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Three ERP-systems put to test

Microsoft Dynamics NAV 4.0, Sage Office Line 3.4 and SAP Business one 2005 prove in a test of COMPUTERWOCHE the benefits the users can draw from the new functions.

BY OLAF DEININGER*

With the release of the new Office Line 3.4, Sage has caused commotion in the market of the Enterprise-Resource-Planning (ERP) solutions for the small and average-sized companies. The update that appeared a few weeks ago has essentially more extensive functions than the previous version and, hence, has become a more serious competitor for the middle-sized introductory solutions of

Microsoft and SAP

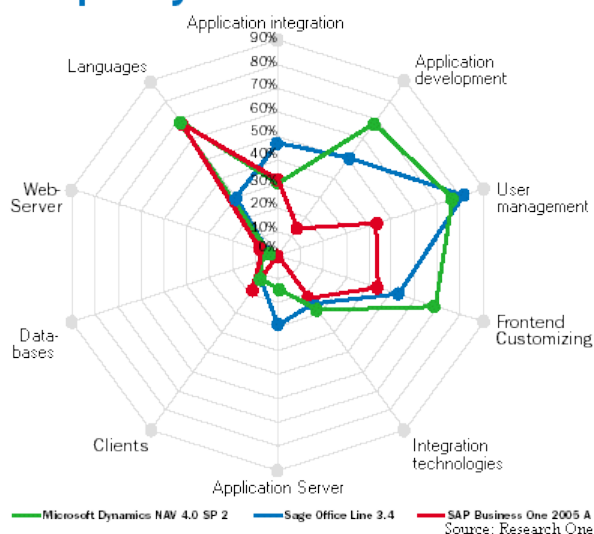
Reason enough to compare the three ERP-solutions – SAP Business One 2005, Microsoft Dynamics NAV 4.0 and Sage Office Line 3.4 with one another. Together with Hamburg's technical advisory company Research One, COMPUTERWOCHE analyzed the three software products for their functional scope, adaptability, technology and future security. Over 800 criteria of the sector-neutral base

products were compared in their current versions.

Production

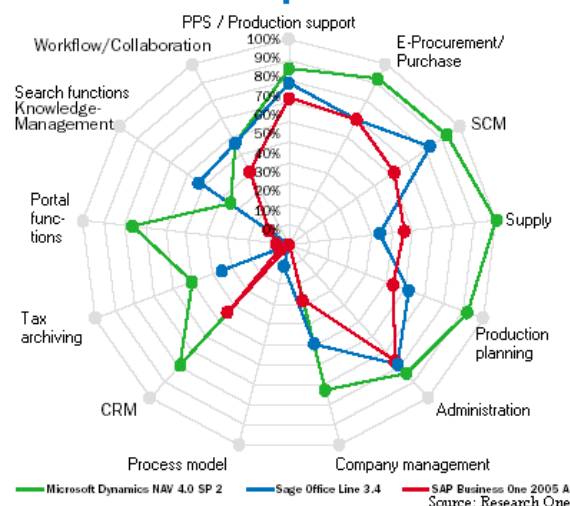
With the current version 2005 of Business One, SAP offers a production support for the first time. Till now, if you wanted to manage and plan your production with Business One, you had to purchase an additional module. With this one, all the three ERP-solutions are now offering test functions for production planning,

Adaptivity



With Dynamics NAV 4.0, Microsoft mainly plays off its good connections to the front-end

Functional Scope



Although Office Line and Business One have caught up with new functions, they have only partly reached close to the Microsoft-solution

whereby order-related developments, single orders and series production are covered. However, only Microsoft with Dynamics and Sage with Office line can map the distributed organizational structures. None of the three solutions offer group planning. Only Sage Office line possesses a 3D component management and rule-controlled parts lists. Microsoft Dynamics NAV is the only application that supports contract wages and piece rates. In the overall view, Microsoft Dynamics NAV cuts out the best image in the category Production Planning owing to the largest functional scope. The British have taken the second place with Office Line. SAP with Business One remains at third position.

Procurement

Microsoft with Dynamics NAV is also ahead of others in procurement. While base procurement functions such as vendor selection, order monitoring, order release and EDI-support are found in all the three solutions, only Dynamics NAV and Office Line offer a function for getting the offers. Only SAP Business One and Dynamics NAV possess an electronic market place. The automatic evaluation of offers is done only by the Microsoft product.

Supply-Chain Management

All the three ERP-solutions are relatively speaking, close to one another regarding their functions for supply-chain management (SCM). However, Microsoft and Sage still have a leading edge over their competitor from Walldorf. Contrary to its competitors, Business One cannot handle the management of batches and serial numbers, functions for transit storage, inventory, reservation system, article follow-up as well as control of sale and purchase discounts are also absent. Disposal methods dependent on the storage area and acquisition prices, as well as the management of transport time and calendar functions are offered only by Business One and the Microsoft product.

Office Line, on the other hand, has a weakness in the supply-chain. Although all the three programs have functions for

Methodology

The methodology of the support is tailor-made for the **requirements of the small-scale companies**. An evaluation at first ascertains the serial integration of the functions of the application, which can be executed without additional modules. From this, a **functions factor** can be calculated. Thereafter, the technologies, platforms, databases, clients, servers, the standards for integration and data transfer as well as the process and workflow support used and supported are determined and evaluated. This results in a factor for the **adaptability and integration ability** of the solution, the "adaptivity".

dispatch, returns management and commissions, only SAP and the Microsoft product offer a distribution and supply planning. Only Dynamics NAV has functions for loading-means and fleet management.

CRM

In previous years, the providers of the ERP-solutions have continuously expanded their functions for the customer management. This also applies to Microsoft Dynamics NAV and SAP Business One. However, if one wants to use Office Line for marketing, sales, service and customer relationship, he has to buy the additional module Act . All the three solutions strongly focus on sales, service and customer relations: Thus, leads, opportunities and big customers can be managed. Price differentiation, yield management, rebates and discounts, contact management and offer tracking as well as channel management and an online shop also belong to the standards. The three solutions provide hardly any support for the management of campaigns. They cover only direct mail and E-mail campaigns. If you wish to advertise in Print, TV or Radio, you need a separate CRM-tool.

Portals

In case of the functions for building the employee or the customer portal, MS Dynamics NAV

with its new version is clearly ahead of its competitors. On the basis of Windows Share-point Services, the product offers extensive functions for building and operating the employee portals. However, these features are mainly suitable for those, who often need information from the ERP-solution and themselves enter data less frequently. In this aspect, Sage and SAP are lagging behind even more. In Office Line, the British would probably want to integrate the portal functions in the next release in the coming years. SAP is planning to base Business One on its service-oriented ESA (Enterprise Service Architecture) and to implement, via this, the corresponding functions. It is still not clear when this will be done.

Infrastructure

Although the users of Office Line can select for each customer, the language in which they will manage the concerned data, the program itself is offered in eleven different languages. In this way, although Sage has improved its earlier weak internationalization, but still the British cannot hold a candle to Microsoft Dynamics NAV and SAP Business One. Both the competitive solutions support twice as many languages. Still, Sage has caught up with Office Line: at the level of the master data, multiple measures, units and currencies can be created for each entry. Even in the support of the guidelines for EU-exports, Office Line has matched both the other competitors.

All the three solutions were tailor-made in the past essentially for Windows 2000/XP and the Microsoft Internet Information Server (MS IIS) – and are also the same with the new versions. Meanwhile, a version of SAP Business One for Linux server and Linux desktops is available only for China.

All the three products continue to use Microsoft SQL-Server as the database. In addition to this, SAP supports with Business One, also IBM DB2 and Sybase. Sage Office line offers an ODBC and JDBC-interface. Microsoft Dynamics NAV provides its own small database with the Navision database, but which is

Comparison Table

	Microsoft Dynamics NAV 4.0 SP 2	Sage Office Line 3.4	SAP Business One 2005 A
Customers in Germany (who use the product)	15,000	10,500	1196
Licenses in Germany (Single / Concurrent User)	80,000 (1)	60,000 (1)	5000 (1)
Target group according to size	Companies with up to 5,000 employees	Companies with up to 1,500 employees	Companies with up to 1,000 employees as well as global players /subsidiaries
Number of sector solutions	108	78	250
Product components	Finance Management, Business Analytics, Supply-Chain Management, Marketing & Sales, E-Business	Accounting, cost calculation, asset accounting, consolidation, purchase, disposal and logistics, sales, production, staff management, project settlement, variant management	Finance Management, Business Analytics, Supply-Chain Management, Marketing & Sales, E-Business
Number of languages available	26	11	25
License price (single-user)	1900	1750 (2)	2500

(1) = Estimated; (2) = for typical companies with six users

hardly used. With the new version, Microsoft has improved the SQL performance and thus removed a problem existing in earlier versions.

Plans

Latest by version 5.0, which will be released in March 2007, Microsoft Dynamics NAV shall be migrated completely to a new technical platform on the basis of .NET. This is assured by the Product Solution Marketing Manager Ole

Fjordside. Thereby, one will also be able to work with solutions, which are currently developed in C/Side-basis. SAP will migrate Business One, on the basis of its own technology, in steps to a service-oriented architecture, says SAP's Product Manager Frank Hassler. Although this process will take some years to complete, but the final result would be that the business logic of SAP Business One will become available as Enterprise Services. The persons responsible for Sage plan to

improve Office Line with additional functions, such as Web and Portal services, business intelligence and information bridge.

Conclusion

It can be said for the current versions that Sage with its Office Line has clearly caught up. The British have developed the product further into a full-fledged ERP-solution, which also supports the international business of the customers. Microsoft is working systematically on the weak points of Dynamics NAV, but must quickly migrate the software to .NET, without rendering the existing solutions unusable. With the 2005 release of Business One, SAP is although offering more support for workflow and production, the functional scope is not as large as that of the competitors. In view of the highest costs in the test field, the persons responsible for SAP should now seriously think about reconsidering their pricing policy. If this is not done, Sage with Office Line can capture the market of the small-scale companies from the Walldorf's company.

Providers advertise to the middle-class

The market of the economical **ERP-solutions** for the **small-scale companies** with up to 5,000 employees is strongly un-contested: Around 15,000 German companies are currently using **Microsoft Dynamics NAV**. As such, this program is supposed to be the most popular ERP-solution in the local small-scale market. The direct competitor **Sage**, with its out-of-the-box-Fibu-programs, already the "range leader", reaches to about 10,000 customers with its small-scale solution **Office Line**. But the British are gaining every year, on an average, around 1000 new Office-Line users. The competitor SAP has been able to sell its ERP introductory solution **Business One** to just about 1200 companies so far. The sales are stagnating. But the marketing activities should provide a new thrust to the business. The starting situation is different for all the three manufacturers: Sage mainly produces out-of-the-box products for **accounting, Fibu and bookkeeping** for the small and very small companies. Office Line is a powerful application from the British software manufacturer. On the other hand, SAP approaches the middle-class from the corporate sector. **Mysap**, the successor solution of R / 3, is considered as extremely complex and was developed primarily for the British. The same is also true for "**SAP All in one**" — although as per the statements made, the soft workers are homing on a lot of small-scale companies with that. Microsoft, on the other hand, has brought itself into the ERP-business by taking over companies and is now profiting from the fact that its **server and office products** are already running in many small-scale companies.

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About Microsoft Business Solutions

Microsoft Business Solutions, a division of Microsoft, offers a wide range of integrated, end-to-end business applications and services designed to help small, midmarket, and corporate businesses become more connected with customers, employees, partners, and suppliers. Microsoft Business Solutions' applications optimize strategic business processes across financial management, analytics, human resources management, project management, customer relationship management, field service management, supply chain management, e-commerce, manufacturing, and retail management. The applications are designed to provide insight to help customers achieve business success. More information about Microsoft Business Solutions can be found at www.microsoft.com/BusinessSolutions.

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