THE ENTERPRISE SOFTWARE MARKET AND ITS FEATURES

A.-B. BOITOR[1]   A. HERŢANU[1]

Abstract: *This paper presents the market for enterprise software and its features. The domain of software applications for business is a very dynamic one and companies in it have been in a continuous competition for years. Organizational consumer behaviour has changed significantly in recent years, organizations, not only large and medium companies, but also the small or non-profit organizations, have adapted their activities to the progress of technology. They have begun to support activities through software applications for enterprises. From the most important activities of companies, to the support activities, they are coordinated and carried out by using software applications provided by manufacturers on this market.*

Key words: *enterprise software, market, strategy.*

1. Introduction

The software industry is a relatively new, very dynamic domain and has developed over time a very strong competition, not only locally or regionally, but also globally. Large and well known companies such as Microsoft, Sun, Oracle, Google, IBM etc. dispute their supremacy in this very dynamic market, where changes in circumstances and overthrows of leaders are very common and where the product life cycle is significantly shortened.

2. The business software market

As Mr. Craig Le Clair says, enterprise-level systems are information technologies that companies use as support for core business, sales, finance etc. The best known examples of enterprise software applications comprise an enterprise resource planning (ERP), customer relationship management (CRM), and supply chain management (SCM). There are also hundreds of other kinds of business applications that are used to support basic and auxiliary activities.

If we consider the global IT industry as a whole, this amounted in 2011 to about 3.7 trillion U.S. dollars according to the published reports from Gartner, and business software industry was not a negligible part of the IT and software industry.

3. Structure of IT industry and the role of business software applications

The figure below shows the structure of the global IT industry and the importance of enterprise software applications in it. As discussed below, the IT industry is divided by Le Clair in three segments:
- services; the segment is composed of software and IT consulting companies and companies that produce applications and systems integration;

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[1] PhD Student, Dept. of Economic Sciences and Business Administration, *Transilvania* University of Braşov.

- hardware; is the segment which consists of companies producing hardware such as computers, devices, peripherals, servers etc.;
- business software segment; as shown in the figure, this segment is representative for global IT and software market; this segment consists of companies that produce hundreds of software applications necessary for all kinds of companies and to support their activities in all areas of profit, even necessary software applications for non-profit organizations or companies and government institutions worldwide; this segment is very large, contains companies performing software necessary for the proper organization of material, human, and financial resources of all companies of all kinds in any field and is a segment that brings the most significant revenue in the IT and software domain, is the segment where competition is the strongest not only globally, but also regionally, nationally, or locally.
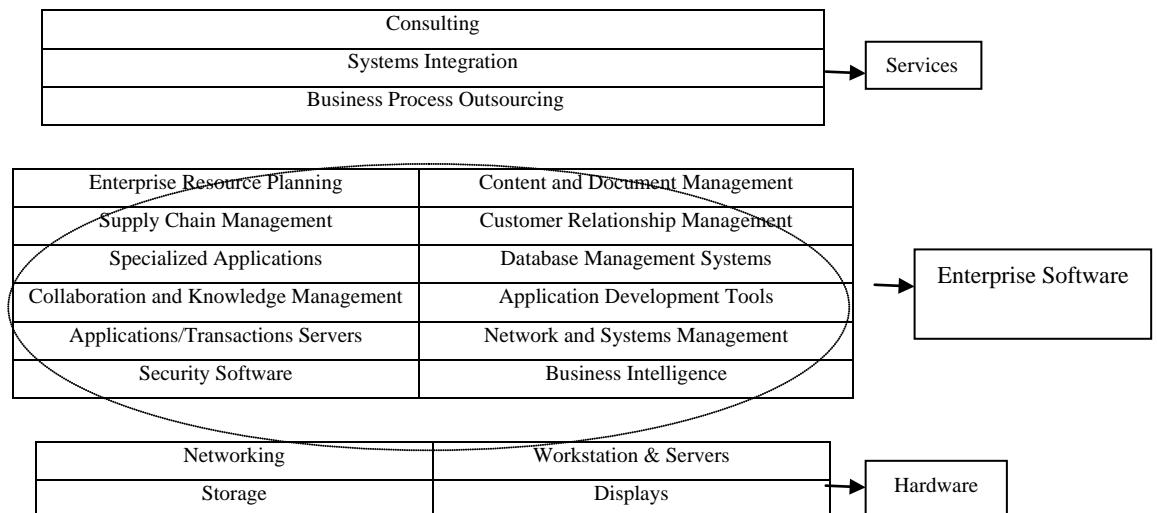
| Consulting |
| Systems Integration |
| Business Process Outsourcing |

→ Services

Enterprise Resource Planning	Content and Document Management
Supply Chain Management	Customer Relationship Management
Specialized Applications	Database Management Systems
Collaboration and Knowledge Management	Application Development Tools
Applications/Transactions Servers	Network and Systems Management
Security Software	Business Intelligence

→ Enterprise Software

| Networking | Workstation & Servers |
| Storage | Displays |

→ Hardware

Fig. 1. *The IT industry and its structure*
Source: Clair Le, C.: How to succeed in the enterprise software market,
Publishing Cybertech, London, UK, 2005, p. 4

Why is the enterprise software applications segment so important? We find the answer below.

Enterprise software applications and software products generally differ from other products from different areas primarily by the fact that these products are not tangible and intangible as products in most areas. A car is tangible, a computer or a laptop is also tangible, a TV and a bicycle are tangible too. Instead, special software and applications for businesses are not tangible.

In a perfect world, software products or simply just software can be done in the same way, with products that do not depend on the transformations and changes in the technical, human, organizational or economic balance of a strategic customer. Unfortunately, when a software company requires a customer to buy a product from it, it requires that organization to change itself from the following reasons [1, pp. 3-4]:
- first of all, acceptance by the user, unlike most tangible products, determines the success of the company producing the

software product; a software product is successful only when the users and their managers adopt that technology;

- second, unlike most products, the business software installation is not so easy, customers often direct resources and time and invest them in the installation and proper functioning of software, and in many cases these projects fail from the beginning, and the value of a software product is affected by the degree of effort required to be implemented by a company client;
- thirdly, at the bases of a software product stands a form of innovation, which is a very complex process of assimilation, a good software nesting in the client's business, as it should be, will exceed the competing products very quickly and this whole requires understanding the entire process of the business process and building bridges between the products, already adopted, and the new software application;
- fourth, software companies support the strategic and intangible goals of the companies they serve, which leads to joint intellectual property of the provider with the intellectual property of the customers, and calls for new ways to understand and explain the newly created value.

Enterprise applications are typically designed to integrate with other applications used within the organization, and to be performed on a variety of networks (Internet, Intranet and corporate networks), while meeting stringent security requirements and management administration. [5]

As stated by Le Clair, companies competing for the business software market should consider five major elements that distinguish the companies from the business software market from many other companies from different areas:

- changes in customer behaviour; companies producing software should carefully consider the effects exerted by their product on the business of their clients, business systems and their resources, companies should focus on customer needs and tailor solutions for the client's business environment;
- software implementation by companies; manufacturers must make products that can be easily implemented by clients, because over time many applications, especially large and complex applications require very high implementation efforts from customers;
- assimilation of products by the customers; manufacturing companies should give more importance to the business of each client, and to avoid possible abuse of the environment invading incompatible products, producers in this area should focus on compatibility applications they make them with the business of customers and applications they use to achieve other business activities;
- basic skills of clients; companies producing software should consider merging their powers with those of customers, suppliers must again understand how their products affect the business of clients, the more sophisticated a consumer is, the more important he/she is;
- the client's business is a very important element that must also be taken into account by the producer of enterprise software applications, supplier and product performance must guide the main goals and streamline the business of customers, from various fields, business cases differ from company to company, large differences emerged

between different fields, software solution providers need to adapt applications to the needs of each client.

So, regarding this highly complex and uniqueness of enterprise software applications, customer orientation is the most important weapon that a competitive company can hold in this field to achieve competitive advantage. Because of the complexity and the large differences between companies' prospects, they will compete very hard on the market if their products are standardized and all the elements listed above are considered in the most serious way.

4. Enterprise applications and the Romanian market

In Romania, the market for business software has greatly expanded in recent years. Many international companies have entered the Romanian market and many companies were created as part of suppliers of software solutions not just for large companies, but also for small and medium local companies.

However, economic and political circumstances have affected the local market for business software. Between 2008 and 2009, sales of enterprise software applications plummeted and companies faced a negative change in customer behaviour. Even if the international economic situation continued in the same unfavourable circumstances, the software market in Romania has experienced a slow decline from this period, leading to increased competition and commercial flexibility of suppliers.

Even if economic circumstances were not the most suitable ones, in 2010 there was a change in the purchasing behaviour of computing systems - more and more companies wanted the implementation of complete systems from one supplier, which was possible through European funds given by the E.U. [2]

But these effects on the enterprise software applications market in Romania lead local players to react and take drastic measures when it comes to increasing the market share and create competitive advantage.

Following a study by the company PAC Eastern Europe in 2011, including the strategies of the first ten companies on the Romanian software and IT industry, it was concluded that the software and IT companies have a very interesting new orientation to new markets especially when it comes to selling software solutions. As the degree of development of the Romanian market offers nearly no chance to achieve ambitious business plans, many Romanian IT players started to seek new opportunities to foreign partners interested in promoting and selling Romanian software solutions, intending to make green-field investments in their own subsidiaries or by acquiring small and medium local suppliers.[6]

The contracting of software and IT market not only locally, led local companies, for which it is very difficult to compete with very large international ones, to use new strategies for competing with large companies, some of them even being able to hang on to the market. The following table represents a statement with the main competitors on the

Romanian enterprise software market in 2011:

*Leading providers of business software for companies
in Romania and their products (year 2011)*   Table 1

Company	Business software applications
Sistec	abas Business Software, Cogito ERP, CAS Genesys World,
TotalSoft	Charisma ERP
Classoft	Classoft SQL
Crisoft	CROSS ERP, CROS FRC
Epicor	Epicor ERP
LLP	INFOR FMS Sun Systems, ATLAS XL, Infor PM 10, JET Reports, time@work, LS Retail NAV
ITC	Infor ERP LN, Infor EAM, MCC
METI	METI Logiciels et Services
Microsoft	Microsoft Dynamics AX, Microsoft Dynamics NAV
SAS	SAS Marketing Automation, SAS Activity Based Management, SAS Enterprise BI Server, SAS Social Network Analysis, SAS Web Analytics
EMC România	Documentum
SoftexpertMobility	MedExpert

*Source: Vasile, G.: Softwach, Professional Software Applications Catalog,
Market Wach, Publishing Fin Wach, 5th Edition, Bucureşti. România, 2011.*

In addition to these professional software products, these companies offer other products for companies for the management of business, resources etc.

The companies listed above have a very strong competition on the market in Romania, coming from abroad. Most of the companies listed above are Romanian companies, but companies like SAP, Oracle, IBM, or Microsoft, or even MycroSun offer a large number of competing products on the local market and this is competitive advantage is essential for competing companies. This advantage can only be achieved through tailored products that do not involve great efforts from customers on installation, operation and compatibility.

But times have changed with the crisis. Even at the end of 2008 the senior management of leading companies in Romania in recent years have made decisions that would have seemed strange for a growing market. Reality figures show the dramatic decrease of investment budgets for 2009 in the IT, in some cases by 50% to 75-80%. Furthermore, there are companies whose motto at the moment is "Zero Capex". An obvious solution is to pay far less for the same. Rather than paying €50,000 in license when a contract is signed, plus 20% per year maintenance, now a client is ready to pay €2,000/month. That means "Capex Zero" and payment of initial operating budget is 25 times smaller. Of course, in this model, the company no longer has the software, but can benefit from its key functionalities and considerably reduce the financial effort necessary for purchasing software applications. [3]

5. Conclusions

In recent years, not only multinational corporations have adopted many software applications, but also small and medium local companies. Managers of these companies have realized that implementing these software applications make much of the advantages mentioned above. After Romania joined the European Union, national companies have started becoming

more and more interested in adopting specialized business software applications. Due to free movement of goods, services, labour and money, foreign investments made by other European Union countries and enhanced trade and economic relations with companies from other countries, managers of local companies have realized how beneficial software products are in their enterprises.

Acknowledgements

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