



# Enterprise applications both large and small

SAP and Greentree may be chalk and cheese but they're both proving a success

**Stephen Ballantyne**

All quiet on the enterprise application front – speaking to the press in Auckland last week, SAP's regional boss, Geraldine McBride, briskly ticked off some important features of the EA industry as it currently stands.

It's a quiet time of the year for SAP but the company will have some global announcements to make in a week or two.

The industry is in consolidation mode – well, yes, that would be the whole Oracle-PeopleSoft thing, enough consolidation by itself to supply an entire market sector.

The EA market is growing at 4% a year globally, probably a reflection of general economic growth in those places where EA software is bought. But SAP has been growing at 17% lately – good heavens, isn't it big enough already?

Furthermore, its slice of the cake is increasing, and lately it has been adding market share at 1-2% a quarter, which could mean 6% a year but probably won't because Oracle is bound to recover its composure soon, if it hasn't already.

Oracle is SAP's closest competitor, with 19% market share to SAP's 58%. Ms McBride's figures appear to contradict Oracle's claim (appended to its most recent quarterly report) to be the leading EA software maker; perhaps it's measuring something different.

Ms McBride had some positive things to say about huge businesses – although they may be driving smaller players out of the market, this isn't necessarily a bad thing. The big players can afford more research and development, so the software gets better than any little business could afford to make it, and if the growth is done by absorbing smaller players that happen to have hit on a particularly good idea (which is approximately how SAP came to acquire NetWeaver) then since everything will be bought and paid for

nobody has any reason to complain.

I'm sure she's right, up to the point when there's only one player left and competitive pressure to improve ceases. But only Oracle chief executive Larry Ellison seems to have suggested that as a goal so far.

Perhaps it could be read as a response that SAP has bought up Tomorrow Now, one of those small absorbable businesses specialising in support and maintenance for JD Edwards and PeopleSoft, which SAP is now offering at a lower price than Oracle, with about a third of businesses approached taking up the offer.

So they're still bashing away at each other at the top of the tree. But how do these conditions affect the smaller players in the game?

Some at least aren't complaining – in fact, Greentree chief executive Peter Dickinson is happy to report his company has set up its 500th installation. "We've moved on from the pioneering customers to achieve market acceptance," he says.

To a degree, Greentree's success has been achieved by occupying a slightly different space from the likes of SAP – it is distinctly more mid-market than SAP, which like the other big players started at the top of the corporate scale and has begun to aggressively target smaller businesses only in the past two to three years.

As is necessary for smaller EA makers, Greentree has a particular point of advantage – it's made with Jade, Sir Gil Simpson's brilliant development platform. Perhaps too brilliant for its own good – is it a development system? An object oriented database?

It's all that and more, and hence a tough sell. But Mr Dickinson says the strict adherence to object programming principles has served Greentree very well, as has the platform's extraordinary stability. Thanks to Jade, Greentree software is



reliable, flexible and easy to configure and maintain.

In turn that helps Greentree diffuse out into the world – unlike EA giants, Greentree has to rely on a dealer network to push outwards, which means its expansion is more like steady seepage than explosive growth.

But the product is robust enough for local dealers to be easily trained into a support role, allowing continued expansion without crippling staff requirements. Yes, it is selling overseas, with more than two-thirds of revenue coming from offshore, mostly Australia. There are 15 sites in the US, though, another 13 in the UK and a couple in Ireland – but Greentree's move from central Auckland to more roomy quarters in Albany is probably as far north as it will be going this year.

"The landscape's changed a lot in the past two years," says Mr Dickinson when I ask him how the competitive environment looks from his point of view.

"There certainly has been consolidation. One of the American analysts recently came out with a list of the top 20 EA businesses two years ago and now.

Two years ago the top 20 products were owned by 18 different vendors – now the top 16 are owned by six vendors. Not just Oracle and SAP – there are also Microsoft, with its four products and a distant dream of giving them a common code base, Sage with AccPac and other acquisitions, and Oracle.

"From our point of view we actually quite like the consolidation. There's just as many products but fewer vendors. Great Plains is an interesting example – two years ago it was a very strong competitor, with very dedicated partners. We came up against them in a lot of deals. Tough to compete against, with a very good sales and marketing engine.

"But now they've been washed into the whole Microsoft mix we rarely see

them. From our point of view the sales process has been simplified by consolidation." Until Greentree itself gets consolidated into some larger entity presumably.

But there's no sign of Mr Dickinson or Greentree either wants or needs such a thing to happen. "We're bigger than a lot of players now and we're pumping over 40% of our income into research and development.

"We have seen smaller competitors drop out of the sales mix but the original decision in the late '90s [by Greentree's forerunner, CBA] to build a totally new product from the ground up has meant we've got a strong enough foundation to keep us around for the foreseeable future."

**As is necessary for smaller EA makers, Greentree has a particular point of advantage – it's made with Jade, Sir Gil Simpson's brilliant development platform**



**PETER DICKINSON:** 'From Greentree's point of view the sales process has been simplified by consolidation'