An ambitious niche player in the ERP market

Deltek is a global vendor in the area of ERP software for project-based service provider companies and public authorities. The company has for several decades been providing result-oriented and - in its own words - clear insight to support customers in realizing their business potential. Henk Jan Onstwedder is responsible for Deltek activities in the Netherlands and Belgium. His mission: shaping growth.

Mr Onstwedder joined the ERP vendor Maconomy Benelux in January 2010 which, like the originally American Deltek, specializes in the niche market for project-based professional service providers. “Then, we were still just a team of ten or so people”, recalls the Managing Director in his office in Amstelveen. “Just after we had put together our plans for growth we were taken over. Since then, we have more than doubled the number of employees here.”

Deltek has now been active on the American market for a good 25 years. Around fourteen thousand organizations and 1.8 million users in more than eighty countries rely on Deltek in gauging their business results, optimizing performance, streamlining their activities and generating new, profitable projects. According to Mr Onstwedder, professional business service vendors, such as marketing and communication agencies, consulting engineers, architects, scientific research laboratories and IT companies, can all get a real-time understanding of their business processes, projects, planning and budgets thanks to Deltek-ERP, which then allows them to optimize their business management. Customers in the Benelux include Deltares, Quintiq, Mirabeau, Devoteam, LBi Lost Boys, CED, VODW Marketing, Saatchi & Saatchi, BBDO and Tauw.

Growth targets
The take-over of Maconomy in 2010 will help Deltek, which was American by origin, to realize its growth ambitions. Henk Jan Onstwedder: “The company is very successful in the United States..."
with a market share of around 80 percent. That meant a lot of money in the bank, but limited opportunities for growth in its home market. The intention behind expansion beyond its home territory is to help Deltek become the reference vendor for ERP software for project-based business service providers in Europe too within the next few years. The takeover of Maconomy was therefore an obvious step, as it was indeed for Maconomy, because we had a clear need of financing in order to be able to realize our growth ambitions. Soon after the takeover, the existing Benelux activities were split into a Netherlands and a separate Belgian organization; Deltek now has offices in Amstelveen in the Netherlands and in Diegem in Belgium, but the company is also looking to expand into other European countries. “If you are serious about opening up a given market, then you need in-depth knowledge of that market and need to be able to offer customers a local contact point.” The Netherlands is an important growth area for Deltek because of its highly-developed big-business sector. The company already has a solid foot in the door in Scandinavia and England. In the meantime, Deltek has started to launch the Vision product on the market here: a fully integrated, project-based ERP solution for architects and consulting engineers and technical service providers. This gives decision makers an instant overview of company performance and the cause of problems at any time. In addition, the package offers options for intervening when necessary and improving the decision-making process. And now the first Dutch customers are using the product.

Difference
This is a plus for the Maconomy organization because Vision is being promoted alongside the existing Maconomy product, which is also a fully-integrated ERP solution.

The Maconomy software offers support for all the key business processes of service providers who work on a project basis. The difference between the packages is minor according to Mr Onstwedder: “They are both solutions for project-based service providers. Vision is specific to engineers and architects. This leads to a lot of focused functionality, which means there is less need to fall back on customer-specific adjustments. Maconomy has a broader-based positioning, and also has more flexibility to be able to meet the diverse wishes of different customers. Whether both systems can continue to exist alongside each other in the longer term is still an open question. The packages are built on different underlying platforms: Maconomy on Java and Vision on .Net. “I expect that they will grow closer together over time, but I have no idea as yet how soon that will happen. In any event, both systems will continue to be supported for the next five to eight years.”

Deltek also offers the People Planner product, a solution integrated into the Deltek ERP package for resource planning. The software can be used as a stand-alone solution or as an extension to an existing enterprise solution. Deltek People Planner enables professional service providers to optimize employee performance by improving their time allocation and the scheduling of the projects and tasks they are working on. Mr Onstwedder provides an example: “Let’s say you use this solution in an organization with 100 FTEs to improve the utilization of these people by one percent; one FTE works 220 days per year, of which around 150 are billable - say 800 to 1,000 euro per day ... Simple maths tells you that you will recover your investment within the first year.”

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Implementation
The Managing Director finds it a pity that ERP systems are regarded by many CIOs as a necessary evil. You can’t avoid them, but their implementation regularly creates problems. “A common attitude, but luckily we have several different models of how things could be. We implemented our solution in the planning software company Quintiq not so long ago. We had finished and were out of there in under one
hundred days. And here we are talking about an organization with 400 users across six countries in every continent. You can only manage that if you have a good functional fit. When you provide what the market is looking for, then less bespoke work is needed. Projects stay well under control, with short completion times and low costs.” He sees the price and products as being good, but on the brand recognition front, according to Henk Jan Onstwedder, there is still some way to go: “Maconomy was not so well known, and Deltek not at all. We probably need several years to really change that, but there is no reason at all to believe that it will not happen. I have been working in this sector for twenty years and our product lines have no real competitors.”

The country manager can readily understand CIOs’ reluctance to be the first to take the plunge; doing business with a rather small, specialized outfit with a limited locally installed base can involve risks when you are looking at long-term support. In addition, there is the risk of being taken over by a larger player. “That was certainly the case for Maconomy, but what is important is the fact that the company has been taken over by an extremely strong player. Within the segment in which we are operating, Deltek is a top-10 international player.”