



ENTERPRISE RESOURCE PLANNING (ERP) TRENDS TO WATCH IN 2024

GREENWICH CAPITAL GROUP

The growth of cloud-based ERP (Enterprise Resource Planning) systems has been exponential in recent years, revolutionizing the way businesses manage their operations. The global cloud ERP market is expected to grow 13.6% annually and reach \$40.5 billion by 2025, per Statista. Industry experts estimate over 85% of the world's data resides on-premises, creating tremendous opportunity for ERP channel partners with cloud migration expertise. The manufacturing, financial services, healthcare, and government sectors continue to persist as the predominant target industries for the software vendors and their channel partners. While industry giants like Oracle, SAP, and Microsoft Dynamics maintain their stronghold in the ERP sector, consolidation has been an ongoing trend in recent years.

Table 1: Selected Transactions

Date	Acquirer	Target Name
2/26/2024	Workday, Inc.	HiredScore, Inc.
1/9/2024	ServiceNow, Inc.	Hitch Works, Inc.
12/15/2023	ServiceNow, Inc.	UltimateSuite, s.r.o.
9/25/2023	Oracle Corporation	Next Technik Pty Ltd
9/7/2023	SAP SE	LeanIX GmbH
5/12/2023	ServiceNow, Inc.	G2k Group GmbH
11/8/2022	Oracle Corporation	FOEX GmbH
10/5/2022	ServiceNow, Inc.	Era Software, Inc.
7/21/2022	SAP SE	INNAAS srl
5/6/2022	Oracle Corporation	Adi Insights, Inc.
3/31/2022	Microsoft Corporation	Minit j.s.a.
1/27/2022	SAP SE	Taulia LLC
1/10/2022	Oracle Corporation	CPQ Business of Verenia
12/20/2021	Oracle Corporation	Cerner Corporation

Consolidation among channel partners has become commonplace as companies seek to expand their geographic reach, broaden their product offerings, or strengthen their market position. Strategic partnerships and acquisitions are often aimed at acquiring specialized expertise in specific industries or ERP platforms, enabling partners to provide more comprehensive solutions to their clients. The shift toward adopting cloud-based ERPs has become more prominent in recent years and many on-prem ERP systems are coming to “end-of-life” from an advanced features and support standpoint.

Cloud-based ERPs have advantages, including scalability, accessibility, and advanced security mechanisms. Unlike traditional systems, which require a significant upfront investment in hardware and infrastructure, cloud-based ERPs allow businesses to scale resources up or down based on their needs, providing flexibility and cost efficiency. This scalability is particularly beneficial for small and medium-sized enterprises (SMEs) looking to expand without the burden of heavy infrastructure investments. Legislation, such as the Data Act, Data Governance Act and GDPR have prompted stricter protective measures, posing challenges for on-premises solutions to remain compliant.

Advancements in artificial intelligence and analytics have significantly influenced market dynamics and are reshaping the approach and functionality of ERPs and their ecosystem partners. In the past, AI and analytics were offered as add-on features, but they are now expected to be integrated into the software.

These advanced features optimize decision-making, streamline operations, and enhance efficiency. By leveraging AI and analytics, organizations gain a competitive edge, enabling smarter, data-driven strategies and actions. This is an area of high importance for M&A activity in the sector.

The strategy of growth by acquisition is preferred by both financial and strategic buyers. With a recent uptick in valuation multiples, we expect to see continued consolidation targeting product evolution, geographic extension, customer acquisition, and talent procurement. We anticipate these trends to persist throughout 2024 and several years beyond.

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ABOUT US



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