

**Fusion or Elsewhere?**

**Planning & Next Steps  
for JD Edwards  
Customers**

 **Hitachi Consulting**

A Knowledge-Driven Consulting®  
White Paper

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## Contents

The JD Edwards Situation .....	3
Three Planning Approaches .....	4
Oracle's Product Direction .....	5
Evaluating Alternative Solutions .....	6
Planning Considerations .....	7
Hitachi Consulting Point of View .....	8
Selecting the Right Path For Your Organization .....	9
How Hitachi Consulting Can Help .....	10
Hitachi Consulting ERP Alliances .....	10
About Hitachi Consulting .....	11
About Hitachi .....	11



## The JD Edwards Situation

The past two years have been tumultuous for JD Edwards' customers and also filled with uncertainty:

- How would the PeopleSoft's acquisition of JD Edwards impact support and the product development roadmap?
- Would Oracle buy PeopleSoft and how would that impact JD Edwards?

With the completion of Oracle's purchase of PeopleSoft, the JD Edwards (JDE) product direction has been set.

- Support of the latest versions of JDE EnterpriseOne and JDE World product lines will continue through 2013.
- Not all currently supported releases will be supported through 2013; in order to continue receiving support companies will need to upgrade and stay current.
- Oracle's "Project Fusion" (scheduled for release in 2008) will develop a new application suite and architecture combining functionality from Oracle, PeopleSoft, JDE and Retek.
- However, migrating to Fusion from JDE will likely involve significant effort and investment; it will not be as simple as an upgrade.

Meanwhile, other ERP vendors are offering alternative migration programs targeted at JDE customers:

- SAP's 'Safe Passage'.
- Lawson 'Safe Harbor'.
- Microsoft migration program.

So, although the future is more predictable, JDE customers still have several strategic concerns:

- What are my options for the future?
- Should I do anything now or can I wait?
- Which path and platform will be best for my organization and situation?
- How much effort and investment will be involved in taking that path?

Based on your strategy, you need to choose a clear course of action.

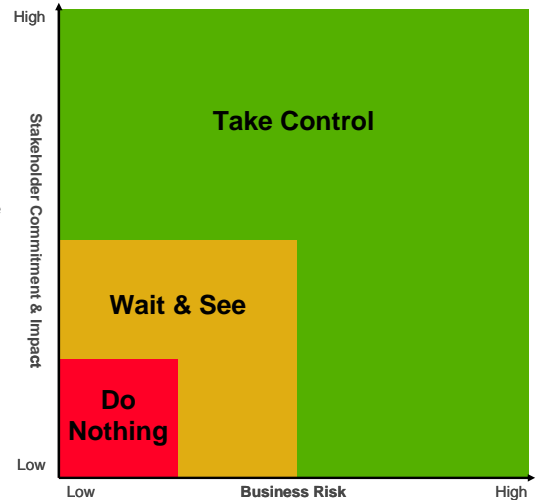
- Companies will need to make investments (supporting / upgrading / migrating) no matter which path they take.
- Organizations making technology changes without associated business improvements will have difficulty documenting tangible return on investment.
- Companies that ignore the situation now will probably spend more money long term.
- Companies that act now will take control of their own destiny, be able to plan for and minimize the impacts and investments necessary and may be able to achieve real gains and returns.



## Three Planning Approaches

Planning approach decisions should typically balance stakeholder commitment and impact and business risk. Faced with difficult decisions, many organizations can become paralyzed and do nothing, or will become overly cautious and take a wait-and-see approach.

Although the 'do nothing' approach is viable in certain situations (low business risk and low stakeholder impact), the vast majority of organizations will benefit from taking control and proactively making decisions and plans.



### **Do Nothing** – applicable in only 5% of situations

Companies delay or ignore the issue. Most don't have the desire to make changes. As it relates to the future of JDE, this approach could lead to the organization working without support or trying to find avenues to extend the existing product's life-cycle at the last minute.

Motives	Approach Risk
<ul style="list-style-type: none"> <li>Postpone pain ('ostrich effect')</li> <li>Lack of resources</li> <li>Lack of management support for change</li> <li>Lack of awareness</li> </ul>	<ul style="list-style-type: none"> <li>Discontinued regulatory enhancements</li> <li>Limited bug fix support</li> <li>Increased downtime</li> <li>Long term support; aged technical skills harder to find</li> </ul>

### **Wait and See** – applicable in no more than 20% of situations

A cautious approach, doing just what must be done, but no more. Delaying decisions and upgrades / migrations until the last minute. Related to JDE, this approach may result in the organization competing for expert migration and upgrade resources when they are in short supply and are more costly.

Motives	Approach Risk
<ul style="list-style-type: none"> <li>Conservative IT approach</li> <li>Avoiding making the wrong decision before all the data is available</li> <li>Lack of resources</li> <li>Lack of business support</li> </ul>	<ul style="list-style-type: none"> <li>Cost or lack of external resources during 'high' demand period</li> <li>Bug fix and regulatory support</li> <li>Investment decisions not supported by long-term vision</li> </ul>

### **Take Control** – recommended in more than 75% of situations

Companies want to control their situation. Proactive planning and budgeting, determining when and how IT budgets will be spent. Related to JDE this will result in clear plans for the future, scheduled and budgeted upgrades and migrations and ensure the availability of expert resources when they are needed.

Motives	Approach Risk
<ul style="list-style-type: none"> <li>Investment decisions supported by strategy</li> <li>IT is a strategic business enabler</li> <li>ROI is important to management</li> <li>Stakeholders dependent on ERP</li> </ul>	<ul style="list-style-type: none"> <li>Lack of future product details</li> <li>Dependent on new functionality</li> <li>Product immaturity</li> <li>Smaller pool of external support resources</li> </ul>



## Oracle's Product Direction

### JD Edwards' Migration Path

For organizations that continue with upgrades, the product will be supported for the next eight years.

- Full support of JD Edwards EnterpriseOne and JD Edwards World product lines through 2013.
  - Continue to enhance and support JD Edwards major product lines until at least 2013
  - Not all currently supported releases will be supported through 2013; you will need to upgrade to stay current
- Oracle's Product Development Roadmap includes future releases and support for the following:
  - JD Edwards EnterpriseOne version 8.11 in 2005 (*migration path to Fusion*)
  - JD Edwards EnterpriseOne 8.12 in 2006 (*migration path to Fusion*)
  - JD Edwards World ongoing enhancements every 12 to 15 months (*planned migration path for Fusion*)
  - Extending JD Edwards EnterpriseOne Xe and 8.0 support to February & June 2007.
  - Continue to maintain currently supported hardware platforms, databases, and operating systems.

*“Current JDE customers need to evaluate their options carefully, based on Oracle’s stated paths to Fusion and ERP’s typical approach to migrations ... moving to Fusion won’t be the same as a World A5.2 to A7.3 upgrade, a World-to-OneWorld migration, or an Xe to ERP8 upgrade. Fusion will require you to think about hardware, database and operating system in addition to applications setup.”*

**Steve Hamilton**  
Managing Vice President  
JDE - PeopleSoft Practice

### Oracle's Project Fusion Roadmap

Planned for release in 2008, Project Fusion will be the next generation of Oracle, PeopleSoft, JD Edwards and Retek software based on Service-Oriented Architecture (SOA). Fusion aims to combine the 'better than the best' functionality from each solution. As Rick Schwerin and John Wookey stated in Oracle Magazine in May / June 2005:

*“With Project Fusion, Oracle’s information-driven applications will incorporate key strengths of all product lines and focus on business-process automation, industry specific capabilities, superior usability, real-time information access and reporting, and a shared data model to provide customers with a single source of truth.”*

Many customers should and will be planning to migrate to Fusion. However, according to several third-party sources, the migration from JDE to Fusion may not be simple. According to Gartner's April 2005 report "PeopleSoft Users Face Tough Choices":

*“Fusion will not be an upgrade for PeopleSoft [JDE] users....budget for Fusion as if it were a totally new product....PeopleSoft [JDE] users are encouraged to perform detailed project planning for the migration to Fusion (similar scope in the context of a new implementation).... IT resources will require heavy updates to their technical skills if they have not already deployed the Oracle technology stack.”*

## Evaluating Alternative Solutions

As Oracle's stated direction will require JD Edwards customers to continue making investments in upgrades and eventually migrate to a new product, it is in the best interest of many JDE users to at least evaluate the alternative migration paths offered by Oracle, SAP, Lawson and Microsoft.



### Oracle E-Business Migration

Oracle's strategy provides JDE customers a no-charge migration to equivalent Oracle E-Business Suite licenses. EnterpriseOne and World licenses would simply be exchanged for equivalent Oracle licenses, assuming the products are fully licensed and current on maintenance. This would include a restricted use license of the Oracle Database and Applications Server for use with the applications.



### SAP's 'Safe Passage' program

Targeted at SAP customers running solutions from PeopleSoft and JDE, 'Safe Passage' provides a migration roadmap to mySAP™. Described as an IT investment protection plan, 'Safe Passage' asserts that users can plan their maintenance and software migration strategies at their own pace.

Program highlights offered:

- SAP assuming maintenance, service and support issues across the customer's SAP and JDE environment (delivered by TomorrowNow)
- Providing a license upgrade to mySAP™ ERP and a user license for the SAP NetWeaver platform (credits 75% of the paid JDE license, requires paying the difference between current mySAP™ fees and the JDE credit, with maintenance calculated at 17% of the mySAP™ license total) \*<sup>1</sup>
- Recommended Integration Infrastructure and a Road Map for Migration to mySAP™ ERP (SAP NetWeaver™ includes connectors for JDE, SAP's Services-Oriented Architecture (SOA) is targeted for delivery 2007-2008 tracking with Oracle's Project Fusion \*<sup>2</sup>)



### Lawson's 'Safe Harbor' program

Lawson is offering migration program for JDE customers seeking a long-term enterprise applications partner for the IBM eServer iSeries platform.

Suggested benefits include:

- Discounts on World and EnterpriseOne maintenance support during the migration period (expected to take fewer than 12 months)
- Savings driven by switching from Oracle support and rapidly migrating to Lawson Release 8 web-based business applications for iSeries POWER5 and WebSphere-based systems



### Microsoft's migration program

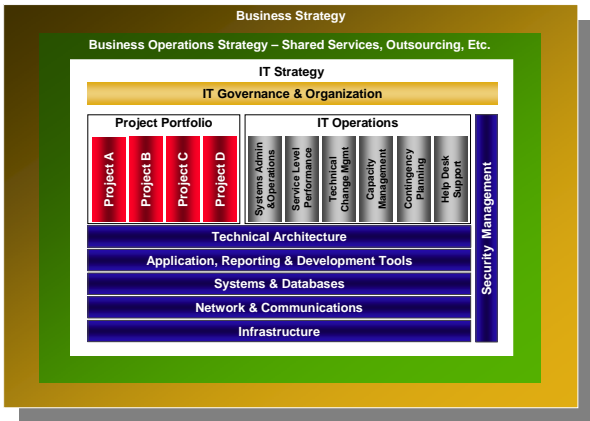
Microsoft Corporation is offering a limited time migration program for JD Edwards World and EnterpriseOne customers.

The migration program provides:

- Price discounts on Microsoft® Business Solutions (MBS) software and services (25% license discount and 25% discount for the first year support and enhancement)
- Applies to all Microsoft Business Solutions (MBS) applications (Axapta® is Microsoft's recommendation for World and EnterpriseOne customers)
- Migration guidance to a MBS business management application

<sup>1</sup> 20 January 2005, AMR Research "SAP Versus Oracle: The Gloves Are Off"

<sup>2</sup> 18 January 2005, AMR Research "The Fusion of Oracle and PeopleSoft Apps"

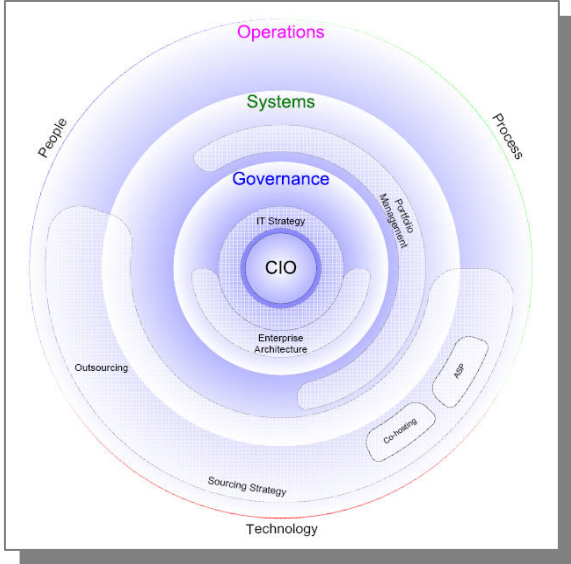


**IT Planning Framework**

## Planning Considerations

Of course, every company has unique considerations in a strategic planning process. In determining which platform and migration path is best for your organization, consider the following factors:

- Business Drivers
  - Company Strategy
  - Plans for Growth
  - Business Change environment
  - Sarbanes-Oxley (SOX) and Regulatory requirements
  
- Current JDE Environment
  - World
  - World (Co-Existent with ERP 8.0 and below)
  - OneWorld (Earlier than XE)
  - OneWorld XE
  - OneWorld ERP 8.0
  - EnterpriseOne 8.9
  - EnterpriseOne 8.10
  
- Solution Footprint
  - Manufacturing
  - Supply Chain
  - Financials
  - Human Resources
  
- Existing Technology Investments
  - Architecture
  - Technology Stack
  - IT Skill Sets
  
- Industry Pressures and Requirements



**CIO Perspective Model**

Hitachi Consulting utilizes its IT Planning Framework and/or CIO Perspective Model to help clients plan for significant IT investments. Using these tools helps ensure complete, defensible planning and budgeting efforts.

*“When Oracle acquired PeopleSoft, to reduce panic, Oracle moved quickly to announce extended support and an upgrade path for JD Edwards customers. As a JD Edwards user, your path forward will depend on a myriad of factors including; (1) what version you are on, (2) how will your business be changing, (3) what industry you are in, (4) what your IT infrastructure looks like today. It is important to take **ALL** of these factors into consideration and plan for your ERP future – sooner rather than later.”*

**David Rodman**  
 Managing Vice President  
 Oracle Practice  
 Hitachi Consulting

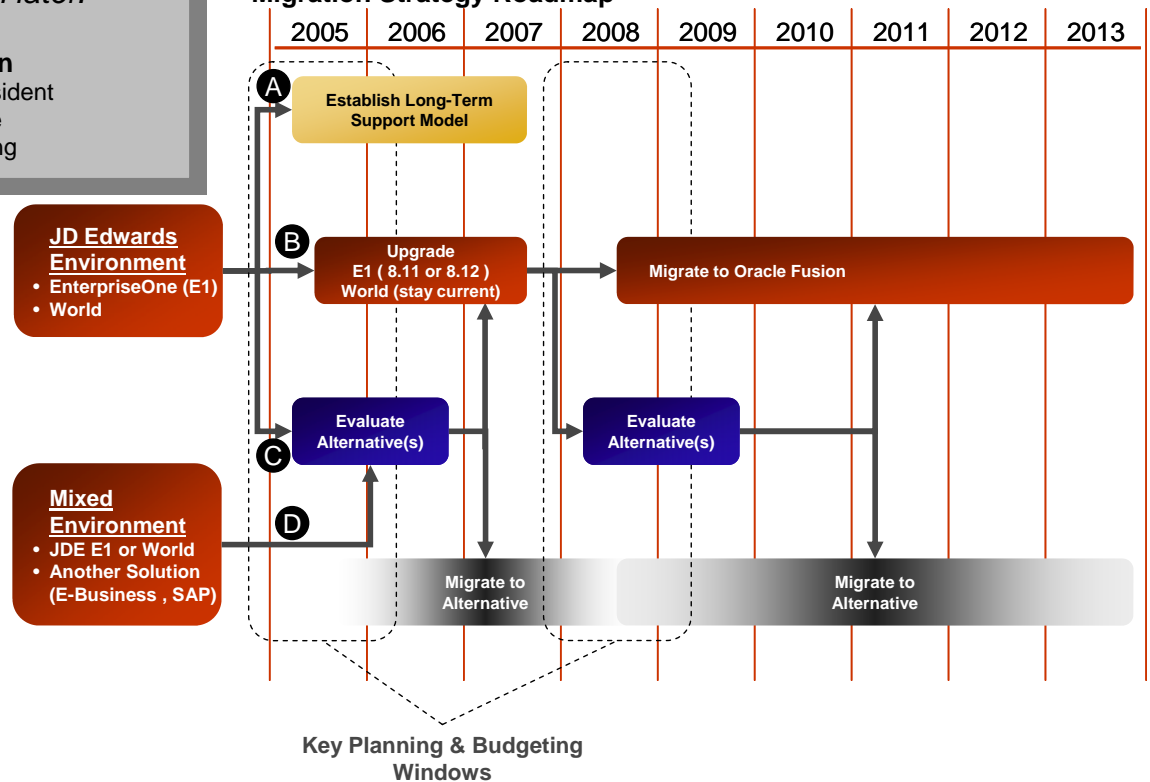
## The Hitachi Consulting Point of View

Oracle’s acquisition of PeopleSoft does not necessitate immediate changes to a company’s ERP environment. However, due to the eventual decline of support for many versions of JDE, there are limited windows of opportunity for proactive planning and budgeting, and for evaluating alternative paths. So, although upgrades and/or migrations to Fusion or alternative platforms are unlikely to offer tangible short-term returns, failing to proactively take control may divert your organization down the wrong strategic path and squander valuable resources.

Based on their unique situations, most companies will follow one of the four paths we have outlined below in the Migration Strategy Roadmap. The window for proactively planning, budgeting and evaluating which path is best for your organization, before being forced to make any further investments, begins now and will end in early 2006. After that, your organization will need to invest in JDE upgrades or establish an alternative long-term support model to maintain support.

Another planning window for organizations that have already upgraded their JDE platform, opens up towards the end of 2007 and runs until early 2009.

### Migration Strategy Roadmap



**Path A**  
 Customers taking a 'Do Nothing' approach seeking support and maintenance alternatives

**Path C**  
 Growth, business needs / strategy or estimated investments are not supported by the current JDE environment – leads to evaluating alternatives (Oracle E-Business, SAP, Lawson or Microsoft)

**Path B**  
 Companies in which the JDE solution is meeting current and near-term business requirements with an acceptable near-term investment (ROI on upgrades, enhancements)

**Path D**  
 'Mixed' environment companies evaluate ERP consolidation

## Selecting the Right Path for Your Organization

All companies must review their own situation to determine which strategy is best for their circumstance. We have outlined some example situations that may lead an organization to choose a particular path.

*“Whether you end up migrating to Fusion or not, the important thing now is to take control of your own destiny. Put yourself in a position of strength by understanding and evaluating your options.”*

**Damian Smith**  
 Managing Vice President  
 Corporate Management Solutions  
 Hitachi Consulting

Company Situation	Path	Details
Home builders or traditional manufacturing organizations with a large AS/400 investment	A	Develop long-term support model
Businesses with a significant investment in Oracle technologies	B	Upgrade and migrate to Fusion
Property Management, Real Estate & Construction companies	B	Upgrade and migrate to Fusion – Assumes relevant JDE functionality included in Fusion
Enterprises operating in the Food & Beverage industry	B	Upgrade to 8.11 or 8.12 and wait to evaluate JDE functionality in Fusion, else evaluate migration to SAP
Smaller companies (less than \$200M) that have implemented Microsoft’s technologies	C	Evaluate migrating to Microsoft Business Solutions
Apparel & Footwear industry participants	C	Evaluate migrating to SAP
Manufacturers focusing on High-Tech products	C	Evaluate Oracle E-Business and SAP
Organizations with a significant IBM investments in Lawson Industries (e.g. healthcare)	C	Evaluate migrating to Lawson
Enterprises utilizing (E-Business or SAP) as their core system with JDE running at a plant or divisional level	D	Evaluate consolidating to (E-Business or SAP)

## How Hitachi Consulting Can Help

Hitachi Consulting is a certified planning and implementation partner for all of the major ERP solutions including JD Edwards, Oracle, PeopleSoft, SAP, Lawson and Microsoft. We have successfully assisted companies in a wide variety of industries select, plan and implement their ERP solutions by providing unbiased advice, deep technical and functional expertise and by working side by side with our clients to achieve true value, results and success.

Based on our detailed knowledge of the ERP platforms and alternatives, Hitachi Consulting can help you determine which path is best for your organization and help you plan for the necessary investments and impacts.

If you answer "Yes" to one or more of the self assessment questions below, we can help.

To learn more about how Hitachi Consulting can assist, call us at **1.877.664.0010** (toll free).

### Self Assessment

Yes	No	
		Are stakeholders requesting a strategy for your JDE investment?
		Do you need a roadmap for upgrades and/or migrating to Fusion?
		Is management seeking investment estimates for upgrades and/or migrating to Fusion?
		Are you evaluating alternative solutions options?
		Is Oracle's product roadmap confusing to your team?
		Is a Sarbanes-Oxley effort causing changes to your JDE processes and systems?
		Are you considering moving your JDE environment to an outsourcing provider?
		Are you concerned about your JDE support costs?

## Hitachi Consulting ERP Alliances



## About Hitachi Consulting

As Hitachi, Ltd.'s (NYSE: HIT) global consulting company, Hitachi Consulting is a recognized leader in delivering proven business and IT solutions to Global 2000 companies across many industries. We leverage decades of business process, vertical industry, and leading-edge technology experience to understand each company's unique business needs. From business strategy development through application deployment, our consultants are committed to helping clients quickly realize measurable business value and achieve sustainable ROI.

Hitachi Consulting's client base includes nearly 30 percent of the Fortune 100 as well as many leading mid-market companies. We offer a client-focused, collaborative approach and transfer knowledge throughout each engagement. For more information, call 877-664-0010 or visit [www.hitachiconsulting.com](http://www.hitachiconsulting.com).

Hitachi Consulting – Inspiring your next success®

## About Hitachi

Hitachi, Ltd. (NYSE: HIT), headquartered in Tokyo, Japan, is a leading global electronics company, with approximately 326,000 employees worldwide. Fiscal 2003 (ended March 31, 2004) consolidated sales totaled 8,632.4 billion yen (\$81.4 billion). The company offers a wide range of systems, products and services in market sectors including information systems, electronic devices, power and industrial systems, consumer products, materials and financial services. For more information on Hitachi, please visit the company's Web site at <http://www.hitachi.com>.

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