



ACUMATICA LOOKS TO CONTINUE 2017 MOMENTUM

ANALYSTS

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THE BOTTOM LINE

At its recent conference, Acumatica Summit 2018, Acumatica focused on continuing its current growth trajectory. The vendor's dedication to its open architecture was a common element to its announcements which included new partnerships with independent software vendors (ISVs) like SAP and further Microsoft development. With a growing ecosystem of resellers and partners, Acumatica is building capabilities that ease integration and accelerate time to value both organically and through its partners.

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THE ANNOUNCEMENTS

At the conference, which marked its 10-year anniversary, Acumatica executives took the stage to discuss the successes the company had in 2017 and what customers and partners can expect in 2018. With almost double the number of attendees compared with last year's conference, Acumatica's growth presents challenges and opportunities on which the keynotes addresses touched. Some key themes and announcements included:

- **Company growth.** With triple-digit revenue growth in 2017, Acumatica faces the unique challenge of continuing to scale while maintaining the quality and personability that has defined it thus far. The company added 61 new VAR (value-added reseller) partners to support its indirect sales strategy and surpassed 4,000 total customers. Acumatica outlined where it intends to invest as it continues to expand, highlighting its new office based in Mexico City and further plans to penetrate the Latin American market.

- **New integration partners.** With an open API (application programming interface) architecture since its inception, 2017 saw Acumatica partner with 37 new ISVs (independent software vendors). At the conference, Acumatica announced a new integration partnership with SAP Concur to help customers manage expense reporting. Additionally, Acumatica announced that it is building an out-of-the-box integration with Microsoft Flow that includes a suite of default workflows and gives customers that ability to more easily build and implement their own.
- **Construction Edition.** Announced in early January, Acumatica Construction Edition is designed to provide end-to-end capabilities for contractors, developers, home builders, and subcontractors. The solution includes management tools for financials, project accounting, job costing, compliance management, retainage, and change orders, as well as integrations with Procore Technologies and Hyphen Solutions. Added to the vertical editions Acumatica has developed for commerce, field services, and manufacturing, Acumatica Construction Edition targets an under-served industry and has the specific functionality that should help customers realize value quickly.

Although there was a heavy focus on delivering capabilities to customers through technology partnerships, Acumatica made it a point to highlight the investments it is making in the functionality delivered by its applications as well as the look and feel of its xRP Platform. The roadmap contains technologies like BlockChain, RFID tags, Internet of Things, Machine Learning, and natural language processing. Though still in their initial stages, the investments demonstrate that Acumatica is not resting on its laurels. Acumatica also announced support for the Open API Initiative as part of its commitment to open API efforts.

CUSTOMER REACTIONS

There were hundreds of customers and partners in attendance at Acumatica Summit 2018, hailing from around the world. Nucleus spoke with a number of customers during the conference to get their views on what value they are getting from Acumatica and what the conference announcements meant to them.

FOOD AND BEVERAGE COMPANY

One customer operating in the food and beverage industry recently deployed Acumatica to replace a legacy solution after evaluating several other vendors, including Microsoft Dynamics, NetSuite, and Epicor. The customer wanted to avoid the costs associated with keeping an on-premise system. Additionally, with multiple locations, the organization wanted to be able to take advantage of the mobility

Acumatica offers to help the business operation in real-time. The customer is implementing in phases, ensuring that it can continue baseline operations before unlocking more complex functionality. Despite only being live on the software for a short time, the customer already has double the functionality that it did on its legacy solution.

The customer said: *"Adoption among our users is far better with Acumatica than other ERP systems I've worked with before. The system is simpler to use for every role. We're already seeing value from improvements to our financial close and making it easier for our auditors."*

MANUFACTURING COMPANY

Another customer, who was an early adopter of Acumatica, knew it wanted to go cloud due to the value it could realize by outsourcing that part of its IT management. It was looking to overcome connectivity issues it had between its different business units. The company needed a solution with the flexibility to deliver functionality that spanned its business needs, from manufacturing to services to high tech. Besides functionality, which was the primary reason for selecting Acumatica instead of solutions like Microsoft AX and Epicor, the customer wanted a solution that would be able to grow with the organization as its needs changed. The company stated that onboarding a new business unit is easier and has a gentler learning curve with Acumatica.

The customer said: *"Our biggest benefit is simplicity and standardization. Across all our business units the interfaces are the same regardless of what module is being used. We're able to accomplish more with fewer people, helping us to stay lean."*

MANUFACTURING AND DISTRIBUTION COMPANY

A third company went with Acumatica despite its small size because of the flexibility in workflows the solution delivers. With its products engineered to order to the customer's specifications. The company needs to tailor its workflows to match the production orders for each job. With the new workspace functionality that Acumatica introduced with R2 2017, the customer can create new workspaces for each user to help ease user adoption. The company is looking forward to the integration with Microsoft Flow that Acumatica announced at the Summit.

The customer said: *"The flexibility of Acumatica is great for an organization like ours since each person has to wear many different hats. It helps us punch well above our weight-class."*

THE PARTNER LANDSCAPE

With Acumatica's partner ecosystem continuing to grow, the partner participation – and types of conversations partners are having – was dramatically different at this year's Summit compared with years past. Nucleus has seen that a large part of Acumatica's ecosystem growth has been from ISV partners moving their existing business and skills from aging ERP providers. This enables them to provide customers with a more modern platform and build their business as a cloud ERP provider. This is a significant transition for many of these companies, both financially and otherwise, and just a few years ago many partners attending the Summit were still very much committed to their Sage, Dynamics SL, or other business, and were really just there to evaluate the potential opportunity with Acumatica. In contrast, this year saw existing partners with Acumatica businesses far outstripping their traditional partner deals, net-new partners creating new businesses that had completely hitched their wagon to Acumatica, and yet another set of potential partners on the bandwagon to move their businesses to focus on Acumatica delivery – because they had followed, with interest, their peers' successful moves to Acumatica.

ACUMATICA'S STRATEGY

Although no announcements made at Acumatica Summit 2018 were game-changing—in part due to the decision to release the construction edition prior to the conference—Acumatica demonstrated that it recognizes the challenges it faces as a rapidly growing vendor that, due to the flexibility of its platform, services a wide range of industries and customers. The investments Acumatica is making in partnerships and its own technology are focused on delivering value to the customers in the future, but with an understanding that partners could provide the capabilities more easily than if Acumatica developed them on its own.

With 10 years of experience under its belt, Acumatica's value proposition relies on the competence of its VARs and the ability of its ISV ecosystem to answer the needs of customers with integrated capabilities. By delivering more out of the box, the vendor accelerates the customer's time to value and get the most out of their investment. Acumatica must ensure that quality of its partners and resellers does not become diluted if it continues to grow aggressively. Although it is sometimes characterized as the "rambunctious teenager" of the enterprise resource planning market, Acumatica will need maturity and focus to win its next 4,000 customers without losing the qualities that won it its first 4,000.

LOOKING AHEAD

With the construction vertical and e-commerce capabilities (through last year's Magento partnership) in the rearview mirror, Nucleus expects Acumatica will continue to invest in both innovative technologies that will help its manufacturing core, field service, and other vertical areas driven by demand from customers and partners. We expect to see Acumatica to remain true to its roots as an SMB ERP player, but not to refuse opportunities that bring it higher up the food chain (as scalability has proven not to be an issue with customers with large volumes of transactions). The recent addition of Kirill Tatarinov to Acumatica's board should not go unnoticed as well. Bringing the architect of successful growth for the Microsoft Dynamics business on board will help in a number of directions, including a possibly closer relationship or technology deal with Microsoft and Azure. This would likely drive further adoption of Acumatica by former Dynamics partners looking for a modern cloud platform to drive their business.