

October 15, 2007

The Forrester Wave™: Enterprise Apps Software Licensing And Pricing, Q4 2007

by R "Ray" Wang

for Business Process & Applications Professionals



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Oracle And Microsoft Lead In Both SMB And Enterprise

by R "Ray" Wang

with Sharyn C. Leaver, Elisse Gaynor, and Meghan Donnelly

EXECUTIVE SUMMARY

Forrester evaluated the licensing and pricing strategies of leading enterprise applications vendors across 97 criteria. Oracle and Agresso were found to have established early leadership among large enterprises thanks to their ability to accommodate complexity and choice in licensing metrics and support for the enterprise software licensee bill of rights (LBoR). Microsoft, QAD, Sterling Commerce, Epicor Software, Lawson, and Infor are Strong Performers but lack breadth in usage-based metrics. SAP provides strong usage-based metrics but could improve on provisions in the LBoR. Microsoft, Oracle, QAD, Agresso, and Epicor Software lead in delivering on small- and medium-sized business (SMB) requirements like choice in user-based metrics and support for the LBoR. Sterling Commerce, Lawson, Sage Software, SAP, Infor, and Deltek are Strong Performers that offer competitive options but could improve support for SMB requirements in the LBoR. IFS's licensing and pricing models leave SMB customers with limited choices but offer a simplified, easy to understand approach.

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NOTES & RESOURCES

Forrester conducted licensing policy evaluations from June 2007 to August 2007. Interviews were conducted with 51 vendor and user companies including Agresso, Deltek, Epicor Software, IFS, Infor, Lawson, Microsoft, Oracle, QAD, Sage Software, SAP, and Sterling Commerce.

Related Research Documents

- ["An Enterprise Software Licensee's Bill Of Rights"](#)
December 18, 2006
- ["The Forrester Wave™: Enterprise Applications Software Licensing, Q4 2005"](#)
November 10, 2005
- ["Enterprise Software Licensing Strategies"](#)
July 26, 2005

LICENSING AND PRICING STRATEGIES DICTATE LONG-TERM SOFTWARE COSTS

Enterprise applications software licensing and pricing refers to the available user-based metrics, usage metrics, delivery and financing mechanisms, policy support for the enterprise software licensee bill of rights, and overall software life-cycle costs related to the customer vendor experience in procuring software.¹ Given the mission critical nature of enterprise software, enterprises need to engage vendors in multiple contract negotiations and regularly reassess existing contracts because:

- **Poor licensing and pricing decisions incur long-term cost burdens.** Typical software ownership life-cycle costs include license and implementation fees, maintenance fees (often two to three times net license fees), upgrade expenses, new module implementations, and solution extensions. How initial negotiations are conducted often sets the cost and policy basis for a 10-year period of ownership as customers experience lock-in and cannot economically justify other alternatives.
- **Lack of licensing flexibility perpetually handicaps businesses.** In many cases, language in existing contracts prohibits IT from making necessary changes to accommodate business initiatives like shared services, mergers and acquisitions, and outsourced operations. Questions arise concerning how licenses are credited, combined, augmented, and reduced. Additionally, flat IT budgets are leading to instance consolidation and reduction in number of vendor relationships. Vendors face pressure both to enforce policy to maintain margins and to demonstrate flexibility throughout a company's software life cycle to win new business (see Figure 1).

ENTERPRISE APPS SOFTWARE LICENSING AND PRICING EVALUATION OVERVIEW

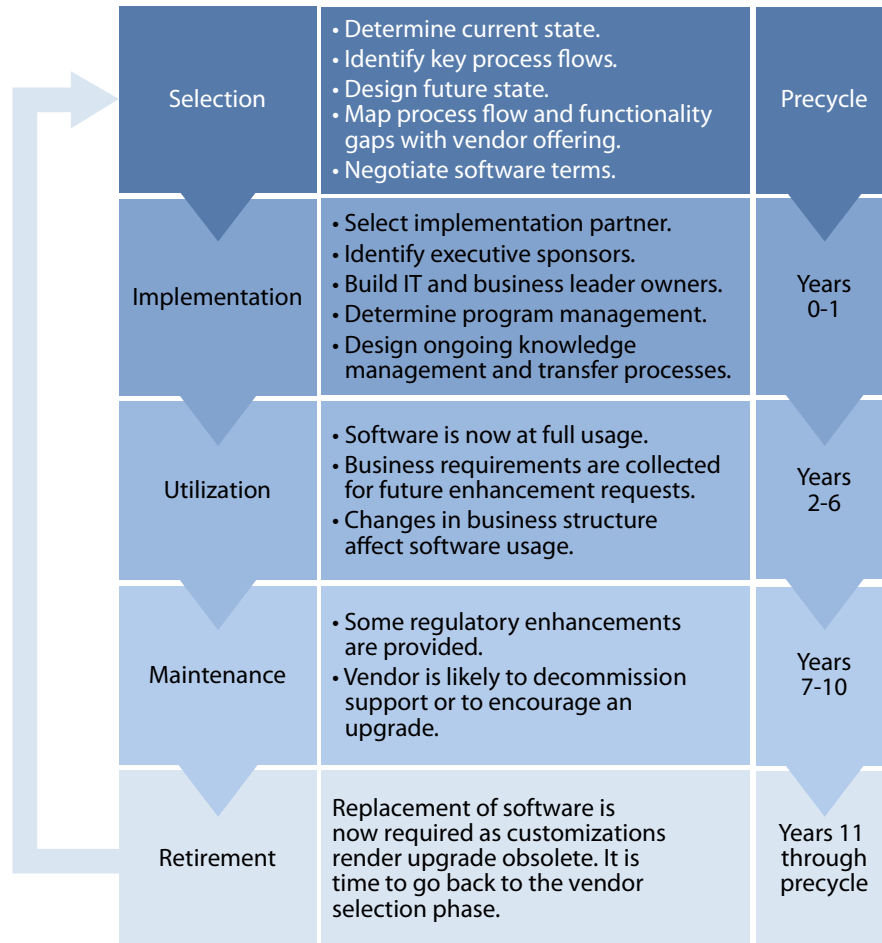
To assess the state of the market and see how the constituent vendors stack up against each other, Forrester evaluated the strengths and weaknesses of top enterprise software licensing and pricing vendors.

Evaluation Criteria Focus On Market Segmentation And Support For Licensee Bill Of Rights

An examination of past research, user need assessments, and vendor and expert interviews suggested a comprehensive set of evaluation criteria (see Figure 2). Ultimately, vendors were evaluated against 97 criteria grouped into three high-level buckets:

- **Current offering.** We evaluated a broad set of licensing metrics and policies. Metrics included 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. Additional criteria for evaluating current offerings included license terms, delivery and financing options, and general software life-cycle ownership costs.

Figure 1 Components Of The Software Ownership Life Cycle



Source: Forrester Research, Inc.

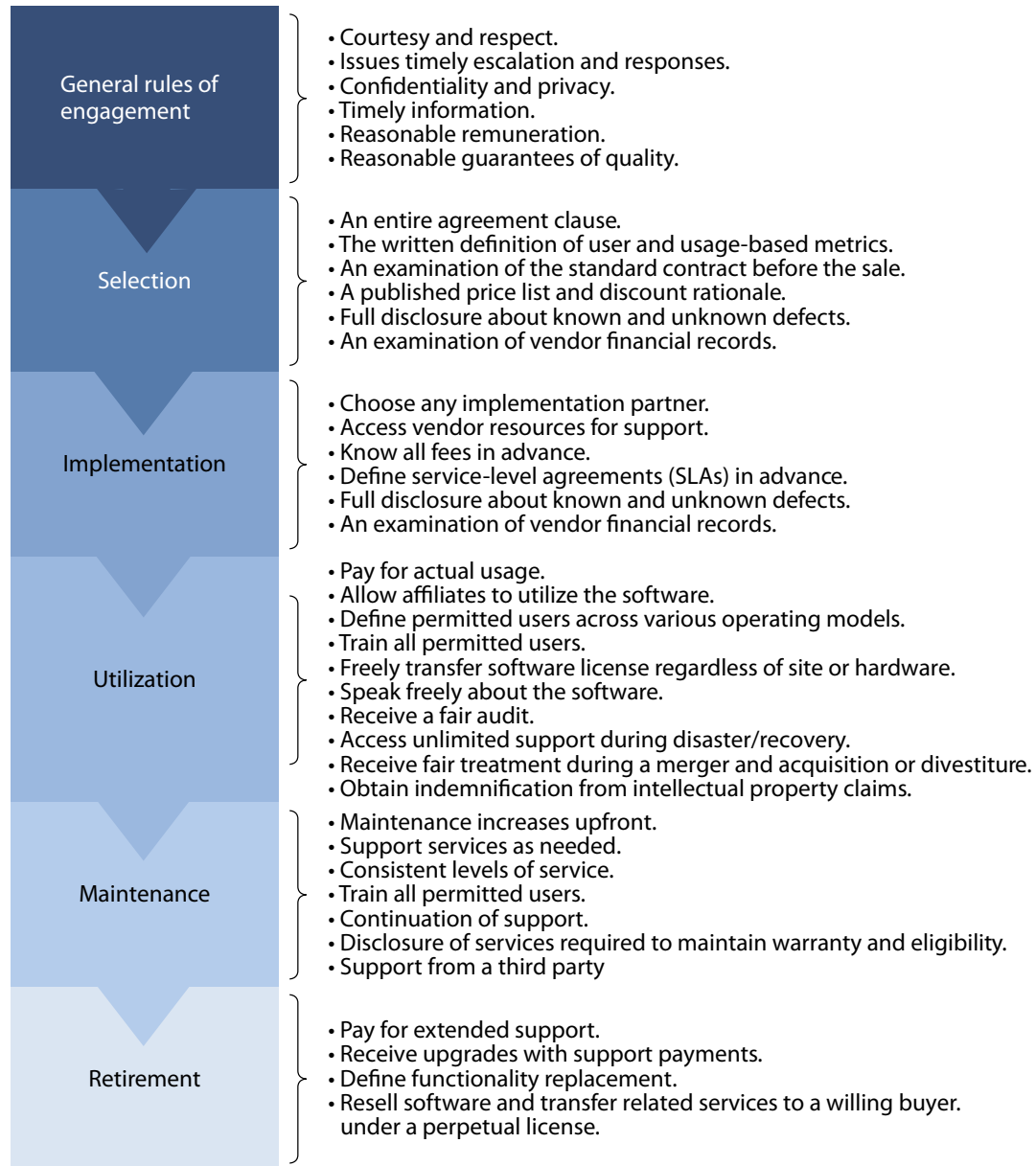
- **Strategy.** We reviewed each vendor’s software licensing and pricing policies against key categories from the enterprise software licensee bill of rights (see Figure 3). We also evaluated overall licensing and pricing strategy.
- **Market presence.** We assessed each vendor’s installed base, revenue, systems integrators, services, employees, and global sales presence.

Figure 2 Evaluation Criteria

CURRENT OFFERING	
User-based metrics	What licensing models are used to capture the number of users?
Usage-based metrics	What licensing models are used to capture the actual usage of the system?
Hardware-based metrics	What licensing models are used to capture hardware-based metrics?
Usage types by tiered intensity models	Does the vendor offer discounted licenses by usage tiering (e.g., heavy user, moderate user, casual user, and light user)?
License terms	What kind of license terms does the vendor offer, and how simple are they?
Delivery and financing mechanisms	What delivery and financing mechanisms are available?
Software life-cycle ownership costs	What is the software life-cycle ownership cost for this vendor?
STRATEGY	
General rules of engagement	How does the vendor address the general rules of engagement section in the Enterprise Software Licensee Bill of Rights?
Selection policies	How does the vendor address the selection section in the Enterprise Software Licensee Bill of Rights?
Implementation policies	How does the vendor address the implementation section in the Enterprise Software Licensee Bill of Rights?
Utilization policies	How does the vendor address the utilization section in the Enterprise Software Licensee Bill of Rights?
Maintenance policies	How does the vendor address the maintenance and retirement sections in the Enterprise Software Licensee Bill of Rights?
Overall licensing and pricing strategy	How does the vendor address overall licensing and pricing strategies?
MARKET PRESENCE	
Installed base	How large is the vendor's installed base of customers for all products?
Revenue	What is the vendor's revenue for calendar year 2006?
Systems integrators	How many integrator partners have completed 12 or more deployments of any version of the current product offering in the past 12 months?
Services	How many employees provide implementation services for this product?
Employees	How many employees does the vendor have?
Global sales presence	How big is the vendor's sales presence?

Source: Forrester Research, Inc.

Figure 3 Enterprise Software Licensee's Bill Of Rights



Source: Forrester Research, Inc.

Inclusion Criteria Reflect Vendors With The Greatest Mindshare And Market Presence

Forrester included 12 vendors in the assessment: Agresso, Deltek, Epicor Software, IFS, Infor, Lawson, Microsoft, Oracle, QAD, Sage Software, SAP, and Sterling Commerce.² Why these vendors? Each of these vendors has (see Figure 4):

- **Comprehensive functionality.** Vendors included in this evaluation all have core enterprise resource planning (ERP) suites — specifically, financial management and/or core order management solutions — with extended modules for customer relationship management (CRM) and supply chain management (SCM) functionality. The suites are integrated to deliver a broad range of horizontal functionality, but 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 of less than \$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.
- **Substantial interest among Forrester clients.** Some vendors with revenues in excess of \$200 million were not included, specifically, those that did not generate significant interest via client inquiries or that did not frequently interact or engage with Forrester analysts in briefings in the past 12 months.

Figure 4 Evaluated Vendors: Selection Criteria

Vendor selection criteria

Vendors included in this evaluation all have core ERP suites with extended modules for CRM and SCM functionality.

Vendors with revenues of less than \$200 million were not considered for this evaluation as they did not represent a large enough presence and could not effectively deliver on global sales, service, and support.

Some vendors with revenues in excess of \$200 million were not considered for this evaluation because they did not generate significant interest via client inquiries or did not frequently interact or engage with Forrester analysts in briefings in the past 12 months.

Source: Forrester Research, Inc.

SMBs And Large Enterprises Have Different Needs

Forrester created two distinct evaluations to address the SMB and large enterprise paradigms in the enterprise applications software licensing and pricing market:

- **SMB evaluation prioritizes user based licensing, consistency, and simplicity.** This evaluation captured key requirements born of customer feedback and inquiries regarding SMB buying preferences. For instance, SMBs typically seek a broad range of user based licensing metrics including concurrent user pricing, site licenses, and enterprisewide licenses. Usage-based metrics remain less popular as these entities believe that IT should be a cost born by users and not by the success of their business. On the strategy front, vendors that met the expectations of the enterprise software licensee bill of rights and offered policy consistency and simplified pricing models fared best.
- **Large enterprise evaluation focuses on flexibility.** In the large enterprise evaluation, customer feedback and inquiries demonstrated a preference for multiple user based and usage based licensing metrics. Vendors that supported the most upfront options while meeting the expectations of the enterprise software licensee bill of rights scored highest. Weightings in current offering and strategy reflected these preferences.

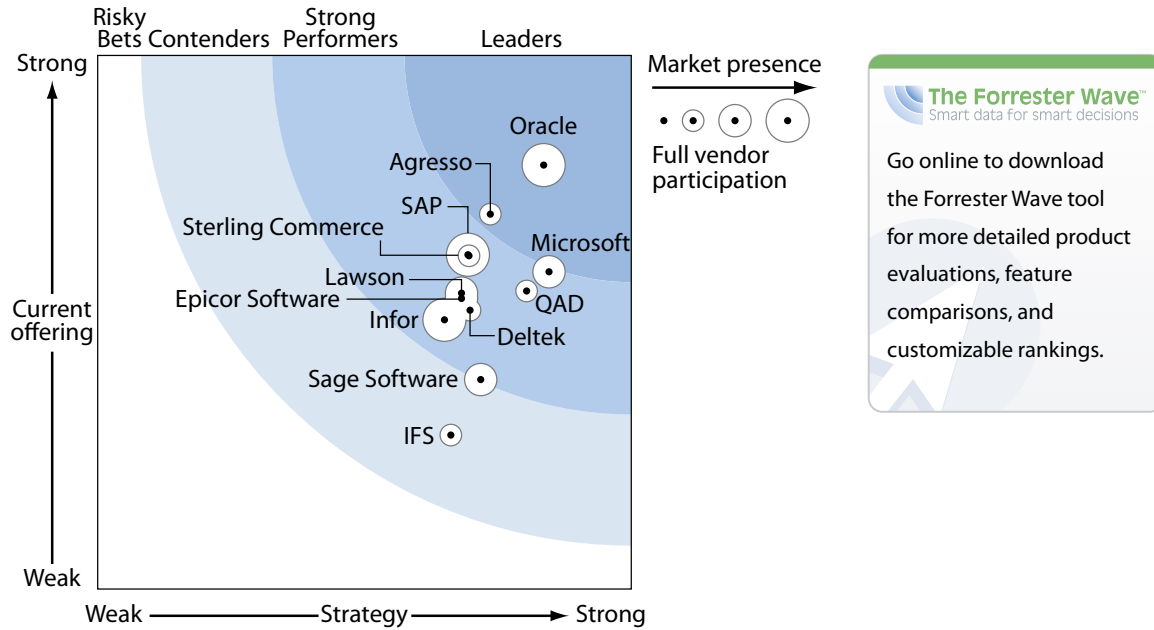
ORACLE AND AGRESSO BEST ADDRESS THE NEEDS OF LARGE ENTERPRISES

In the large enterprise edition of the survey, the evaluation uncovered a market in which (see Figure 5):

- **Oracle and Agresso lead the pack.** Strong upfront support for most of the provisions in the enterprise software licensee bill of rights and a wide range of user based and usage-based metrics anoint Oracle and Agresso with Leader status. Oracle scored highest, with the top score for current offering and a second place showing for overall strategy.
- **Most Strong Performers' offerings are competitive, but remain tailored to SMBs.** Current offerings from Microsoft, QAD, Sterling Commerce, Epicor Software, Lawson, and Infor are focused on the SMB market, and the vendors' scores reflect this. These vendors also deliver average performance in supporting provisions in the enterprise software licensee bill of rights. Microsoft earned the highest strategy score for its strong support of provisions in the enterprise software licensee bill of rights, but a median score for current offering. SAP, on the other hand, offers a wide range of licensing metrics but has many areas for improvement in support of provisions in the enterprise software licensee bill of rights.
- **Deltek, IFS, and Sage Software lack strong support for enterprise licensing complexity.** These vendors scored lowest in offering usage-based metrics. With only average scores in strategy, they clearly face many opportunities for improvement should they decide to try to address large enterprise requirements.

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

Figure 5 Forrester Wave™: Enterprise Apps SLP, Q4 '07, Large Enterprises



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Source: Forrester Research, Inc.

Figure 5 Forrester Wave™: Enterprise Apps SLP, Q4 '07, Large Enterprises (Cont.)

	Forrester's Weighting	Agresso	Deltek	Epicor Software	IFS	Infor	Lawson	Microsoft	Oracle	QAD	Sage Software	SAP	Sterling Commerce
CURRENT OFFERING	50%	3.49	2.59	2.70	1.42	2.50	2.75	2.95	3.95	2.77	1.94	3.11	3.10
User-based metrics	20%	4.30	4.50	3.65	1.80	3.00	2.60	3.35	3.70	4.60	3.35	2.05	2.50
Usage-based metrics	30%	3.75	1.00	0.30	0.00	1.45	1.95	1.00	4.85	1.50	0.00	4.10	3.35
Hardware-based metrics	5%	0.00	3.25	3.05	0.00	4.30	4.30	3.25	3.70	0.00	3.25	3.25	1.75
Usage types by tiered intensity models	5%	5.00	3.00	5.00	3.00	3.00	3.00	5.00	3.00	5.00	0.00	5.00	5.00
License terms	10%	3.50	2.55	4.00	2.75	3.00	2.20	5.00	5.00	3.05	2.25	2.70	3.00
Delivery and financing mechanisms	15%	2.80	2.00	4.10	0.80	2.90	3.65	3.20	4.10	1.95	2.70	2.40	3.80
Software life-cycle ownership costs	15%	3.20	3.45	3.10	3.40	2.40	3.40	3.90	2.05	3.70	3.18	2.85	2.60
STRATEGY	50%	3.68	3.49	3.41	3.31	3.25	3.41	4.23	4.18	4.02	3.59	3.47	3.48
General rules of engagement	10%	3.85	4.20	3.10	3.95	3.55	3.95	4.70	4.93	4.10	4.35	4.10	3.20
Selection policies	15%	2.95	3.70	3.80	3.20	3.40	2.75	3.45	3.68	4.10	3.75	3.05	3.20
Implementation policies	10%	3.45	3.85	3.45	2.95	4.60	3.70	5.00	3.85	5.00	4.05	3.85	4.30
Utilization policies	20%	3.70	2.95	3.25	2.95	2.40	2.65	4.60	3.38	3.40	3.20	3.20	2.60
Maintenance policies	25%	3.40	3.70	3.40	3.10	3.15	3.25	4.10	4.30	3.70	3.55	3.05	3.60
Overall licensing and pricing strategy	20%	4.60	3.05	3.40	3.85	3.30	4.45	4.00	5.00	4.45	3.30	4.05	4.15
MARKET PRESENCE	0%	2.69	2.70	3.70	2.97	4.12	3.33	3.86	4.77	2.13	3.78	4.08	2.33
Installed base	50%	3.35	3.95	4.30	3.65	4.65	3.60	4.30	4.65	1.95	4.65	3.35	2.40
Revenue	15%	2.00	1.00	2.00	2.00	4.00	3.00	3.00	5.00	1.00	4.00	5.00	3.00
Systems integrators	10%	1.00	1.00	5.00	1.00	3.00	2.00	5.00	5.00	2.00	5.00	5.00	1.00
Services	10%	3.00	2.00	3.00	3.00	3.00	4.00	2.00	5.00	2.00	0.00	5.00	2.00
Employees	5%	2.00	2.00	2.00	2.00	3.00	2.00	3.00	5.00	2.00	3.00	5.00	2.00
Global sales presence	10%	2.10	1.75	3.45	3.45	4.40	3.80	4.05	4.40	5.00	2.05	4.05	2.75

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

Source: Forrester Research, Inc.

MICROSOFT, ORACLE, QAD, AGRESSO, AND EPICOR SOFTWARE BEST DELIVER FOR SMBs

For SMBs, this evaluation uncovered a market in which (see Figure 6):

- **Microsoft, Oracle, QAD, Agresso, and Epicor Software lead the pack.** Leaders demonstrated strong support for user-based metrics like concurrent user and enterprisewide licenses while providing upfront policies that support the enterprise software licensee bill of rights. QAD and Agresso led with the best scores for user-based metrics. Microsoft and QAD fared best in delivering on the most effective software life-cycle ownership costs. Microsoft and Oracle led in overall strategy and support of the enterprise software licensee bill of rights.
- **Sterling Commerce, Lawson, Sage Software, SAP, Infor, and Deltek offer competitive options.** These Strong Performers deliver average performance in supporting provisions in the enterprise software licensee bill of rights. Vendors in this category showed areas of improvement in delivering on user-based metrics. Among these vendors, SAP scored worst for supporting user-based metrics, with Sage Software among the top five in this category.
- **IFS lacks choices in its licensing and pricing policies.** Customers that select IFS either rave about or bemoan the simplicity of its licensing and pricing model. IFS scored lowest for user based and usage-based metrics, but made a fair showing in strategy.

Figure 6 Forrester Wave™: Enterprise Apps SLP, Q4 '07, SMB Edition

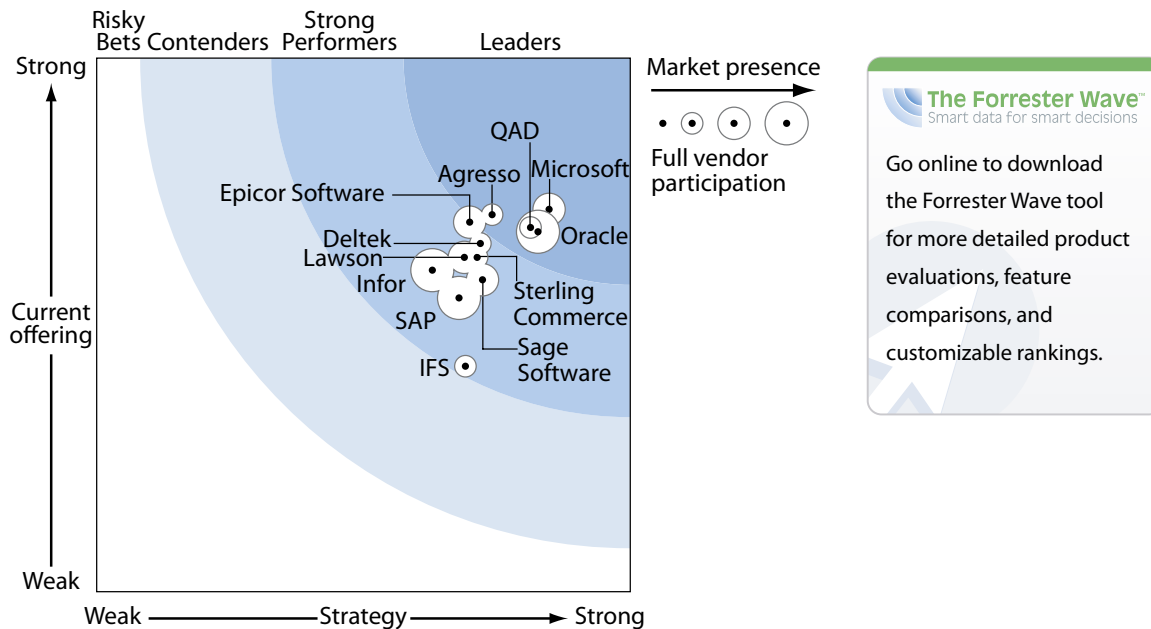


Figure 6 Forrester Wave™: Enterprise Apps SLP, Q4 '07, SMB Edition (Cont.)

	Forrester's Weighting	Agresso	Deltek	Epicor Software	IFS	Infor	Lawson	Microsoft	Oracle	QAD	Sage Software	SAP	Sterling Commerce
CURRENT OFFERING	50%	3.51	3.24	3.44	2.09	2.99	3.11	3.56	3.35	3.39	2.90	2.73	3.11
User-based metrics	40%	4.00	4.25	3.80	2.40	3.50	2.90	3.85	3.05	4.40	3.90	2.05	2.75
Usage-based metrics	10%	3.90	1.00	0.30	0.00	1.45	2.05	1.00	4.85	1.75	0.00	4.10	3.50
Hardware-based metrics	5%	0.00	2.50	3.50	0.00	4.00	4.00	2.50	4.00	0.00	2.50	2.50	2.50
Usage types by tiered intensity models	5%	5.00	3.00	5.00	3.00	3.00	3.00	5.00	3.00	5.00	0.00	5.00	5.00
License terms	5%	3.95	3.15	4.30	3.20	3.60	2.95	5.00	5.00	3.50	2.85	3.30	3.60
Delivery and financing mechanisms	15%	2.90	2.10	4.20	0.90	2.90	3.80	3.40	4.20	1.90	2.90	2.60	3.90
Software life-cycle ownership costs	20%	3.20	3.45	3.10	3.40	2.40	3.40	3.90	2.05	3.70	3.18	2.85	2.60
STRATEGY	50%	3.70	3.59	3.49	3.45	3.14	3.44	4.24	4.13	4.06	3.61	3.39	3.56
General rules of engagement	10%	3.65	4.00	2.45	3.65	3.45	3.65	4.60	4.98	3.80	4.35	4.00	2.85
Selection policies	15%	3.10	3.50	3.70	3.45	3.35	2.40	2.95	3.05	4.00	3.25	2.75	3.20
Implementation policies	10%	3.95	4.05	3.95	2.80	4.50	4.10	5.00	4.05	5.00	4.30	4.05	4.50
Utilization policies	20%	3.50	3.10	3.35	3.20	2.60	2.90	4.65	3.48	3.70	3.00	3.05	2.85
Maintenance policies	25%	3.40	3.70	3.40	3.10	3.15	3.25	4.10	4.30	3.70	3.55	3.05	3.60
Overall licensing and pricing strategy	20%	4.60	3.55	3.85	4.35	2.65	4.55	4.40	5.00	4.55	3.85	4.00	4.35
MARKET PRESENCE	0%	2.69	2.70	3.70	2.97	4.12	3.33	3.86	4.77	2.13	3.78	4.08	2.33
Installed base	50%	3.35	3.95	4.30	3.65	4.65	3.60	4.30	4.65	1.95	4.65	3.35	2.40
Revenue	15%	2.00	1.00	2.00	2.00	4.00	3.00	3.00	5.00	1.00	4.00	5.00	3.00
Systems integrators	10%	1.00	1.00	5.00	1.00	3.00	2.00	5.00	5.00	2.00	5.00	5.00	1.00
Services	10%	3.00	2.00	3.00	3.00	3.00	4.00	2.00	5.00	2.00	0.00	5.00	2.00
Employees	5%	2.00	2.00	2.00	2.00	3.00	2.00	3.00	5.00	2.00	3.00	5.00	2.00
Global sales presence	10%	2.10	1.75	3.45	3.45	4.40	3.80	4.05	4.40	5.00	2.05	4.05	2.75

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

Source: Forrester Research, Inc.

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

VENDOR PROFILES

- **Agresso.** Agresso, one of two vendors that earned a leadership position in both the SMB and large enterprise editions of the survey, is a provider of a leading people- and services-centric ERP solution.³ Agresso's support for a wide range of user based and usage-based metrics earned it the top three scores in both survey editions. Agresso should be considered by change-oriented organizations across verticals like professional services and the public sector.
- **Deltek.** Deltek, a provider of project-based solutions, debuted as a Strong Performer in both the large enterprise edition and the SMB edition of the survey.⁴ Deltek offers minimal options in usage-based metrics, and also delivers average support for the LBoR. Deltek might be considered by organizations that seek a limited set of usage-based metrics in the project-based solutions market.
- **Epicor Software.** A key ERP vendor focused on midmarket enterprises and divisions of the Global 1000, Epicor Software emerged as a Leader in the SMB edition and Strong Performer in the large enterprise edition of the survey.⁵ Much of Epicor Software's success stems from its overall good marks and the strong service orientation remarked by many of its customers. Epicor Software's licensing metrics are purely user based and support concurrent user licenses, which are heavily favored by SMBs. But a limited selection of usage based models hampered Epicor Software in the large enterprise edition of this evaluation. Epicor Software should be considered by midmarket enterprises and divisions of larger enterprises for its leadership position and stronger than average support for the enterprise software licensee bill of rights.
- **IFS.** IFS, a Swedish-based ERP vendor focused on the upper midmarket, provides a highly simplified pricing approach that elicits either raves or moans from customers.⁶ Lack of choice hampered this vendor's ability to score well in this evaluation. In fact, IFS scored lowest for user based and usage-based metrics. Other significant areas for improvement are delivery and financing options, on which IFS scored lowest due to lack of hosting, financing, software-as-a-service (SaaS), and lease-to-buy options. On the positive side, IFS scored among the top three for software life-cycle ownership costs, and showed good support for the LBoR. IFS should be considered by organizations seeking simplified pricing models.
- **Infor.** Infor, the home to more than 30 acquired ERP brands including Baan, BPCS, and MAPICS, debuted as a Strong Performer in both editions of the survey.⁷ For SMBs, Infor provides a reasonable offering of user-based metrics including support for concurrent user licensing. But lack of choice in usage-based metrics dampened its overall score in the large enterprise market. The vendor provides reasonable support for the LBoR, but earned one of the lowest overall licensing and pricing strategy scores. Infor could be considered by organizations that value deep industry-specific functionality over software licensing and pricing policies.

- **Lawson.** Lawson, a provider of service-based and manufacturing-based ERP solutions, earned Strong Performer status in both the SMB and large enterprise evaluations.⁸ Lawson continues to simplify pricing across its S3 and M3 products. The vendor 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 up front. Although Lawson has done a reasonable job of simplifying license metrics, lack of support for many upfront provisions in the LBoR negatively affects its overall scores in this evaluation.
- **Microsoft.** Extensive efforts at streamlining software and licensing for Microsoft Business Solutions (MBS) have paid off.⁹ Microsoft has maintained its client-friendly concurrent user license and aligned its packaging and pricing across the Microsoft Dynamics line. Business Ready Licensing, launched in July 2006, eliminates the module and SKU complexity of legacy pricing schemes in favor of a user based licensing approach. The current offer includes three key packages: Business Essentials Edition, Advanced Management Edition, and Advanced Management Enterprise Edition, which correspond, respectively, to good/better/best offers. Partners and customers agree that the new policy has improved simplicity. Microsoft does not offer any usage based models, and relies on partners for all of its direct sales. Microsoft earned the top slot in the SMB edition, and is among the top three in the large enterprise edition, of the survey due to extensive support for provisions in the LBoR.
- **Oracle.** Oracle's recent efforts to simplify pricing and increase consistency across the JD Edwards, Oracle E-Business Suite, PeopleSoft, and Siebel product lines have paid off. Oracle is the other of the two vendors that earned a leadership position in both the SMB and large enterprise editions of the survey.¹⁰ Oracle offers a wide range of user based and usage-based metrics that meet the most complex customer requirements. From a strategy perspective, Oracle came in second, with strong showings in general rules of engagement, selection policies, and maintenance policies. Oracle should be considered by enterprises of all sizes for its leadership position, policy openness, and strong support for the enterprise software LBoR.
- **QAD.** QAD, the fifteenth largest ERP vendor by revenue, earned Leader status in the SMB edition and was a Strong Performer in the large enterprise edition of the survey.¹¹ For its current offering, the vendor achieved the highest score for the broadest range of usage-based metrics, and placed in the top two for overall software life-cycle ownership costs. On the strategy side, QAD ranks first among vendors evaluated for offering upfront selection, and was a close second for implementation. QAD should be considered by midmarket and large enterprises that seek the right balance in software licensing and pricing policy.
- **SAP.** SAP, the worldwide leader in enterprise-class applications, achieved Strong Performer status in both the SMB and large enterprise editions of the survey.¹² SAP offers a wide variety of usage-based metrics, but lacks breadth of user based options including concurrent user

licensing, a key component for SMBs. On the strategy side, SAP provides average support for policy provisions in the LBoR because many SAP policies consistently are not available up front. SAP should be considered by enterprises that seek the right balance between usage-based metrics and consistent software licensing and pricing policy.

- **Sage Software.** Sage Software, the fifth largest ERP vendor by revenue, achieved Strong Performer status in the SMB edition and Contender status in the enterprise edition of the survey.¹³ Despite a fairly rich selection of user-based metrics, the vendor falls short in current offering categories like usage-based metrics, usage types by tiered intensity, license terms, and delivery and financing mechanisms. On the strategy side, Sage Software ranks in the middle of the pack, with significant strengths in general rules of engagement, selection policies, and maintenance policies. Sage Software should be considered by midmarket enterprises that seek user-based metrics and support for the enterprise software licensee bill of rights.
- **Sterling Commerce.** Sterling Commerce, a subsidiary of AT&T that offers multi-enterprise business solutions including order management, online commerce, and supply chain applications, achieved Strong Performer status in both the large enterprise and SMB editions of the survey.¹⁴ The vendor offers a moderate range of usage-based metrics including orders, industry-specific usage metrics, and usage-based metrics. Sterling Commerce earned average scores across the LBoR, implementation policies being the one area in which the vendor shone. Sterling Commerce should be considered by midmarket and large enterprises seeking usage-based metrics.

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.

Data Sources Used In This Forrester Wave

Forrester used a combination of three types of 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, Forrester also conducted reference calls with three to five of each vendor's current customers.
- **Existing inquiry reference points.** Forrester balanced vendor provided customer reference calls with past inquiry experiences to develop a balanced view on the true customer experience.

The 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 then narrow our final list. 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 the Forrester Wave 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 weightings 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 Forrester has described a number of issues that clients should try to address in their license agreements. For enterprises to re-establish ownership rights, remedy past grievances, and regain power, Forrester suggests that an LBoR based on the software ownership life cycle become a part of vendor client arrangements. Customers should push for these rights with respect to how software should be owned and licensees treated. For Forrester's outline of the LBoR that CIOs should expect from software vendors, see the December 18, 2006, "[An Enterprise Software Licensee's Bill Of Rights](#)" report.
- ² Timing and resource constraints prevented vendors like Ariba, i2 Technologies, and salesforce.com from being evaluated. These vendors do meet the basic inclusion criteria and will be evaluated in future Forrester Waves.
- ³ View the vendor summary for more detailed analysis on how Agresso fared in this evaluation. See the October 15, 2007, "[Agresso Leads In Enterprise Apps Software Licensing And Pricing](#)" report.
- ⁴ View the vendor summary for more detailed analysis on how Deltek fared in this evaluation. See the October 12, 2007, "[Deltek Is A Strong Performer In Enterprise Apps Software Licensing And Pricing](#)" report.
- ⁵ View the vendor summary for more detailed analysis on how Epicor Software fared in this evaluation. See the October 15, 2007, "[Epicor Software Leads In Enterprise Apps Software Licensing And Pricing For SMBs](#)" report.
- ⁶ View the vendor summary for more detailed analysis on how IFS fared in this evaluation. See the October 15, 2007, "[IFS Is A Contender In Enterprise Apps Software Licensing And Pricing](#)" report.
- ⁷ View the vendor summary for more detailed analysis on how Infor fared in this evaluation. See the October 15, 2007, "[Infor Is A Strong Performer In Enterprise Apps Software Licensing And Pricing](#)" report.
- ⁸ View the vendor summary for more detailed analysis on how Lawson fared in this evaluation. See the October 15, 2007, "[Lawson Achieves Strong Performer Status In Enterprise Apps Software Licensing And Pricing](#)" report.
- ⁹ View the vendor summary for more detailed analysis on how Microsoft fared in this evaluation. See the October 15, 2007, "[Microsoft Business Solutions Leads In Enterprise Apps Software Licensing And Pricing](#)" report.
- ¹⁰ View the vendor summary for more detailed analysis on how Oracle fared in this evaluation. See the October 15, 2007, "[Oracle Leads In Enterprise Apps Software Licensing And Pricing](#)" report.
- ¹¹ View the vendor summary for more detailed analysis on how QAD fared in this evaluation. See the October 15, 2007, "[QAD Is A Leader And Strong Performer In Enterprise Apps Software Licensing And Pricing](#)" report.
- ¹² View the vendor summary for more detailed analysis on how SAP fared in this evaluation. See the October 15, 2007, "[SAP Is A Strong Performer In Enterprise Apps Software Licensing And Pricing](#)" report.

- ¹³ View the vendor summary for more detailed analysis on how Sage Software fared in this evaluation. See the October 15, 2007, [“Sage Software Is A Strong Performer In Enterprise Apps Software Licensing And Pricing For SMBs”](#) report.
- ¹⁴ View the vendor summary for more detailed analysis on how Sterling Commerce fared in this evaluation. See the October 15, 2007, [“Sterling Commerce Is A Strong Performer In Enterprise Apps Software Licensing And Pricing”](#) report.

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