



# **PUND-IT RESEARCH**

## **Marketplace Update**

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### **IBM System i and Oracle JDE Showing SMBs the Way**

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# **IBM System i and Oracle JDE - Showing SMBs the Way**

By Charles King, Pund-IT, Inc.

Change is never easy but it can be particularly hard on small to medium sized businesses (SMBs) that lack the technical and financial resilience of larger organizations. For that reason, significant shifts in the IT landscape can set SMBs quaking. That was certainly the case in 2004 when Oracle completed its acquisition of PeopleSoft as part of the company's effort to expand beyond its traditional large customer base.

As part of the deal, Oracle also acquired the assets of JD Edwards, a software vendor with deep roots in the small business community and one that thousands of SMBs depend on for their livelihood. Many of these organizations feared that Oracle's historic enterprise focus would blind the company to their specific needs or require them to eventually make costly changes to their IT strategies and infrastructures.

That SMBs need not worry was the central message of a special briefing conducted by IBM's and Oracle, which discussed the two companies' ongoing joint efforts to meet the business and technical needs of JD Edwards customers who depend on IBM's System i server solutions.

## ***The System i Difference***

During the past 18 months, IBM has initiated a series of technical and marketplace efforts surrounding System i. According to Mark Shearer, the General Manager of the System i group, as a result the newly energized platform has attracted over 2500 new or enhanced applications, nearly 900 new or enhanced i5/OS applications, more than 150 new tool developers, and over 270 new tools on developer roadmaps.

At the same time, IBM has renewed its own efforts around System i and other notable company products. IBM has integrated System i with its BladeCenter and System x solutions, thus leveraging System i's unique multi-platform capabilities to enhance Windows server management processes. The company has also developed PHP scripting solutions for System i, improving the platform's use for Web application development. Finally, IBM has incorporated IP telephony capabilities into the platform, allowing businesses to leverage the notable reliability and availability of System i to support cost-effective phone services.

## ***Oracle Speaks***

Oracle's Jihn Schiff, the Vice President and General Manager of JD Edwards World, joined Shearer in discussing the synergies between the companies' approach. Numerous System i offerings have clearly been designed to benefit JD Edwards' customers, from the release of JD Edwards World on System/38 in 1980 to this year's new i520 Solution Edition for Oracle's JD Edwards World and EnterpriseOne.

IBM and Oracle believe the System i i520 Solution Edition offers small business customers the benefits of System i at a price similar to comparably configured Windows-based products like Dell's PowerEdge. Unlike those, the integrated, open standards-based System i platform combines built-in security, virus-resistance, database, and storage functionality, as well as the seamless systems management for which the platform is well known. This means that SMBs can easily support their critical accounting, supply chain, email, and disaster recovery processes with a single, cost-effective solution.

Another recent action also demands the particular attention of JD Edwards' customers; the Oracle Applications Unlimited initiative announced in April 2006. In essence, Oracle Applications Unlimited means to assure customers that their investments in JD Edwards, PeopleSoft, and Siebel solutions

are safe now and in the future, and that Oracle will minimize incremental costs while ensuring that these businesses have access to the solutions choices they wish.

What does this mean in real terms for JD Edwards World customers?

- According to Schiff, Oracle intends to continue its support of JD Edwards World and EnterpriseOne solutions beyond the 2013 date the company originally defined.
- In order to continue this support seamlessly, Oracle will work closely with IBM to certify JD Edwards World and EnterpriseOne solutions for new System i releases.
- Oracle is dedicated to delivering the new version of JD Edwards World (v A9.1) in the 2006-2007 timeframe.
- Finally, while the company plans to keep its Project Fusion promise of providing a direct migration path for JD Edwards World and EnterpriseOne customers, Schiff said that it will not be necessary for them to move to Oracle's E-Business Suite.

### ***LaSalle Bristol – The Business Value of System i/JDE World Innovation***

The briefing also included a presentation by Michael Caldwell, the VP of Information Systems of LaSalle Bristol Corporation, and current President of the JD Edwards World User Group. Caldwell's twin roles give him special insight into tactical and strategic issues, benefits, and challenges faced by businesses that utilize System i/JD Edwards' solutions.

LaSalle Bristol qualifies as a very typical and very successful SMB. Headquartered in Elkhart, Indiana, the company boasts 500+ employees in 22 locations in the U.S. and Canada, posting some \$350 million in annual sales of products and goods to the recreational vehicle (RV) and manufactured housing industries.

From an IT perspective, LaSalle Bristol leverages a staff of five who support 200 users on an annual budget of \$1.28 million. The company leverages an iSeries 810 system for its critical business applications, including JD Edwards World A7.3.16 for accounting, distribution, and manufacturing, as well as BCDC, document management, ecommerce, and EDI.

What does mean in real world terms? Measuring its IT budget against company revenues, LaSalle Bristol is enjoying the benefits of highly effective and innovative business solutions for a mere .36% of total sales, a stunning number when one considers that most companies consider an IT budget of 1-2% of total sales to be money well spent.

How does the company do it? According to Caldwell, it is the end result of ideally balanced System i and JD Edwards' solutions. LaSalle Bristol has a long, deep relationship with JD Edwards World, so it is able to leverage maximum performance and benefits from those well-understood solutions. In addition, Caldwell cited quantitative benefits offered by IBM's System i solutions, including the ability to be used in a standard office environment, easy support processes that result in a lean, efficient IT staff, and IBM's consistent and dependable growth path.

Good enough, but how does Caldwell regard Oracle's plans for JD Edwards and the company's partnership with IBM? As to the first, Caldwell admitted to some initial fear and confusion. Like many JD Edwards customers, he was skeptical of Oracle's eventual plans, but said that Oracle's Applications Unlimited quelled his concerns. To his mind, a key result of the initiative is that JD Edwards clients will have a voice in and control over the future of their IT deployments.

Likewise, Caldwell finds much to like about the benefits the IBM/Oracle alliance. The two companies' joint efforts help to ensure that he and LaSalle Bristol can focus the majority of their attentions and energies on addressing business challenges not solving IT problems. Overall, Caldwell sees the IBM/Oracle partnership as a classic example of the sum being greater than the sum of the two parts. For LaSalle Bristol, that translates into definable business benefits.

## ***Mission Accomplished?***

Change is never easy but it can be particularly hard on SMBs, so it was no surprise that some had misgivings after Oracle acquired the assets of JD Edwards in its PeopleSoft deal. That those companies need not worry was the central message from IBM's System i organization and Oracle during a discussion of their strategic partnership. According to the companies, they intend to continue developing and delivering innovative solutions well into the future, thus assuring SMBs that their current and future investments in System i/JD Edwards solutions will be secure.

LaSalle Bristol, a successful SMB that depends on System i and JD Edwards to help drive \$350 million in annual sales, highlighted the value of those solutions. Along with specific technical benefits, the company noted ease of support and IBM's dependable growth path as factors that allow LaSalle Bristol to enjoy an IT budget of only .36% of annual sales, a small fraction of what most businesses spend. In addition, the company cited Oracle's Applications Unlimited initiative as a factor that will help guarantee the continuing value of its investment. Overall, we believe that the sum of the IBM and Oracle partnership translates into definable business benefits for current System i and JD Edwards clients like LaSalle Bristol and for new customers considering products such as IBM's i520 Solution Edition for Oracle's JD Edwards World and EnterpriseOne.

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### ***About Pund-IT***

***Pund-IT emphasizes understanding technology and product evolution and interpreting the effects these changes will have on business customers and the greater IT marketplace. This report is the result of sponsored research developed by Pund-IT, Inc., which believes its findings are objective and represent the best analysis available at the time of publication.***