

SAP's WEAK SPOTS:

1. Lack of Best of Breed TES Suite

How does SAP's current and future product offerings fit in with their sales needs going forward? From an earlier conversation with cavalier, OMS will play a key part in Cavalier's requirements (having the 250 dealers being able to use the product). SAP has very weak OMS and SCS on the front end. The dealers (as well as Cavalier's sales reps), liked the user interface of BaanFrontOffice much better. Easier to implement and use, smaller application footprint, more standard features...etc.

- Gartner Says:
 - "SAP's key competitors vary from one to two generations ahead, depending on vertical industry, and it is important to note that third-generation TES solutions lack a significant contribution to return on investment, as compared to fourth and above TES generation solutions"(of which BaanFrontOffice provides)
 - "SAP has not announced its technology or strategy for a "small footprint" RDBMS for laptop users"
 - "SAP will not maintain all of its offerings under a single unified architecture through 2003 (0.7 probability)."

2. Functionality

- From what we understand, SAP's configuration and OMS solutions are just simple extensions of back office functionality. Is what they are actually able to deliver (as opposed to showing in a demo) going to meet their needs now? In the future? How can they be sure? Shift their focus towards realizing that the easiest way to satisfy their customer's needs is through a user friendly front end. Functionality is a key part of the equation.
- Gartner Says:
 - "Integration is irrelevant if the deployed applications do not meet the needs of the sales organization (as functionally superior applications are available today from many vendors, e.g., Siebel, Sales Technologies, Aurum Software/Baan and Trilogy). With strong vendors continuing to enhance their products and SAP lagging them, enterprises should not expect functionality that achieves competitive parity until the second half of 2000 at the earliest (0.8 probability)."
 - "SAP's Sales Configuration Engine has been in development for more than two years and provides base functionality but lacks competitive graphical maintenance tools and needs assessment capabilities"
 - "Prospective SAP clients have cited functionality gaps to support sales organizations and poor system administration tools as the primary reasons for selecting other SCS vendor alternatives. It still falls short of pricing configuration features and user interface capabilities found in leading products"

3. Synchronization

This may not be as big of an issue with a few "connected" Cavalier sales reps, but what happens when they extend the system to the dealers? How scalable is their synchronization with remote users?

- Gartner says:
 - "SAP has little experience meeting the needs of the remote disconnected worker"
 - Baan/Aurum's database synchronization technology is compelling, since it uses database scanning and stored procedures for extract options

****This wasn't as much of an issue with Cavalier, because all of their sales reps are connected at this point. It may be something that you can leverage in another competitive situation.



4. Time to Market

Cavalier has been sold on a demo, not a product. How are the likely delays in SAP's product going to negatively effect Cavalier's implementation timeline? SAP hasn't even entered beta testing yet, they are selling them on vaporware and vision. There is a high risk that they will be unable to deliver.

- Gartner Says:
 - "SAP's sales configuration engine is SAP's next generation of its product configuration functionality, has *been under development since 1996, and has less than three production references.*"
 - "At this time, *SAP's FOCUS initiative for SFA can best be described as being in alpha stage.* SAP has not demonstrated to GartnerGroup a working system administration and customization environment"

5. Cost of Ownership

SAP's standard configuration UI looks like an ERP screen, but it can be customized. What is the **real** cost of ownership for Cavalier?

- *Upgrade Path:* Since there is a high probability that SAP customized their config UI for the demo for Cavalier, they need to ask themselves- where does that put them as far as an upgrade path is concerned? Most likely in a bad place when they upgrade to the next version of SAP's configurator, and definitely in a bad spot in terms of integrating with their other front office components such as OMS.
- Customization has serious negative impacts such as *increased development and maintenance costs.*
- Gartner says:
 - "Because SAP will lag leading TES vendor offerings, through 1999, enterprises that sacrifice "must have" user functionality for tight SAP R/3 integration will suffer *high project failure rates (0.8 probability).*"
 - Part of the challenge for SAP is that as an organization, it appears to be unable to relate to its installed base. Arcane details required for ease of installation that are often second nature to SAP employees are either mysteries or new revelations to many customers and consultants.
 - *SAP continues not to recognize that R/3 is a complex solution.* As a result, GartnerGroup continues to believe that to be successful with R/3, enterprises must be extremely committed to understanding the R/3 product suite and dedicating resources to its care and feeding much more than other solutions. Much of this requirement is because of the complex and technological infrastructure of R/3

*****Our UI is a standard feature, no customization. We also have the following add-on components:

- We are product based with a guaranteed upgrade path
 - If customizations are required, they are very easy to do
 - Upgrade path for add-in customizations is guaranteed
- Declarative (easy, plain english) modeling language

The Bottom Line

- Gartner says:
 - "At least with the current release, and for the next few years, SAP will likely *be unable to mount a serious challenge* to the best-of-breed providers"
 - "Users making fourth-generation and above field sales automation solutions through 4Q99, regardless of R/3 customer status, should *evaluate alternatives.*"