

ABSTRACT

Enterprise Resource Planning (ERP) systems have notoriously complex license models.

Whilst the ERP market has been dominated since the 1980's by SAP AG and Oracle Corp., this picture is changing with these software giants slowly losing market share to the more than 100 proprietary ERP systems available today. Many of these new entrants wield simpler, more transparent licensing models.

This research aims to understand how the current ERP license models behave under varying market conditions with the goal of developing a “framework for a sustainable ERP license model in an increasingly competitive software market”.

The research issues are addressed by modelling an actual economic firm with the aid of a software simulation. The aim of this simulation is to model how closely ERP license models link the benefit of the ERP to the cost of the license model.

Simpler license models (employed by the new ERP entrants) demonstrated a comparable level of cost/benefit.

The research concludes with a proposed framework for a sustainable ERP license model.

Potential future research includes investigating the use of gain-share or profit-share models for future software license models.