

10 trends shaping the cloud ERP market



In Constellation's ERP conversations with more than 300 technology leaders over the past nine months, 10 major trends have emerged for 2022 and beyond that are driving the shape of the cloud ERP market.

1. Reduction in cost of ownership

Rising interest rates, inflation, inventory issues, infection, and invasion have put cost pressures on all organizations. Many seek to consolidate vendors, modernize systems, and reduce the cost of ownership.

2. Regulatory relief as a service

Cloud ERP solutions mitigate compliance risk and ensure timely implementation of key regulations. Customers also seek AI to augment human decisions and suggest next-best actions.

3. Digital monetization model

The shift from ownership to access requires ERP systems to support subscription business models. Expect ERP systems to provide more support to customer success management, and new outcomes-based pricing models.

4. Collapsing value chains

The convergence of classic megaprocesses such as invoice to close, procure to pay, hire to retire, and order to cash makes way for multiparty value chains. Context is key, because each role sees only the relevant information at the right time.

5. Journey orchestration

ERP users expect to design, execute, and automate end-to-end business processes. Key business leaders expect to be able to craft their own cross-functional capabilities.

6. Autonomous enterprises and AI

From chatbots to mixed reality, AI has entered the ERP market. Customers expect the ability to use voice as an interface as much as they use touch and gestures.

7. Cloud ERP platforms

Users need to extend and expand ERP footprints to accommodate changing business models and new requirements. Cloud ERP vendors will need to open up their platform layers to enable user-based configuration.

8. Analytics first

The ERP market landscape has shrunk from hundreds of vendors to a dozen core providers. Following this M&A frenzy, customers now look for both stability and innovation from vendors.

9. Verticalization shifts to microverticalization and platform ecosystems

Customers expect cloud-based ERP vendors to deliver on deep industry-vertical functionality – and to provide integration support for adjacent solutions.

10. Elastic pricing

Customers have become accustomed to cloud-based pricing models based on the number of users. As complexity in cloud products grows, customers expect to see flexible pricing models based on users, usage, and platforms.

Ready to learn more?

For Constellation's full exploration of trends in the cloud ERP market, download their latest report.

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