

## MARKET NOTE

# IFS Cloud: A New Value Proposition from IFS

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## EXECUTIVE SNAPSHOT

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### FIGURE 1

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#### Executive Snapshot: A Single Platform of Choice

This IDC Market Note presents IDC's opinions on IFS Cloud, IFS's new product launch. IFS Cloud is a single platform that combines the capabilities of all the company's products, replacing its ERP product portfolio.

#### Key Takeaways

- IFS Cloud has been built upon a previous core IFS product, IFS Applications 10. The vendor has made some substantial changes to its architecture to make it more suitable for cloud.
- One of the key qualities of IFS Cloud is choice and flexibility. The IFS solution is designed to run in public cloud but can also be deployed on premises, in a private datacenter, or in private cloud. Regardless of the deployment model, customers have the same full spectrum of functionalities.
- IFS is taking a practical approach to innovation. IFS Cloud comprises functionalities that use embedded artificial intelligence and automation and which support specific use cases to deliver business value.
- IFS pays close attention to customer experience and helps customers over their entire transformation journeys. With IFS Cloud and supporting services, IFS is well positioned to become a lifetime transformation partner for its clients.

Source: IDC, 2021

## IN THIS MARKET NOTE

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On March 10, IFS officially launched IFS Cloud. This new offer results from a strategy refocus and doubled R&D investment over the previous two years. IFS Cloud is a single platform, combining the capabilities of all of the company's products and replacing its enterprise resource planning (ERP) product portfolio. It leverages the capabilities of cloud, enhanced with embedded automation and intelligence to accelerate time to value and facilitate digital transformation.

## IDC'S POINT OF VIEW

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### A Consolidated Approach – Clarity for the Customer

IFS Cloud is a single product that delivers all the vendor's solutions and capabilities. It has been built upon a previous core IFS product, IFS Applications 10. The vendor has made some substantial changes to its architecture to make it more suitable for cloud. IFS Cloud can be deployed in both cloud and on-premises models, but it is still the same product using the same code base, data model, and release schedule and cadence (every six months). The differences between the two deployment options are mainly in the automation, monitoring, and management areas that surround the core application services.

IFS Cloud is built on one common platform, for all enterprise resources planning (ERP) functionalities, including project management, human capital management (HCM), finance, and maintenance. IFS has included the capabilities of some other products (e.g., IFS Planning and Scheduling Optimization) as native functionalities within the IFS Cloud platform rather than as separate products. Customers can choose the capabilities they require from the ERP portfolio to compose their own solutions from the start. Moving forward, they are able to easily incorporate more features that are a part of the same IFS Cloud product. In IFS Cloud, all capabilities work together by design.

This approach gives companies the possibility to extend the system to meet new business needs and to adapt to changing market conditions. The capabilities IFS Cloud offers generally go beyond traditional ERP, with clients able to add functions such as field-service management.

### The Practical Use of Innovations to Deliver Value

IFS is known as an ERP software company with a focus on five industries: aerospace and defense; telecommunications, energy, and utilities; construction and engineering; manufacturing; and service industries. IFS Cloud comes with industry-focused accelerators that help to implement new industry-specific capabilities more efficiently. Additionally, it offers reporting and dashboards to visualize company information and support decision making.

IFS relies on the very practical use of innovations. For example, IFS Cloud comprises functionalities that use intelligence and automation natively. The idea is to have a use-case approach and to focus on delivering specific value to the business by embedding artificial Intelligence (AI) and automation within industry- and solution-specific use cases, such as machine learning in predictive maintenance for enterprise asset management (EAM), augmented collaboration in remote assistance for field-service workers, and real-time schedule optimization for servicing. In other words, innovative features are embedded in products, making them directly accessible, easier to deploy, and more affordable.

Another important focus area for IFS is that of explainable AI. The vendor endeavors to provide business metrics-based explanations of predictions, thus improving understanding of AI models and increasing trust among end users of AI-based predictions in support of more-informed decisions.

### Freedom of Choice Always Appreciated

Choice and flexibility are among the key characteristics of IFS Cloud. The IFS solution is designed to run in public cloud but can also be deployed on premises, in a private datacenter, or in private cloud.

Regardless of the deployment model, the same full spectrum of functionalities is available, with additional tailoring, configuration, and customization when required. Moreover, clients are encouraged to adopt new capabilities with updates, but they can do so at their own pace. IFS delivers new functionalities in releases every 6 months and provides monthly service updates (fixes only) for each release for at least 23 months. In practice, that means customers can wait up to two years before adopting new releases in order to continue using the same supported track should they wish to do so. A similar situation exists for moving to the cloud. IFS Cloud's architecture, which is based on containers and microservices, allows easy transition at any time.

The vendor has developed a specific process and supporting tooling (adjacent to the new IFS Lifecycle Experience, which is a part of IFS Cloud) to help customers move from an on-premises model to cloud. The process includes the use of a dedicated cloud-based "upgrade location," with the existing on-premises database moved to the cloud first, followed by the upgrade and migration to IFS Cloud from this location.

Many companies are disappointed with ERP vendors' seemingly arrogant imposition of strict one-sided rules regarding upgrades and system modernization. IFS Cloud offers companies freedom of choice regarding deployment models and updates, as well as the possibility to tailor individual capabilities – a design feature that will likely also prove beneficial for IFS.

The vendor's free-choice approach will probably be well received by the market, but this policy also risks causing the slower adoption of new functionalities. To rectify this, IFS will have to establish the business case for each new functionality, presenting the benefits and cost reductions offered. An additional challenge IFS may face in the long term is that of growing complexity and the cost of maintaining various application versions, depending on clients' choices.

Openness is another positive characteristic of IFS Cloud. The platform uses API-based architecture, making integration with third-party applications easy. IFS Cloud comes with a wide range of OData RESTful APIs that are well suited to enterprise software and well supported by tools for solution extension and integration.

In early 2020, IFS announced a partnership with Boomi (Dell), a low-code/no-code integration-platform-as-a-service (iPaaS) solution that enables the seamless connection of IFS applications with best-in-class third-party applications, as well as with data sources and IoT devices from across business operations and respective business ecosystems.

Platform openness is increasingly important for the market, as it increases agility and enables quicker reaction to changing market conditions, such as the addition of new best-of-breed applications and functionalities to the central ERP system. In helping companies build complex ecosystems of relevant applications, IFS has the potential to become a lifelong trusted partner.

## A Customer-First Approach

IFS takes a focused approach to customer experience. IFS Cloud has been built in close cooperation with customers to ensure it addresses their needs. Moreover, IFS established an environment to help customers explore products and to support product implementation, usage, and development. Along with IFS Cloud, the vendor launched its IFS Lifecycle Experience portal, through which it offers self-service application management to reduce complexity and risk. The portal offers information to support learning about innovations and to manage customer solution development and delivery. Additionally, IFS has launched a new developer portal and a "Build Place" – a cloud-based service space where customers, partners, and IFS come together to build and tailor custom solutions.

On the user-experience side, IFS Cloud is equipped with a browser-based IFS Aurena interface, which ensures intuitive, responsive, and tailored experiences, depending on the user role – whether professional or casual. Various native mobile apps complement IFS Aurena. Additionally, through

open standards and APIs, IFS Cloud can be extended into and integrated with other environments, such as Office365, significantly improving process efficiency.

Customer and user experience is becoming the main battleground for ERP vendors. Increasingly, companies face challenges related to IT staff shortages. Any support in the reduction of application-management complexity is highly desirable. Additionally, companies generally seek partners to assist them throughout their transformation journeys. The vendor's strategy in this regard has proven successful, as reflected in the vendor's market gains and growth in 2020, with 26% and 60% year-on-year increases in software revenue and cloud revenue, respectively.

The launch of the new product has further strengthened the vendor's value proposition – and at a time of heavy disruption. That said, IFS will need to showcase the capabilities of IFS Cloud in the context of digital transformation – to educate its customer base, partner ecosystem, and the market in general – to achieve further success.

## LEARN MORE

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- *ERP Modernization Strategies* (IDC #EUR247475221, March 2021)
- *Key Takeaways from IDC's Q1 CIO Advisory Board 2021: Core Modernization in Action* (IDC #EUR247465221, February 2021)
- *IFS: Use Case-Driven Intelligent Process Automation* (IDC #EUR147089720, December 2020)
- *SAP ERP Customer Sentiment in Europe – Moving to S/4HANA or Not* (IDC #EUR246912220, October 2020)

## Synopsis

This IDC Market Note presents IDC's opinions on IFS Cloud, IFS's new product launch. IFS Cloud is a single platform that combines the capabilities of all the vendor's products, replacing its ERP product portfolio.

"IFS has again proven its strong focus on customer experience. By giving customers freedom of choice in terms of deployment model, easy access to innovative technologies, and top-level lifecycle support, the vendor has strengthened its value proposition in the market – and at a time of heavy disruption." – Program Manager Edyta Kosowska, European Software, IDC EMEA

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