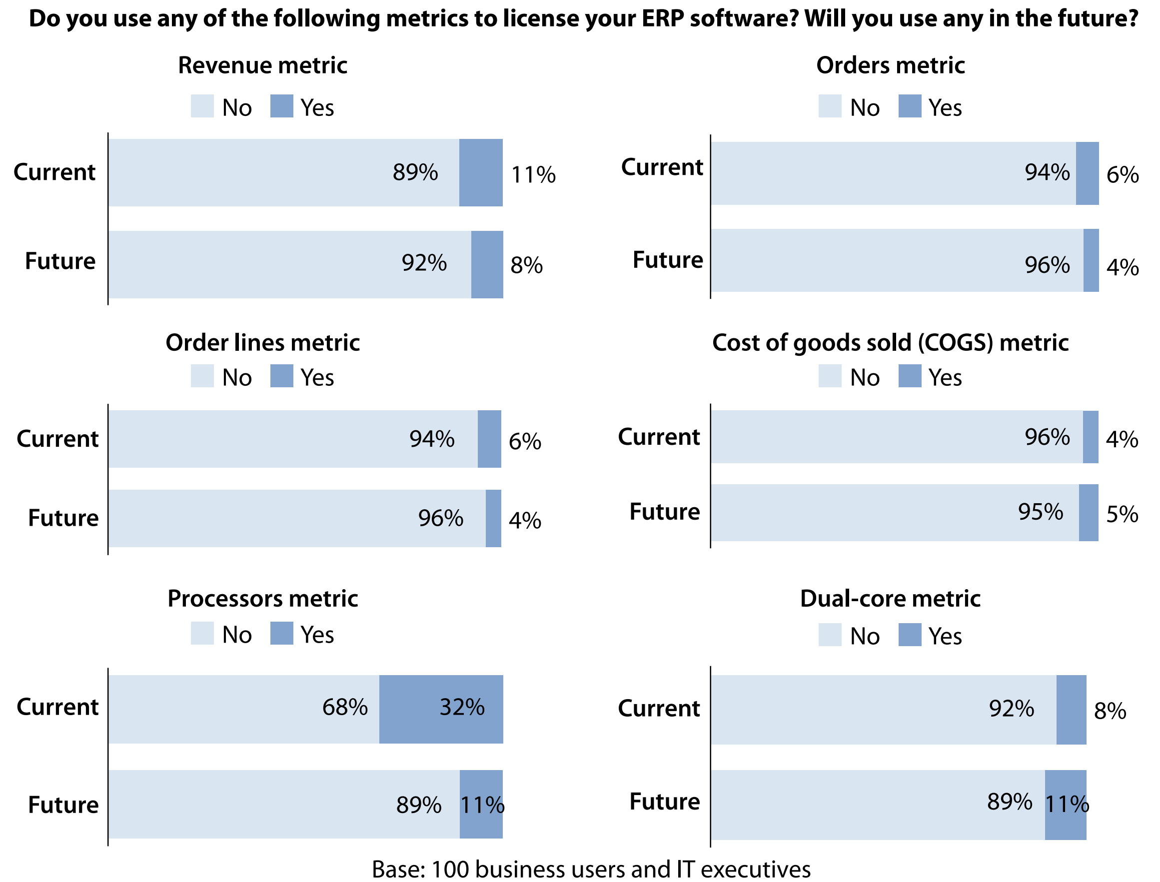
Figure 1 User-Based Metrics, Current And Future



Source: Enterprise Applications Q3 2005 Executive Research Panel

Source: Forrester Research, Inc.

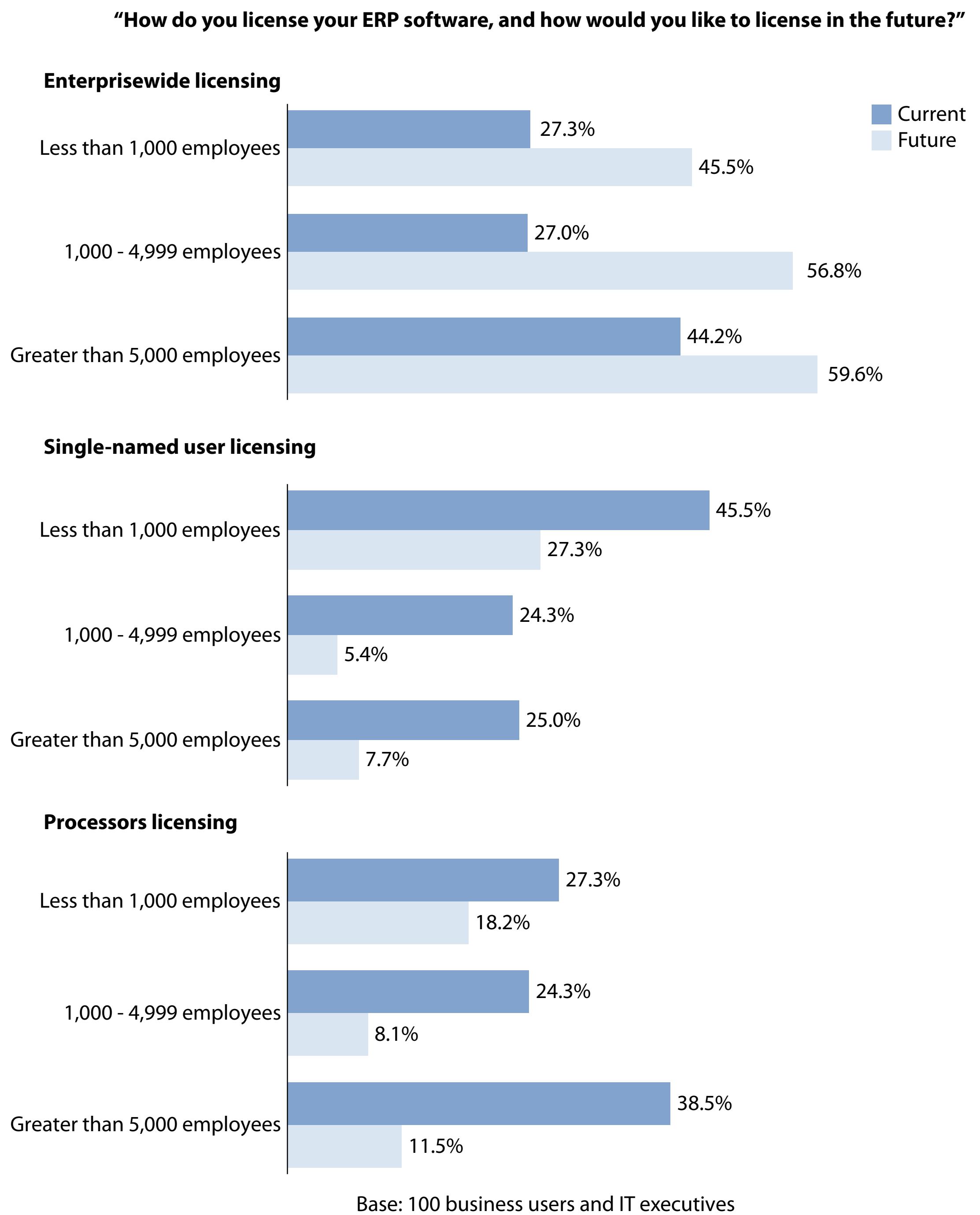
Figure 2 Usage-Based Metrics, Current And Future



Source: Enterprise Applications Q3 2005 Executive Research Panel

Source: Forrester Research, Inc.

Figure 3 Current And Future Trends In Enterprise Applications Software Licensing



Source: Enterprise Applications Q3 2005 Executive Research Panel

Source: Forrester Research, Inc.

ENTERPRISE APPLICATIONS SOFTWARE LICENSING EVALUATION OVERVIEW

Ultimately, enterprises seek two paradigms: simplified licensing metrics with flexible licensing policies, and choice in complex licensing metrics with flexible licensing policies. Due to the complexities involved and the different markets served, we have created two different evaluations, one slanted toward simplified licensing metrics and flexible licensing policies, the other toward addressing choice in complex licensing metrics and flexible licensing policies.

Enterprises that seek simplicity in licensing metrics will gravitate toward vendors that offer a predefined set of options that directly meet expectations. These options will include usage-based as well as user-based metrics. Those who have complex licensing requirements or prefer upfront choice will tend to align themselves with vendors more capable of supporting this level of license complexity. For detailed information on weightings and ratings for both evaluations, please see the online spreadsheet tools.

To assess the state of the enterprise applications software licensing market and to see how the vendors stack up against each other, Forrester evaluated the strengths and weaknesses of top enterprise application vendors for both of these paradigms.

Evaluation Criteria

After examining past research, user needs assessments, panel surveys, and vendor and expert interviews, we developed a comprehensive set of evaluation criteria (see Figure 4). We evaluated vendors against approximately 65 criteria, which we grouped into three high-level categories:

- **Current offering.** We evaluated a broad set of licensing metrics and licensing policies. Metrics included those that are user-based (e.g., single-named user, concurrent user, enterprisewide, etc.), usage-based (e.g., revenue metric, orders metric, cost of goods sold (COGS) metric, etc.), hardware-based, and usage intensity-based. Licensing policy was comprised of license terms, delivery and financing mechanisms, software life-cycle ownership experience, and software life-cycle ownership costs.

- **Strategy.** We reviewed each vendor's pricing strategy, corporate strategy, and financial resources available to support those strategies.

- **Market presence.** We assessed each vendor's installed base, revenue, revenue growth, systems integrators, services, employees, and global sales presence.

Figure 4 Evaluation Criteria

CURRENT OFFERING	
User-based metrics	What licensing models are offered to capture the number of users?
Usage-based metrics	What licensing models are offered to capture actual usage of the system?
Hardware-based metrics	What licensing models are used to capture hardware-based metrics?
Usage intensity-based models	Does the vendor offer discounted licenses by usage tiering (e.g., heavy user, moderate user, casual user, light user)?
License terms	Does the vendor offer perpetual and term licenses?
Delivery and financing mechanisms	What delivery and financing mechanisms are available?
Software life-cycle ownership experience	What offerings are made upfront to address the software life-cycle ownership experience?
Software life-cycle ownership costs	What is the software life-cycle ownership cost for this vendor?
STRATEGY	
Pricing strategy	How does the vendor balance simplicity versus complexity and policy versus flexibility?
Corporate strategy	What is the vendor's target market and industry focus?
Financial resources to support strategy	Is the vendor profitable? What is the vendor's cash flow? Does the company have sufficient revenues, profits, and cash flow to support its strategies?
MARKET PRESENCE	
Installed base	How large is the vendor's installed base of customers for all products?
Revenue	What was the vendor's revenue for calendar year 2004?
Revenue growth	What was the vendor's year-over-year revenue growth from 2003 to 2004?
Systems integrators	How many systems integrator partners have completed 12 or more deployments of any version of the current product offering in the past 12 months?
Implementation services	How many employees provide implementation services for this product?
Employees	How many employees does the vendor have dedicated to this product? How big is the vendor's sales presence?
Global sales presence	How many employees does the vendor have dedicated to global sales of this product?

Source: Forrester Research, Inc.

Evaluation Methodology

Forrester used a combination of two data sources to assess the strengths and weaknesses of each solution:

- **Vendor surveys.** Forrester surveyed vendors on their capabilities as they relate to the evaluation criteria. Once we analyzed the completed vendor surveys, we conducted vendor calls where necessary to gather details of vendor qualifications.

- **Customer reference calls.** To validate product and vendor qualifications, we asked each vendor to provide a minimum of three references from current customers. Forrester surveyed a random sampling of vendor references.

Using these data sources, Forrester created two distinct evaluations to address both vendor paradigms in the enterprise applications software licensing market:

- **Simplicity and flexibility.** In short, enterprises that seek simplicity in licensing metrics are looking for a limited set of options that may be user-based, usage-based, or processor-based metrics. This evaluation assigned vendors maximum credit for supporting two or fewer licensing metrics in the user-based and usage-based categories.

- **Complexity and flexibility.** Enterprises that require complex licensing metrics or desire a multitude of options will gravitate towards vendors who score higher in the complexity evaluations. Those vendors with the most upfront options scored the highest.

Evaluated Vendors

Forrester included nine vendors in the assessment: Epicor Software, IFS, Intentia, Lawson Software, Microsoft Business Solutions (MBS), Oracle, QAD, SAP, and SSA Global Technologies. Infor was invited but chose not to participate this year due to a wide portfolio of acquired product lines with disparate licensing policies. It is important to note that on June 2, 2005, Lawson Software announced an agreement to combine with Intentia in an all-stock transaction. Upon completion of the merger, the company will operate under the name Lawson Software. For this study, Forrester assessed Lawson and Intentia as autonomous entities while remaining mindful of the agreement.

Why these vendors? Each of them has:

- **Comprehensive functionality.** Vendors included in this evaluation all have core ERP suites with extended modules in CRM and SCM functionality. As integrated suites, they collectively deliver a broad range of horizontal functionality. Yet both small and large vendors focus functionality around domain expertise in select industries.

- **Significant market presence.** Vendors that survived the recent economic downturn have been able to preserve and grow their installed base through maintenance programs, additional add-on modules, and consolidation. Vendors with revenues below $200 million were not considered, as they did not represent a large enough presence and could not effectively deliver on global sales, service, and support.

EPICOR SOFTWARE, ORACLE, AND QAD ADDRESS COMPLEXITY AND FLEXIBILITY

Weightings that addressed choice in complexity assessed the maximum number of options that a vendor provided in license metrics and the maximum number of upfront software life-cycle policies. Those with the most upfront options for modeling business complexity fared the best. The evaluation uncovered a market in which (see Figure 5):

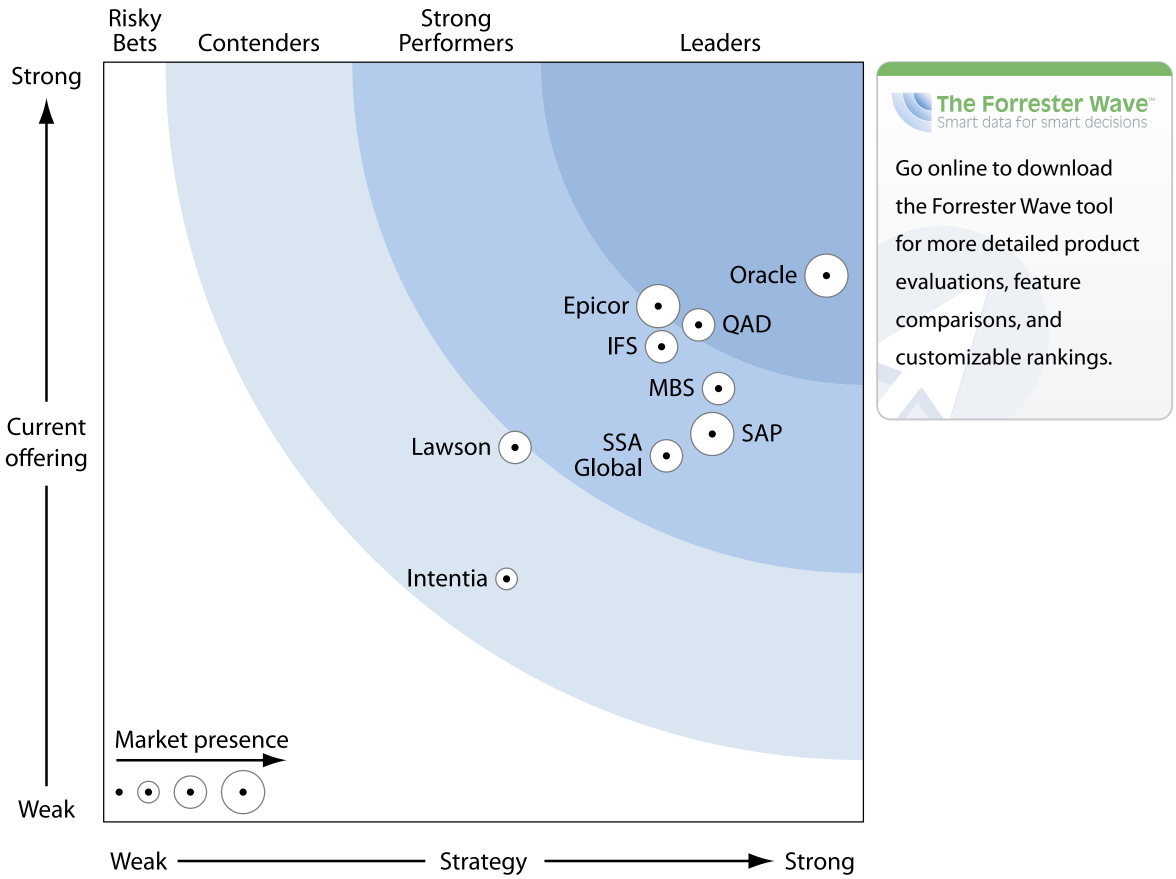
- **Oracle leads the pack in accommodating business complexity.** Upfront licensing policies and a wide choice of licensing metrics for the E-Business Suite factor into Oracle's strong showing. Despite the apparent lead, Oracle's integration of the licensing strategies of Siebel Systems, PeopleSoft, and other acquisitions, as well as the way in which it models business processes, will remain its greatest challenges. But for now, Oracle can enjoy top honors in this inaugural evaluation.

- **Epicor Software and QAD offer competitive options to the midmarket.** Epicor and QAD are the two smallest vendors we evaluated, yet both have succeeded in accommodating business complexity while providing upfront, generous licensing policies. Epicor focuses exclusively on user-based metrics including concurrent user models, while QAD has introduced usage-based metrics and has replaced its concurrent user model with a single-named user metric.

- **Intentia and Lawson Software lag in software life-cycle ownership.** Despite a strong showing in license metrics, Lawson was hurt by a lack of upfront policies around software life-cycle ownership experiences. Intentia also performed well in license metrics but was handicapped by its showing in software life-cycle ownership costs. Both vendors fared poorly on delivery and financing, due to the lack of SaaS, lease-to-buy, and vendor-sponsored financing. Intentia fared even worse due to a lack of hosting options.

This evaluation of the enterprise applications software licensing market is intended to be a starting point only. Readers are encouraged to view detailed product evaluations and adapt the criteria weighting to fit their individual needs through the Forrester Wave™ Excel-based vendor comparison tool.

Figure 5 Forrester Wave™: Enterprise Apps Software Licensing: Complexity, Q4 ’05



Source: Forrester Research, Inc.

Figure 5 Forrester Wave™: Enterprise Apps Software Licensing: Complexity, Q4 '05 (Cont.)

	Forrester's Weighting	Epicor	IFS	Intentia	Lawson	Microsoft	Oracle	QAD	SAP	SSA Global
CURRENT OFFERING	65%	3.39	3.13	1.60	2.54	2.85	3.57	3.28	2.56	2.41
User-based metrics	15%	3.95	5.00	1.70	2.50	3.45	2.70	4.25	1.50	3.45
Usage-based metrics	20%	0.60	0.00	0.00	0.00	0.00	3.95	1.60	2.20	0.00
Hardware-based metrics	5%	5.00	0.00	0.00	5.00	0.00	4.20	0.00	2.00	5.00
Usage types by usage intensity	5%	5.00	5.00	0.00	5.00	5.00	5.00	5.00	5.00	5.00
License terms	5%	4.10	5.00	3.50	3.50	4.10	5.00	4.10	4.10	5.00
Delivery and financing mechanisms	10%	4.05	4.50	0.00	2.50	3.60	4.40	3.25	2.05	1.75
Software life-cycle ownership experience	25%	4.40	3.90	3.45	3.10	4.30	3.44	3.75	2.60	2.64
Software life-cycle ownership costs	15%	3.10	3.05	2.05	3.10	2.95	2.40	4.05	3.25	2.05
STRATEGY	25%	3.64	3.67	2.65	2.71	3.93	4.76	3.92	4.00	3.70
Pricing strategy	60%	3.40	4.60	2.90	3.00	3.30	4.60	4.60	3.50	3.40
Corporate strategy	15%	2.35	2.70	2.70	2.70	4.65	5.00	2.70	4.35	2.70
Financial resources to support strategy	25%	5.00	2.00	2.00	2.00	5.00	5.00	3.00	5.00	5.00
MARKET PRESENCE	10%	4.01	3.16	2.69	3.19	3.94	4.67	3.54	4.85	3.95
Installed base	25%	4.50	4.25	2.50	3.50	4.50	4.75	4.25	5.00	4.00
Revenue	10%	3.00	3.00	4.00	3.00	4.00	5.00	2.00	5.00	4.00
Revenue growth	10%	5.00	0.00	0.00	0.00	5.00	5.00	0.00	5.00	5.00
Systems integrators	15%	5.00	2.00	2.00	5.00	5.00	5.00	5.00	5.00	2.00
Services	10%	5.00	5.00	5.00	5.00	0.00	5.00	5.00	5.00	5.00
Employees	15%	2.50	3.25	3.75	2.75	3.50	4.75	2.25	4.75	3.75
Global sales presence	15%	3.05	3.40	2.00	2.35	4.25	3.45	4.60	4.25	4.60

All scores are based on a scale of 0 (weak) to 5 (strong).

Source: Forrester Research, Inc.

EPICOR SOFTWARE, MICROSOFT, AND SAP DELIVER SIMPLICITY WITH FLEXIBILITY

When we evaluated the vendors using criteria modified for a simplicity model, preference was given to vendors who had two or fewer user-based and two or fewer usage-based metrics. However, vendors with a maximum number of upfront software life-cycle policies performed best. The evaluation uncovered a market in which (see Figure 6):

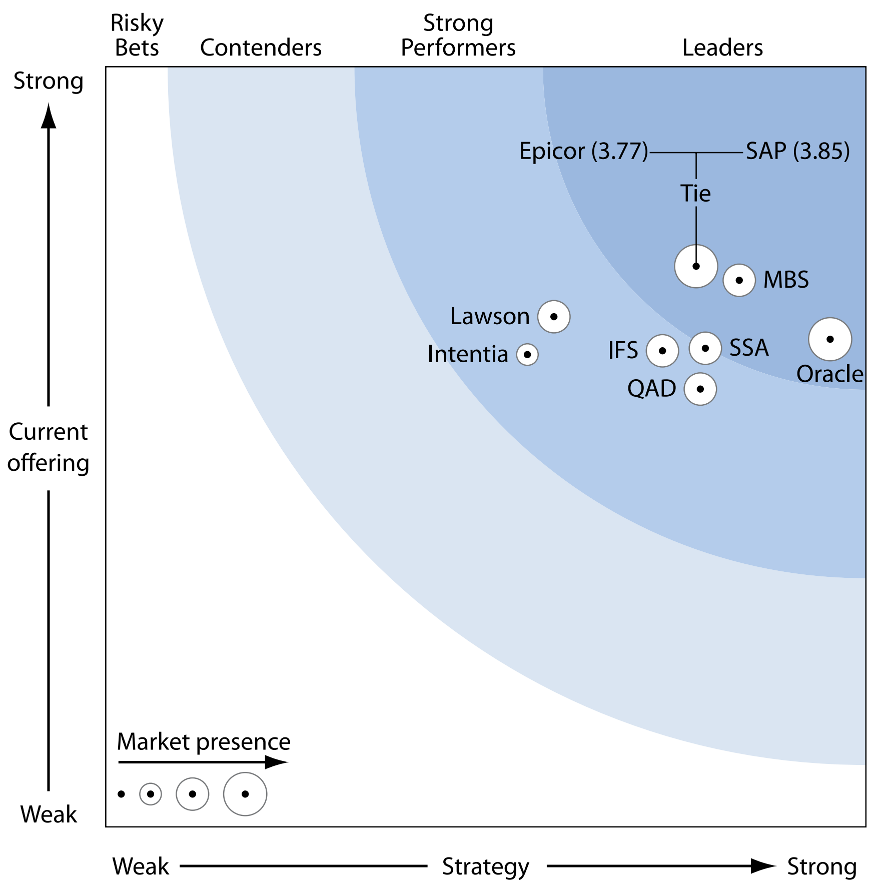
- **SAP has a slight lead.** SAP and Epicor are tied when it comes to current offering and strategy. However, even with a low score in software life-cycle licensing policies, a combination of strong current offering and dominant market presence enabled SAP to take the lead. SAP has been focused on creating equity and consistency in its licensing models across the globe. Its future challenges will be to keep this simplicity as it accounts for its Business Process Platform (BPP). Among nine vendors, SAP is in the lead position in delivering simplicity in overall licensing metrics and software life-cycle ownership policy.

- **Epicor Software, Microsoft, and Oracle are very close behind.** From a software life-cycle ownership experience standpoint, MBS, and Epicor had the top scores. Meanwhile, Epicor, MBS, and Oracle had very competitive scores in the current offering category, and MBS and Oracle had the top two scores in terms of strategy. Although MBS and Epicor are tied for second place, Oracle was a very close third. Companies stand to benefit from this level of competition in the market, especially when MBS begins to introduce role-based pricing in the Dynamics product line. Of note is that Epicor is tied with SAP on the Wave graphic, because the graphic plots current offering versus product strategy and represents market presence by the size of the dot, even though market presence does factor into the overall score.

- **QAD and Intentia lag in simplicity.** QAD scored the worst in terms of its current offering, as it had a wide range of user-based and usage-based models. This hampered QAD from leveraging its strengths in other areas like software life-cycle ownership experience. Intentia, despite scoring well in software life-cycle ownership experience and usage- and user-based metrics, lagged far behind in terms of delivery and financing options, usage tiering, and overall strategy.

This evaluation of the enterprise applications software licensing market is intended to be a starting point only. Readers are encouraged to view detailed product evaluations and adapt the criteria weighting to fit their individual needs through the Forrester Wave Excel-based vendor comparison tool.

Figure 6 Forrester Wave™: Enterprise Apps Software Licensing: Simplicity, Q4 '05



The Forrester Wave™
Smart data for smart decisions

Go online to download the Forrester Wave tool for more detailed product evaluations, feature comparisons, and customizable rankings.

Source: Forrester Research, Inc.

Figure 6 Forrester Wave™: Enterprise Apps Software Licensing: Simplicity, Q4 ’05 (Cont.)

	Forrester’s Weighting	Epicor	IFS	Intentia	Lawson	Microsoft	Oracle	QAD	SAP	SSA Global
CURRENT OFFERING	65%	3.68	3.13	3.11	3.35	3.59	3.21	2.88	3.68	3.14
User-based metrics	25%	2.00	1.00	5.00	3.00	3.00	3.00	1.00	5.00	3.00
Usage-based metrics	10%	5.00	5.00	5.00	5.00	5.00	1.00	3.00	5.00	5.00
Hardware-based metrics	5%	5.00	0.00	0.00	5.00	0.00	4.00	0.00	2.50	5.00
Usage types by usage intensity	5%	5.00	5.00	0.00	5.00	5.00	5.00	5.00	5.00	5.00
License terms	5%	4.25	5.00	3.75	3.75	4.25	5.00	4.25	4.25	5.00
Delivery and financing mechanisms	10%	4.05	4.50	0.00	2.50	3.60	4.40	3.25	2.05	1.75
Software life-cycle ownership experience	25%	4.40	3.90	3.45	2.80	4.30	3.44	3.75	2.60	2.64
Software life-cycle ownership costs	15%	3.10	3.05	2.05	3.10	2.95	2.40	4.05	3.25	2.05
STRATEGY	25%	3.88	3.67	2.77	2.95	4.17	4.76	3.92	3.88	3.94
Pricing strategy	60%	3.80	4.60	3.10	3.40	3.70	4.60	4.60	3.30	3.80
Corporate strategy	15%	2.35	2.70	2.70	2.70	4.65	5.00	2.70	4.35	2.70
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Employees	15%	2.50	3.25	3.75	2.75	3.50	4.75	2.25	4.75	3.75
Global sales presence	15%	3.05	3.40	2.00	2.35	4.25	3.45	4.60	4.25	4.60

All scores are based on a scale of 0 (weak) to 5 (strong).

Source: Forrester Research, Inc.

VENDOR PROFILES

- **Epicor Software.** Epicor has the unique distinction of being the only vendor to rank in the top three for both the complexity and the simplicity evaluations. Epicor focuses on midmarket enterprises and divisions/subsidiaries of the Global 1000 worldwide. The vendor’s 2004 revenue of $226 million makes it the smallest vendor evaluated. Epicor’s success in both evaluations stems from its overall top score in software life-cycle ownership experience and its second-place showing in delivery and financing options. Epicor’s licensing metrics are purely user-based, with very limited usage-based models available upon request. Overall, Epicor should be considered by midmarket enterprises and divisions/subsidiaries of the Global 1000 for its top licensing metrics and software life-cycle policies.[2]

- **IFS.** IFS targets upper midmarket and some large enterprises. With a wide range of user-based licensing metrics, it earns top honors in licensing metrics and flexible delivery and financing mechanisms. Yet despite these distinctions, a lack of usage-based metrics and market presence hampered IFS from entering the Leader category. As one of the first ERP vendors to host on IBM's OnDemand network, IFS is a trailblazer in hosted ERP solutions. Overall, IFS should be considered on industry-focused shortlists for meeting complex licensing metrics and delivering flexible software life-cycle policies.[3]

- **Intentia.** Intentia has a pricing program that can be viewed as extremely straightforward, as it is based solely on the total number of named users. On the other hand, it could be viewed as inflexible to organizations looking at other metric-based pricing alternatives. Despite the simplicity, Intentia's score suffered due to market presence, ownership costs, and very limited delivery and financing. as both vendors complete premerger integration work, Lawson's challenge will be to streamline licensing policies between the two entities. Today's licensing policies may work well with Intentia's users, but new customers will leave yearning for more flexibility in software life-cycle ownership policies and will seek concurrent user licenses elsewhere.[4]

- **Lawson Software.** Lawson has simplified its pricing and presents a limited set of options, depending on the product and industry. With the exception of enterprise agreements, all Lawson products are sold on the basis of a particular licensing metric/model that is not subject to negotiation. Alternatives are all prepackaged upfront. There is some choice, but the user-based model is predetermined. While Lawson has done a reasonable job of simplifying license metrics, the lack of a plethora of upfront software life-cycle ownership experience policies negatively affects Lawson's overall scores in this evaluation.[5]

- **Microsoft Business Solutions.** MBS has focused on simplifying its overall pricing strategy, including the Dynamics product line. MBS offers a wide range of user-based models, but with the exception of multiple-named users, most MBS customers use and prefer the concurrent user model of user-based metrics. Microsoft does not offer any usage-based models and relies on partners for all of its direct sales. MBS' innovative role-based concept will provide a new model of user and usage metrics when Dynamics is fully rolled out in mid-2010. MBS is one of the top vendors in delivering simplicity in overall licensing metrics and software life-cycle ownership policy.[6]

- **Oracle.** As a tier one vendor, Oracle has established itself as a leader by creating the right balance between capturing the complexity of business requirements and the flexibility of software life-cycle ownership policies. Yet despite Oracle's wider variety of models, flexibility in licensing policies has also placed it in the top three of the evaluation on simplified licensing models. Starting in 2002, Oracle has been a pioneer in disclosing its price lists and licensing policies publicly on the Web. Overall, software life-cycle ownership costs are in line with other competitors on a seven- to 10-year basis. How Oracle rationalizes the licensing strategies of Siebel, PeopleSoft, and other acquisitions, as well as how it models business processes, will remain this vendor's greatest challenges.[7]

- **QAD.** Although QAD is one of the smaller vendors in this evaluation, it is one of the top vendors in terms of accommodating complex licensing requirements. QAD's move to provide both a user-based licensing model and a business process-oriented licensing model is unique. Of particular interest is the vendor's introduction of a limited usage-based model, called BPC, which captures business process usage with a proxy unit. In addition, this vertically focused vendor ranked the best in terms of its average software life-cycle ownership costs and provides a solid software life-cycle ownership experience. QAD is a global company with revenues evenly split across North America; Europe, the Middle East, and Africa (EMEA); and Asia Pacific (APAC). Enterprises looking for a manufacturing solution with top licensing metrics and policies should consider QAD.[8]

- **SAP.** As the largest application vendor, SAP is striving to create equity and consistency in its licensing models. As a result, SAP licensing policies are designed to reflect usage or other value-related metrics by industry. SAP firmly believes that users should pay a fair price commensurate to the value that the software brings to the organization. Public practices are rigid in the software life-cycle ownership aspects of licensing, and licensing policy variances are typically communicated one-on-one instead of publicly. Despite these factors, SAP leads the market in licensing policies that deliver elegance and simplicity in overall licensing metrics and flexibility in software life-cycle ownership policy. For tier one customers, this is good news. SAP's future challenges will be to keep this simplicity as it accounts for its Business Process Platform (BPP). SAP is the top choice in delivering simplicity in overall licensing metrics and software life-cycle ownership policy.[9]

- **SSA Global Technologies.** SSA has a fairly simple user-based pricing model. Large enterprises looking for complex metrics will have to negotiate on a case-by-case basis. Most users choose between named or concurrent usage. While its license metrics reflect simplicity, SSA Global's license policies around software life-cycle experience prevent it from emerging in the upper half of this evaluation. Existing customers who finally have a financially stable vendor will benefit the most from these licensing policies, which help fund the "never sunset a customer" promise. New customers to SSA global will have to negotiate for an improved software life-cycle ownership experience.[10]

SUPPLEMENTAL MATERIAL

Online Resource

The online versions of Figure 5 and Figure 6 are Excel-based vendor comparison tools that provide detailed product evaluations and customizable rankings.

Forrester Wave Methodology

We conduct primary research to develop a list of vendors that meet our criteria to be evaluated in this market. From that initial pool of vendors, we narrow our final list to those presented here. We choose these vendors based on: 1) product fit; 2) customer success; and 3) Forrester client demand. We eliminate vendors that have limited customer references and products that don't fit the scope of our evaluation.

After examining past research, user need assessments, and vendor and expert interviews, we develop the initial evaluation criteria. To evaluate the vendors and their products against our set of criteria, we gather details of product qualifications through a combination of lab evaluations, questionnaires, demos, and/or discussions with client references. We send evaluations to the vendors for their review, and we adjust the evaluations to provide the most accurate view of vendor offerings and strategies.

We set default weightings to reflect our analysis of the needs of large user companies — and/or other scenarios as outlined in this document — and then score the vendors based on a clearly defined scale. These default weightings are intended only as a starting point, and readers are encouraged to adapt the weighting to fit their individual needs through the Excel-based tool. The final scores generate the graphical depiction of the market based on current offering, strategy, and market presence. Forrester intends to update vendor evaluations regularly as product capabilities and vendor strategies evolve.

ENDNOTES

1 The typical life cycle for enterprise software ranges from seven to 10 years for large enterprises. In midmarket companies that range can be up to 15 years. See the July 26, 2005, Tech Choices "Enterprise Software Licensing Strategies."

2 View the scorecard summary for more detailed analysis on how Epicor fared in this evaluation. See the November 10, 2005, Tech Choices "Enterprise Applications Software Licensing Scorecard Summary: Epicor Software."

3 View the scorecard summary for more detailed analysis on how IFS fared in this evaluation. See the November 10, 2005, Tech Choices "Enterprise Applications Software Licensing Scorecard Summary: IFS."

4 View the scorecard summary for more detailed analysis on how Intentia fared in this evaluation. See the November 10, 2005, Tech Choices "Enterprise Applications Software Licensing Scorecard Summary: Intentia."

[5] View the scorecard summary for more detailed analysis on how Lawson fared in this evaluation. See the November 10, 2005, Tech Choices "Enterprise Applications Software Licensing Scorecard Summary: Lawson Software."

[6] View the scorecard summary for more detailed analysis on how Microsoft Business Solutions fared in this evaluation. See the November 10, 2005, Tech Choices "Enterprise Applications Software Licensing Scorecard Summary: Microsoft Business Solutions."

[7] View the scorecard summary for more detailed analysis on how Oracle fared in this evaluation. See the November 10, 2005, Tech Choices "Enterprise Applications Software Licensing Scorecard Summary: Oracle."

[8] View the scorecard summary for more detailed analysis on how QAD fared in this evaluation. See the November 10, 2005, Tech Choices "Enterprise Applications Software Licensing Scorecard Summary: QAD."

[9] View the scorecard summary for more detailed analysis on how SAP fared in this evaluation. See the November 10, 2005, Tech Choices "Enterprise Applications Software Licensing Scorecard Summary: SAP."

[10] View the scorecard summary for more detailed analysis on how SSA Global fared in this evaluation. See the November 10, 2005, Tech Choices "Enterprise Applications Software Licensing Scorecard Summary: SSA Global Technologies."

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