The Evolution of SaaS ERP

The evolution of software-as-a-service (SaaS) enterprise resource planning (ERP) is one of the most widely discussed topics in the manufacturing industry today. Mark Symonds, CEO and President of Plex Systems *[1], a provider of SaaS ERP software, recently spoke with* Manufacturing Business Technology *[2] about the latest trends surrounding this technology.*

***MBT:* Can you give me a little of background on SaaS ERP and some of the recent trends out there regarding this technology?**

Symonds: Let's look at it from the customer's point of view. Software-as-a-service is a broad term. There are a lot of people claiming to be software-as-a-service because it's hot right now. They feel like they have to participate because it's "the new thing."

But from a customer's point of view, what's really important is that SaaS be subscription pricing, that they don't have to lay out a lot of money up front on servers, equipment, databases and so on. That's really helpful for customers.

Where I think the rubber really hits the road is being single-source, multi-tenant software-as-a-service. That's important to customers because they are freed from the upgrade nightmares that they've lived with for so long. The only way to get rid of that is to have all the customers on the same version of the code. So it can be highly configurable, and one customer uses different pieces of the code than others,

but it is all one version and it is always up to date.

With our model, as a customer comes up with a great idea, we build that right into the core software, and it is supported for the life of the software. It's not unique to that individual company. They helped us design it, but it is part of the core software. It becomes an opt-in enhancement for everyone else.

Competitors say that they're software-as-a-service because they host their old software somewhere in the cloud. But what happens is they have multiple instances of that software, and as they come out with the next release, all of those instances still have to be upgraded independently.

***MBT:* How does the increasing prevalence of multi-tenant software-as-a-service that's available open things up to small- to mid-sized manufacturers that before wouldn't have been able to look at SaaS as an option?**

Symonds: Now they're able to use world-class software that they otherwise wouldn't have been able to afford. This makes great sense for them, and that's leading to the uptick in software-as-a-service.

When we create new software, we don't have to worry about supporting different operating systems, different databases, different hardware and different versions. All of that cost, complexity and delay comes out of our business, and we can pass those savings along to customers. We're able to be much more responsive to customer needs and create software very, very rapidly.

***MBT:* As time has gone on, there seems to be more and more providers and offerings. How does that competition benefit the customer and the vendors themselves?**

Symonds: Competition always drives improvement. It forces the vendors to provide better service, to clarify better what their value proposition is. With other people making claims, it is important to be able to distinguish what you offer versus the competitor. Then it is important to improve your offering, so that the customer sees the difference between two competitors.

***MBT:* What kind of feedback are you hearing from customers about the SaaS offerings that are currently on the market?**

Symonds: They would like more choices in software-as-a-service. They would love to have more full-featured manufacturing suites to choose from, not because we don't offer everything, that's just the nature of the beast.

They're saying that competitive solutions, when they scratch the surface, they aren't really SaaS. It's the same old 1980s technology, just delivered over the Internet.

***MBT:* Where is this technology headed in the next few years?**

I think where ERP is headed is more verticalization. Now there are off-the-shelf manufacturing operations solutions, and customers want that integrated with the ERP. They want the ERP to really fit their entire business, not just the traditional knowledge workers.

***MBT:* How has Plex Systems' strategy — of consistent updates based on customer feedback/user issues — affected the solution you've put out on the market?**

Symonds: It has resulted in a product that is very useful and very usable. Instead of having market analysts or product managers determine what goes in the product, we have a broad roadmap of things that we're hearing and things that we're going to do. But we work directly with customers with real problems to come up with the solutions. It has led us in places that we wouldn't have otherwise gone.

One example is tracking raw materials surcharges. That's something we were able to respond to very quickly because of our model, and we were able to make that available to multiple customers. It was very useful because it was designed directly with folks dealing with the problem.

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