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• Lay out the Roadmap for sales communications.
• Prep for Them.
– Avoid detailed tactics.

CONFIDENTIAL

JD Edwards Product Market Strategy: Making it Actionable

JDEDWARDS

Discussion document
May 31, 2001

PENGAD-Bayonne, N. J.
GOVERNMENT EXHIBIT
4875

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EXHIBIT
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JDEC-01-030440

SUMMARY OF TODAY'S DISCUSSION

- **In our last discussion, we recommended that JD Edwards aggressively focus on their historical core mid-market business segments to become a $2.5 billion-4.5 billion company by 2005**
- To reach this target, JD Edwards should further focus within the core, create a compelling marketing plan, and reallocate and improve productivity of resources
  - JD Edwards should further focus on "sweet spot" accounts in specific business segments/verticals within the $500 million-3 billion range to focus JD Edwards' constrained resource pool
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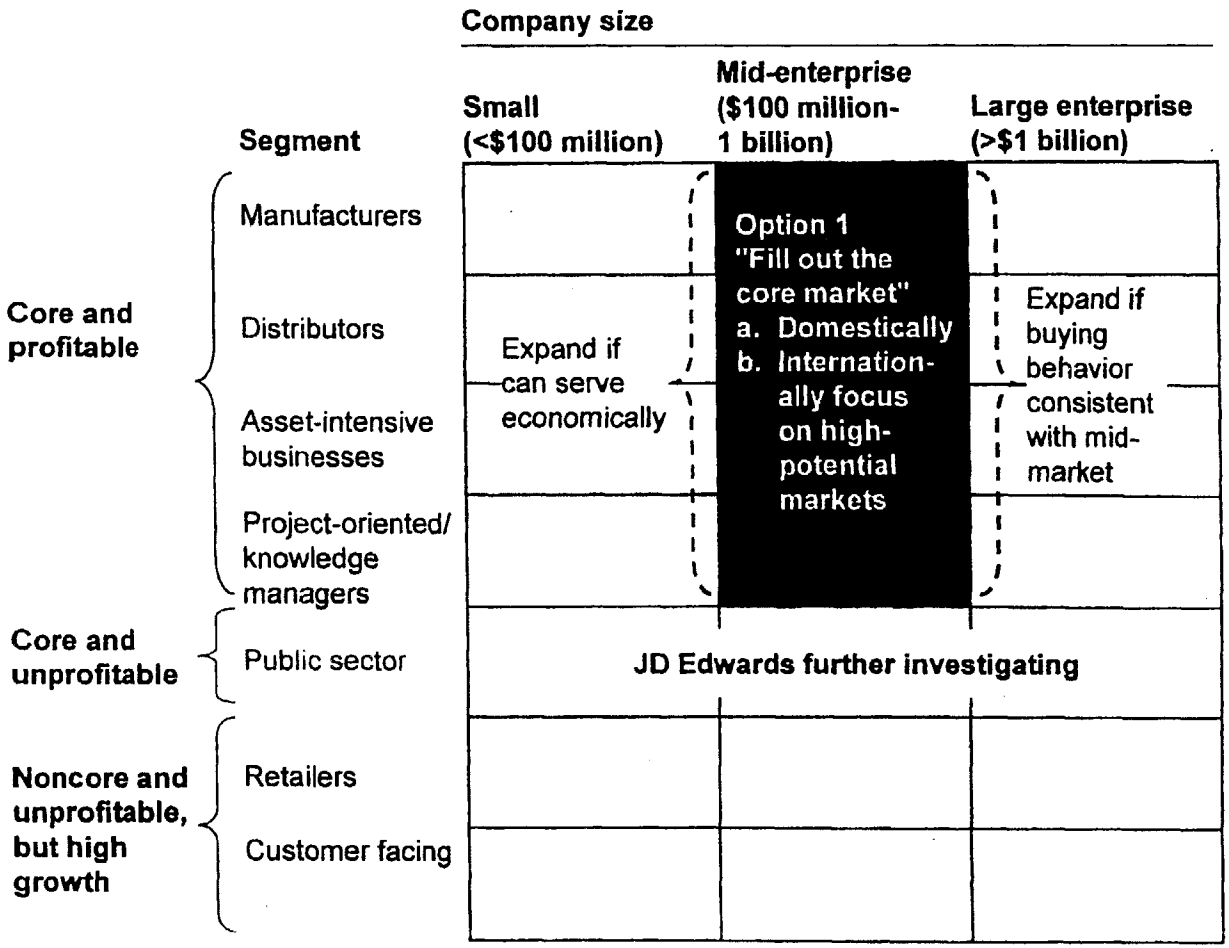
- To execute this strategy, JD Edwards should develop detailed action plans and begin executing across marketing, product development, sales, and consulting

JDEC-01-030441

LAST DISCUSSION, WE RECOMMENDED THAT JD EDWARDS FOCUS AGGRESSIVELY ON ITS HISTORICAL CORE MID-MARKET BUSINESS SEGMENTS



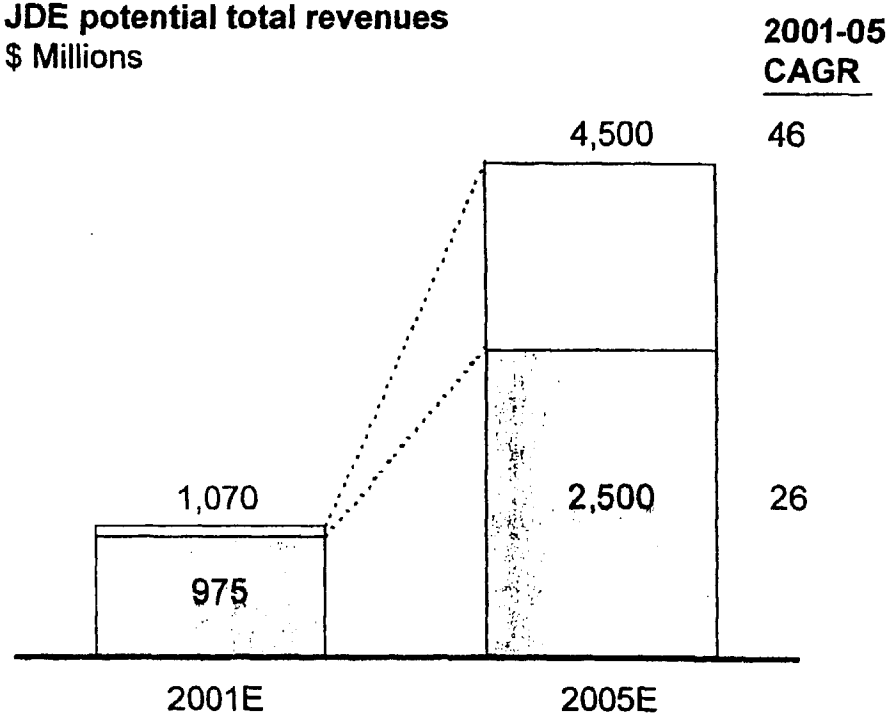
Source: JDE financial data; McKinsey analysis

JDEC-01-030442

FOCUSING ON THESE SEGMENTS COULD RESULT IN REVENUES BETWEEN $2.5 BILLION AND 4.5 BILLION BY 2005

Conservative
Aggressive

JDE potential total revenues
$ Millions



JDE total enterprise application market share under optimistic scenario
Percent

2001E	2005E
4.0	7.5

JDEC-01-030443

Source: JD Edwards financials; customer interviews; McKinsey interviews; AMR; McKinsey analysis

SINCE OUR LAST DISCUSSION, WE FOCUSED ON THREE ISSUES

1. Further define JD Edwards core mid-market "sweet spot" in terms of company size and target verticals

2. Frame necessary changes to marketing, including value proposition, product/service bundles and pricing

3. Define the implications for resources, skills, and productivity required for
   - Sales
   - Product development
   - Consulting

JDEC-01-030444

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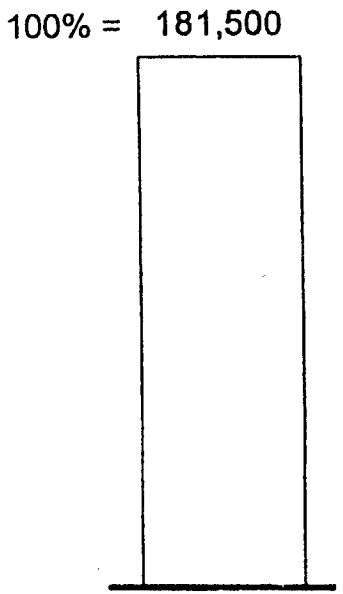
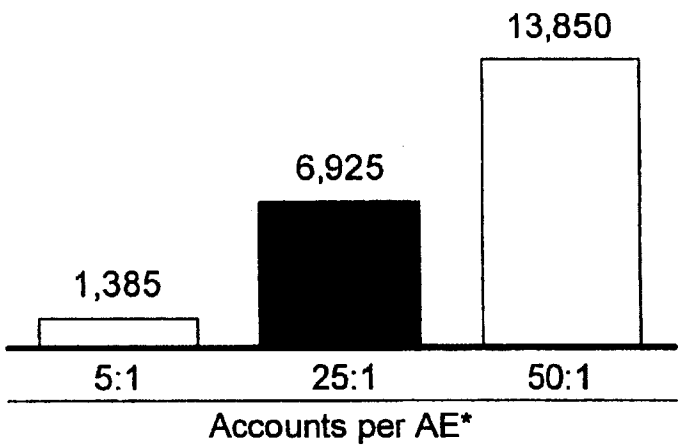
JDEC-01-030445

JD EDWARDS MUST FURTHER FOCUS ITS DIRECT RESOURCES – AS IT CANNOT COVER THE ENTIRE CORE MID-MARKET

Number of companies between $25 million-1 billion
Number of companies



Number of companies JD Edwards could cover given 277 current AEs



How should JD Edwards target their limited sales resources?

* Typical coverage in mid-market for new customers = 25:1; installed customers = 50:1

Source: Dun & Bradstreet; McKinsey benchmarking

JDEC-01-030446

THERE ARE ADDITIONAL BENEFITS TO FOCUS

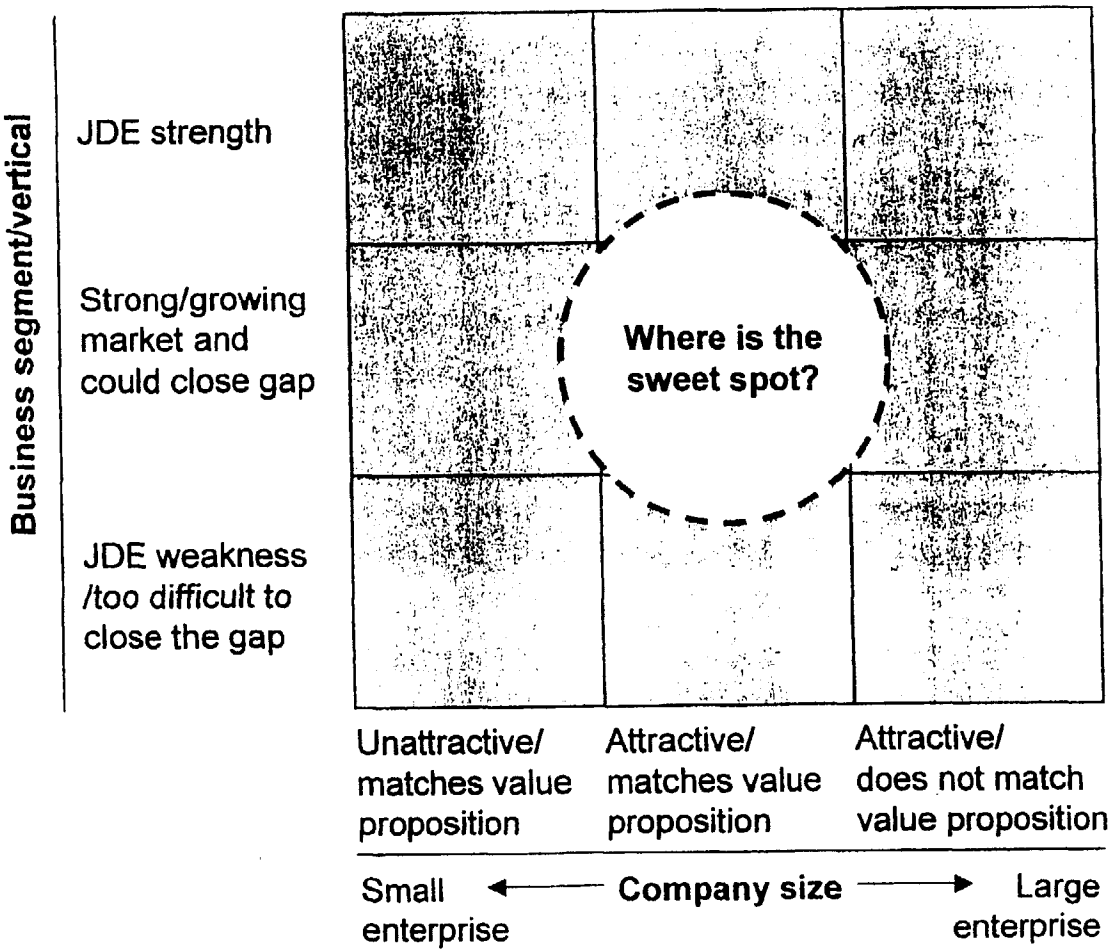
	Focus means . . .	. . . which results in
Sales	• More targeted sales coverage – Fewer segments verticals to know and sell to – Simpler value proposition to sell – Fewer relevant products to know and sell • More proactive vs. reactive sales (e.g., named accounts)	• Increased efficiency – Simple, more efficient training – Higher win/loss ratio • Increased sales – More effective, skilled sales people – Higher prices (fewer competitive RFPs)
Marketing	• Simpler, easier to understand marketing messages (i.e., one value proposition) • More focused marketing spend across fewer verticals	• Increased sales – Higher overall brand awareness – Increased effectiveness of targeted marketing dollars
Product development	• Fewer vertical-specific products to develop • Less customization required given single mid-market value proposition • Less QA, given similar problems across customers	• Increased efficiency and sales – Products with a better feature/functionality match – Increased investment in new product development with redeployed resources • Faster time to market
Consulting	• More targeted consulting coverage – Fewer segments/verticals to learn – Fewer products to know – Simpler value proposition to learn and sell • Single set of similar business partners	• Increased efficiency – Simple, more efficient training – Higher utilization, less ramp up time • Increased sales – Simpler customer story

JDEC-01-030447

Agnes Tanaka

TO ACHIEVE THIS FOCUS, JD EDWARDS MUST DETERMINE ITS CORE MID-MARKET SWEET SPOT

ILLUSTRATIVE



Criteria to determine the sweet spot

- Business segment/vertical
  - JDE market share
  - JDE fit with segment functionality requirements
  - JDE ability to close functional gap
  - 2005 market size and growth
- Customer size
  - Buying behavior
  - Average deal size
  - Gross margin

JDEC-01-030448

JD EDWARDS SHOULD FOCUS ON HIGH POTENTIAL VERTICALS

Focus

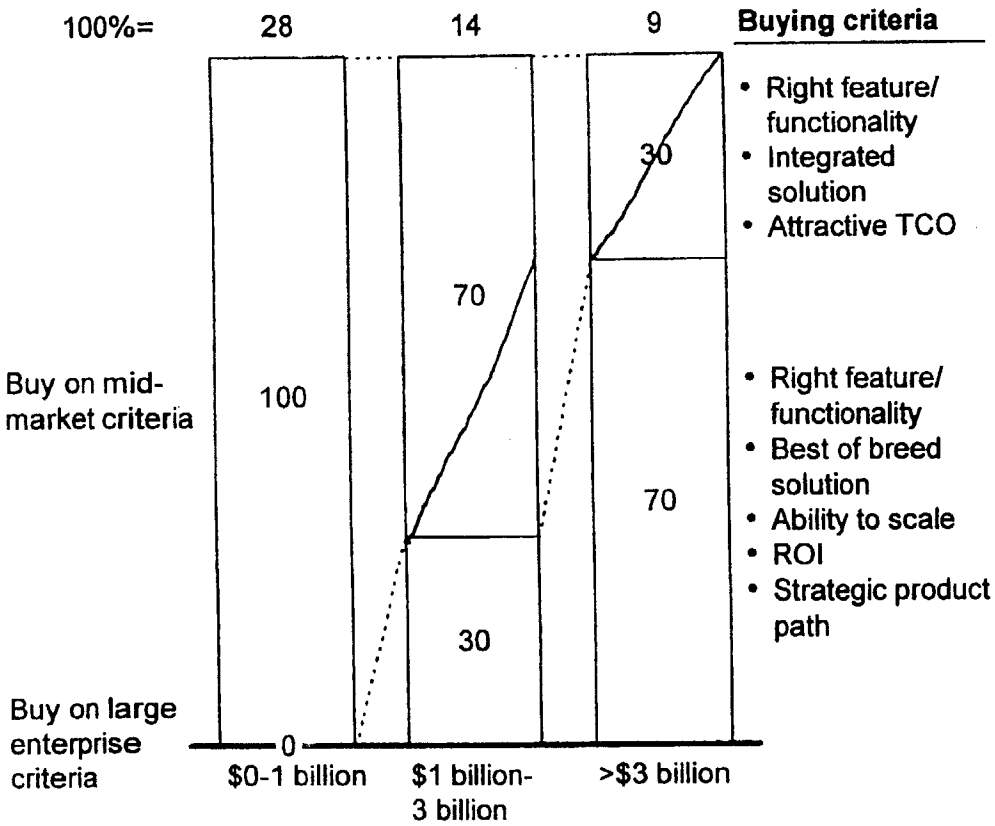
	Business segment	Vertical	JDE share of market Percent	2005 worldwide software market	2000-02 CAGR Percent	New product requirements	Total 2005 software market Percent
JDE strong today	• Asset intensive	• Energy (oil exploration)	23	13	-30		
	• Project-oriented/KM	• Professional services	19	470	39		
	• Asset-intensive	• Professional maintenance/repair services	16	366	25		
	• Manufacturing	• Pharma/biotech	16	327	12		
	• Manufacturing	• CPG	13	278	0		
	• Manufacturing	• Primary fabricated materials (IFA)	10	182	-14		
	• Asset-intensive	• Mining	9	112	20		
	• Asset-intensive	• Construction	9	234	39		
	• Distribution	• Electronics	8	397	24		
	• Manufacturing	• Machinery	5	393	-2		
	• Distribution	• Health care	4	412	26		
	• Distribution	• CPG	4	416	0		
	• Manufacturing	• Chemicals	4	550	11		
	• Manufacturing	• Automotive/transportation	4	473	2		
	• Manufacturing	• Paper products	4	104	-10		
	• Project-oriented/KM	• Construction	3	234	39		
	• Distribution	• Automotive/transportation	3	203	2		21
Strong/ growing market and could close the gap	• Manufacturing	• Electronics	2	3,207	24	• Shop floor tracking, material requirement planning, design and project management	
	• Distribution	• Transportation/warehousing	1	2,708	41	• Transportation planning and monitoring	
	• Distribution	• Wholesale trade	1	918	9	• Transportation planning and monitoring	
	• Distribution	• Telecom/cable/satellite	1	594	54		
	• Asset-intensive	• Real Estate	1	470	39		
	• Asset-intensive	• Telecommunications	0	5,537	54	• Billing, KM, service provisioning	
	• Project-oriented/KM	• Defense contractors	0	630	26	• Project management	56
JDE weakness/ too difficult to close the gap	• Project-oriented/KM	• Medical devices	2	71	18		
	• Asset-intensive	• Utilities	1	622	11	• Billing/provisioning	
	• Manufacturing	• Apparel	1	127	-7	• Customer design/configuration tie-in to supply chain	
	• Project-oriented/KM	• Textiles	1	630	-5		
	• Project-oriented/KM	• Education	0	630	28	• Student administration	
	• Project-oriented/KM	• Electronics	0	1,603	24	• Project management	
	• Project-oriented/KM	• Health services	0	964	26	• Insurance billing	
	• Project-oriented/KM	• Information providers	0	728	18	• KM, content management	
	• Project-oriented/KM	• Pharma/biotech	0	327	12	• Project management	
	• Manufacturing	• Aerospace	0	203	5	• Project management	23

Source: VSS & Interviews; McKinsey analysis; JDE financials

JDEC-01-030449

ON THE HIGH END, CUSTOMER BEHAVIOR SUGGESTS JD EDWARDS VALUE PROPOSITION IS LESS ATTRACTIVE WITH COMPANIES ABOVE $3 BILLION IN REVENUES

Buying behavior by company size
Percent of companies interviewed



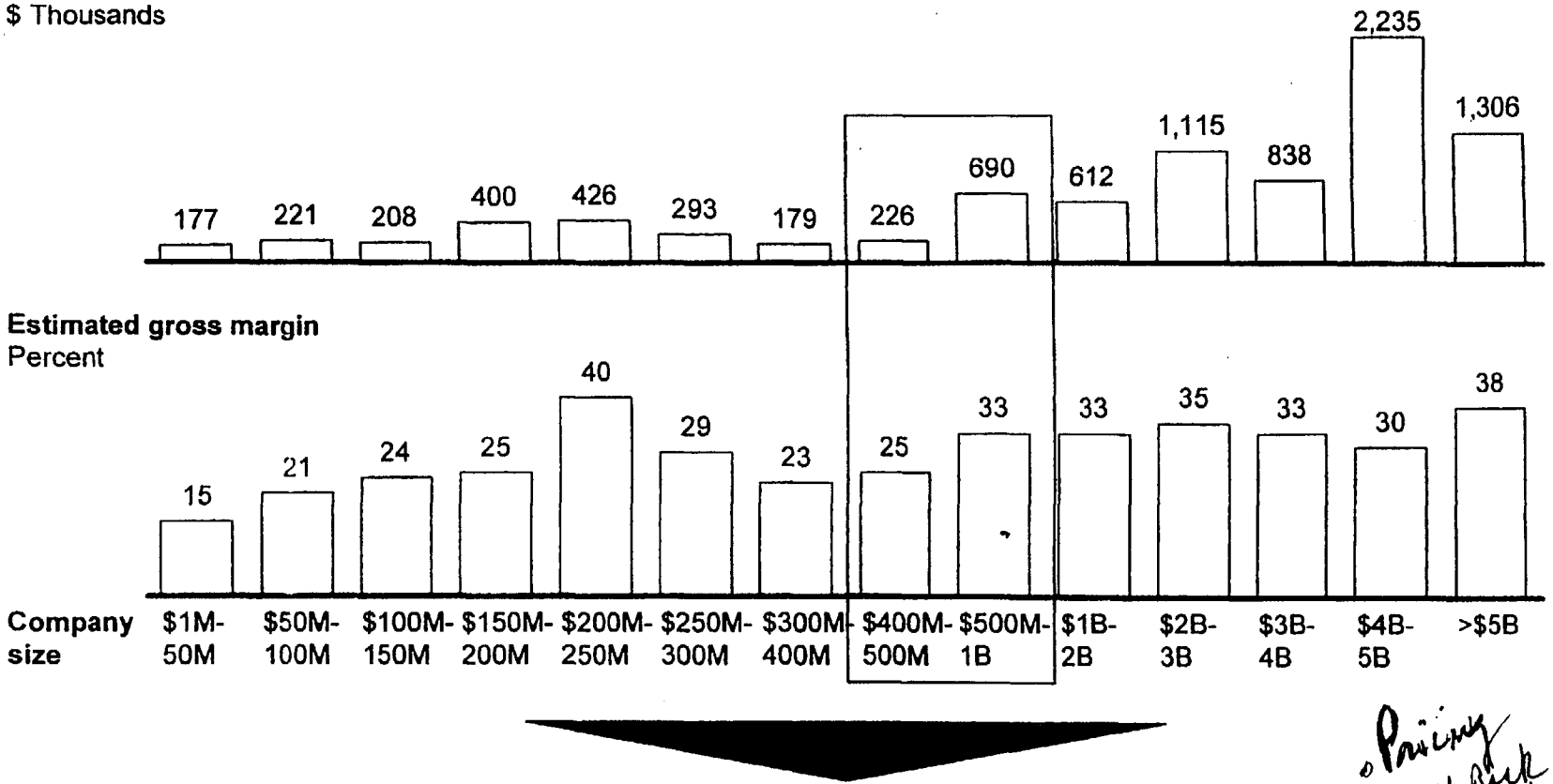
Examples of JD Edwards' large enterprise customers

- **Dole Foods Company** ($5 billion) – currently evaluating best-of-breed players for SCM, middleware, and information management software. Company strictly evaluates economics of software investment, including ROI and payback period
- **LVMH** ($12 billion) – key software needs in next 18 months include SCM, CRM, direct/indirect procurement, and middleware. Company leverages software to capture synergies between its 650+ subsidiaries
- **Shell International Petroleum Company** (>$75 billion) – strictly purchases software on best-of-breed basis and prefers customized integration. Believes JD Edwards current partnership strategy (e.g., Ariba, Siebel, and MicroStrategy) is attractive to large enterprise customers, but not mid-market

Source: Customer interviews

JDEC-01-030450

ONE CONSIDERATION FOR THE LOWER LIMIT IS PROFITABILITY AND DEAL SIZE



Although not a clean break, deals below $400 million-500 million tend to be smaller and therefore tend to be less profitable

- Pricing
- Sell Back to Installed Base

Source: Rolling Thunder, McKinsey analysis

JDEC-01-030451

IN ADDITION, THERE IS SUFFICIENT OPPORTUNITY IN THE $500 MILLION-$3 BILLION RANGE TO FULLY FOCUS RESOURCES ON THESE SEGMENTS

Sweet spot

New Bus

Change in buying behavior

	Business segment	Vertical	Number of companies without ERP $25M-100M	$100M-250M	$250M-500M	$500M-1B	$1B-3B	$3B-5B	>$5B
Strong today	Manufacturing	• Pharma/biotech	849	239	91	55	40	7	11
		• CPG	5,178	1,238	429	219	150	22	40
		• IFA	4,031	764	208	109	70	15	22
		• Machinery	3,347	700	255	115	102	15	27
		• Chemicals	1,042	318	130	88	83	22	41
		• Auto/transportation	1,341	470	160	95	79	15	36
		• Pulp and paper	3,065	622	212	100	70	11	18
	Distribution	• Auto parts	3,148	605	191	90	54	10	27
		• Electronics	2,412	486	159	80	48	9	21
		• CPG	4,823	972	319	160	96	18	42
	Asset-intensive	• Mining	3,118	786	273	154	100	23	19
		• Energy	412	153	80	58	33	8	16
		• Construction	2,122	360	102	45	33	5	4
		• Professional services	2,218	355	102	40	24	6	5
	Project-oriented/KM	• Professional services	11,171	2,473	863	428	272	44	62
		• Construction	3,259	530	148	82	46	13	15
Big and growing, JD Edwards could close the gap	Manufacturing	• Electronics	3,174	654	220	112	70	15	31
	Distribution	• Transportation/ warehousing	2,241	368	108	59	47	7	4
		• Wholesale trade	5,765	1,136	365	193	127	23	45
		• Communications	883	254	135	85	76	14	29
	Asset-intensive	• Real estate	2,247	435	147	76	36	9	13
		• Telecommunications	1,336	348	133	82	49	9	14
	Project-oriented/KM	• Defense contractors*	411	154	81	58	33	8	16
	Total number of companies		**67,594**	**14,370**	**4,910**	**2,580**	**1,739**	**327**	**558**
	Number of accounts/AE		**50**	**50**	**25**	**25**		**5**	**5**
	Number AEs required to cover		**1,352**	**287**	**196**	**173**		**65**	**112**

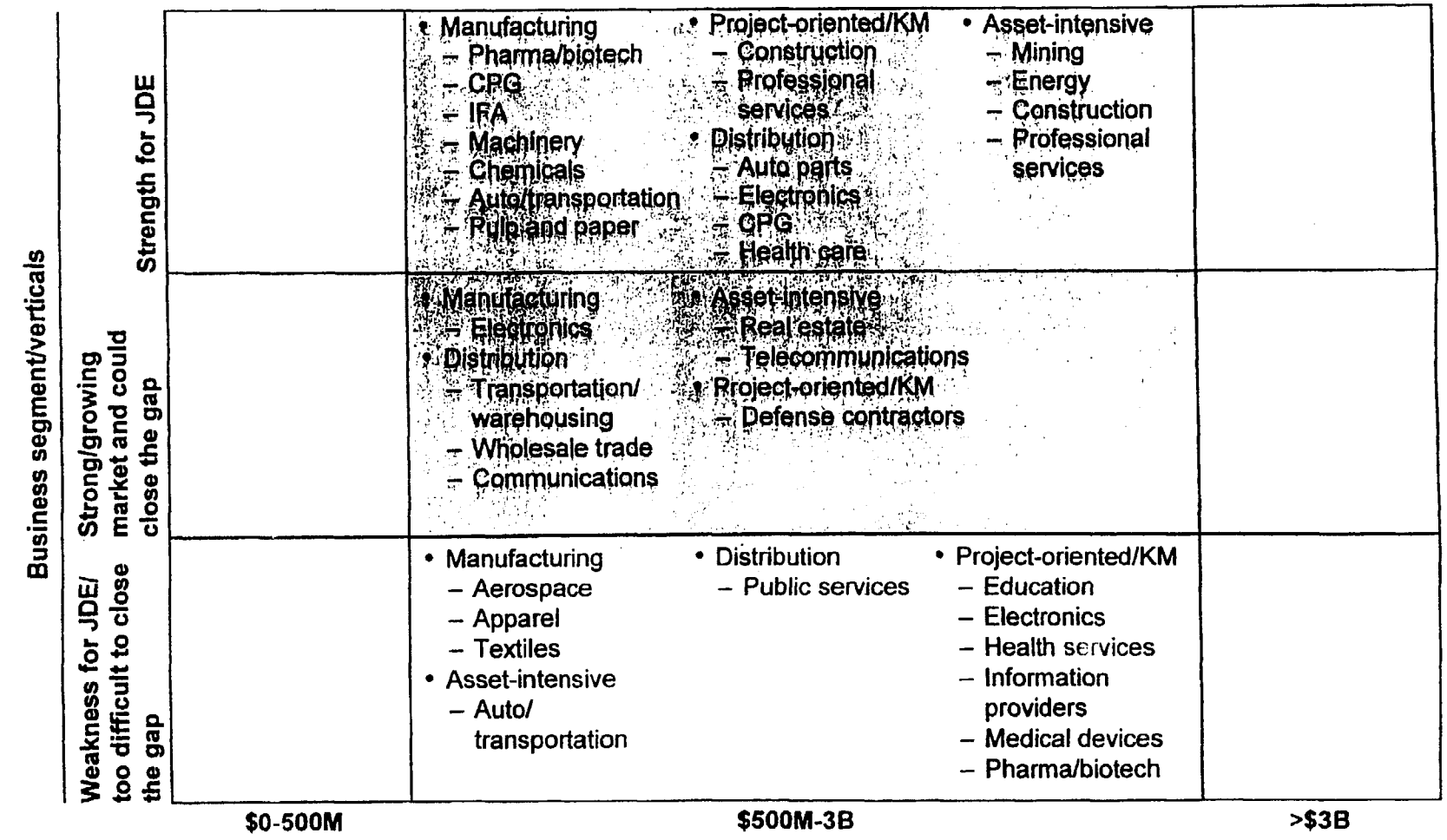
* Estimated number of companies

Source: Dun & Bradstreet, McKinsey analysis

JDEC-01-030452

JD EDWARDS SHOULD FOCUS ON COMPANIES IN THE $500 MILLION-3 BILLION RANGE IN TARGET VERTICALS

JD Edwards "sweet spot"



JDEC-01-030453

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JDEC-01-030454

MARKETING IMPLICATIONS

As competitors are aggressively targeting JD Edwards "sweet spot", JD Edwards must create a compelling marketing plan targeted at these segment verticals

1. JD Edwards must understand the needs of each segment and vertical and develop a compelling value proposition to attract them

2. JD Edwards must create appropriately priced product and service bundles to cater to each target segment and vertical

3. JD Edwards must translate this into an actionable marketing plan to realize the revenue potential in target segments

JDEC-01-030455

TOP TIER COMPETITORS ARE TARGETING JD EDWARDS' "SWEET SPOT" WITH TAILORED MARKETING PLANS

[ ] JDE target vertical

Competitor	1999 ERP revenues in mid-market* Percent	Target business segments and verticals	Mid-market buying behavior: Functionality fit	Mid-market buying behavior: Integrated offering	Mid-market buying behavior: Low cost solutions
SAP	53	• All 4 core business segments, especially strong in – Pharma/biotech – Energy – Electronics – Auto/transportation – CPG – Chemicals – Health care	• Preconfigured, industry-specific solutions in more than 50 verticals	• Fast Trak ERP – rapidly implemented, preconfigured solutions in ERP, SCM, procurement, and CRM	• Fixed price packages for software and services designed for mid-market • Promote 40% lower cost and 30% less integration time than traditional solutions • Delivery through a network of business partners and hosted solutions
Oracle	60	• Manufacturers, distributors, asset-intensives, retail, and public sector, especially strong in – Energy – Chemicals – Electronics – CPG – Telecommunications – Defense contractors – Aerospace – Utilities – Education – Financial services	• Software solutions designed for mid-market, including ERP, procurement, CRM, and SCM	• Fast Forward solution provides bundled solution including software (ERP, SCM, CRM, and procurement), consulting, training, and maintenance	• Fast Forward solution model offers fixed-time, fixed-price solutions
PeopleSoft	55	• Project-oriented/KM, public sector, manufacturers, and distributors, especially strong in – Pharma/biotech – Auto/ transportation – CPG – Telecommunications – Health care – Utilities – Financial services – Education	• Full suite of software solutions for core verticals, including financials, HRMS, CRM, SCM, and procurement	• Accelerated Solutions designed specifically for companies between $100 million-500 million in revenues, including software (ERM, SCM, CRM, and procurement), consulting, training, and maintenance • Preconfigured, package including hardware, software, operating system, and database	• Fixed-price solutions for companies between $100 million-500 million

* Mid-market defined as $30 million-1 billion

JDEC-01-030456

JD EDWARDS SHOULD UNDERSTAND SEGMENT/VERTICAL NEEDS TO CRAFT A COMPELLING VALUE PROPOSITION

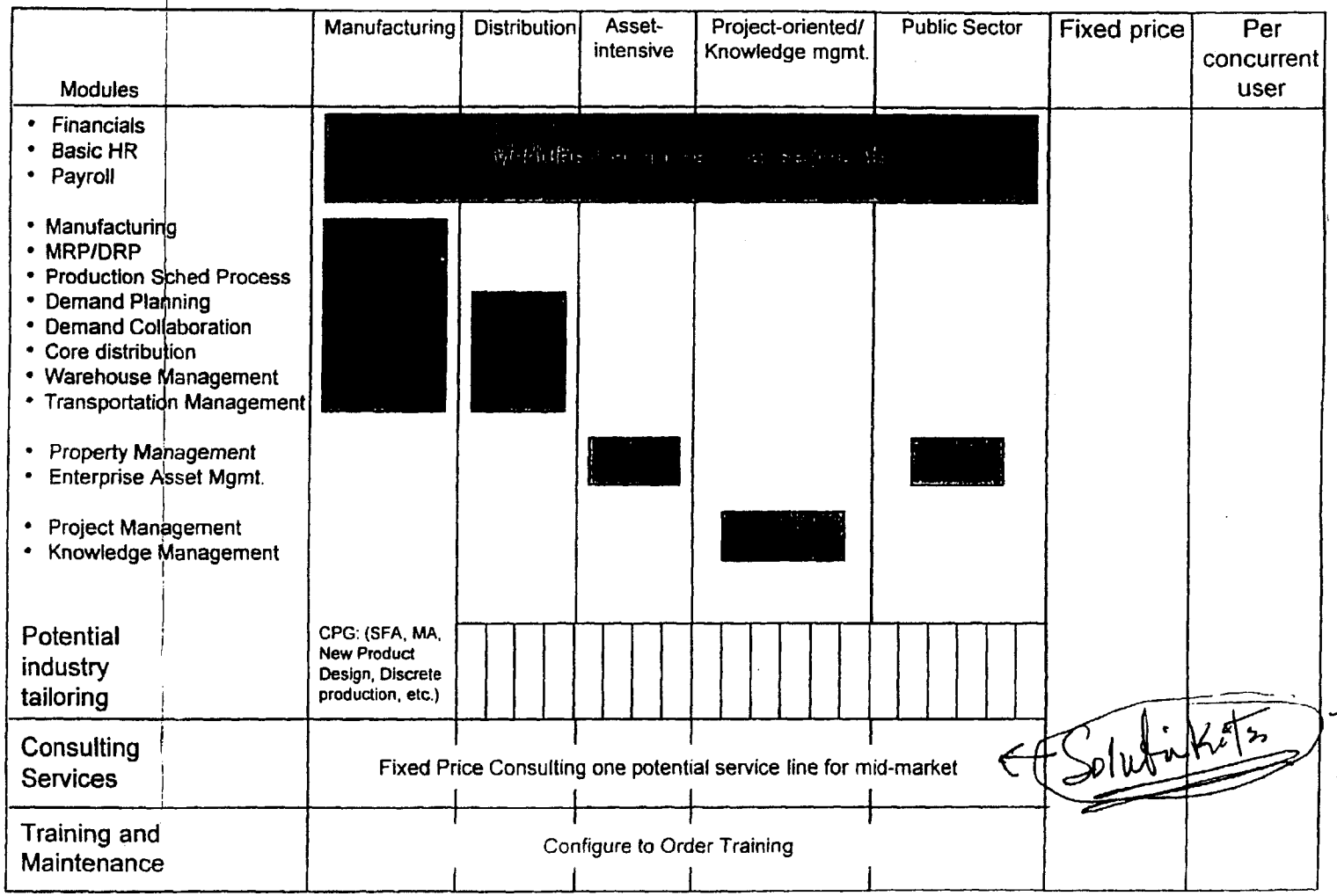
EXAMPLE

	Mid-market buying behavior			
	1. Feature/ functionality fit	**2. Integrated offering**	**3. Low cost solutions**	**Potential value proposition to segment/vertical**
General manufacturer's value proposition	• Primary needs – Demand planning/ manufacturing • Secondary needs – Procurement – Transportation management – Warehouse management – Business analysis	• Data must flow seamlessly between modules within ERP and other relevant modules • Preference that products are developed by JDE or offer a seamless integration to own products	• Total cost of ownership is competitive • Risk reduction through fixed price contracts	"JD Edwards is the leading provider of manufacturing software offering a low-cost, low-risk integrated solution"
Specific vertical value proposition (CPG manufacturers)	• Primary needs – manufacturing – New product design/ development – Material production planning/scheduling – Discrete production (some process production) • Secondary need – CRM – Sales force automation – Marketing automation	← Should not vary significantly by vertical →		"JD Edwards knows the needs of mid-market CPG manufacturers better than any other ERP vendors"

JDEC-01-030457

JD EDWARDS SHOULD CREATE APROPRIATELY PRICED PRODUCT AND SERVICE BUNDLES

EXAMPLE



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JD EDWARDS SHOULD TRANSLATE THIS INTO AN ACTIONABLE MARKETING PLAN

EXAMPLE

Customer adoption life cycle – CPG manufacturing

	Step 1 – generate awareness/interest	Step 2 – drive initial purchase	Step 3 – drive repeat purchase
Target audience	• All key influencers/ decision makers, including CEO level	• Primary – CTO/CIO • Secondary – CFO, other business heads	• Primary – CTO/CIO • Secondary – CFO, other business heads
Marketing message	• JD Edwards has a credible, proven history with CPG manufacturers	• JD Edwards can meet your specific feature/functionality requirements with a low cost, low risk integrated solution	• JD Edwards can seamlessly integrate additional functionality into your current ERP systems
Marketing vehicle	• Trade shows • Industry seminars/ conferences • Advertising through publications, Internet, etc. • Sales collateral • Special interest groups • Direct mail	• Canned demos for unique CPG manufacturing needs • Credible reference clients (e.g., 3 leading CPG manufacturers)	• Same as awareness vehicles plus • Targeted collateral • Targeted sales calls • Telemarketing

JDEC-01-030459

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JDEC-01-030460

SALES ORGANIZATION IMPLICATIONS

JD Edwards should alter its coverage model to capture the opportunity in the "sweet spot", and implement measures to improve overall productivity

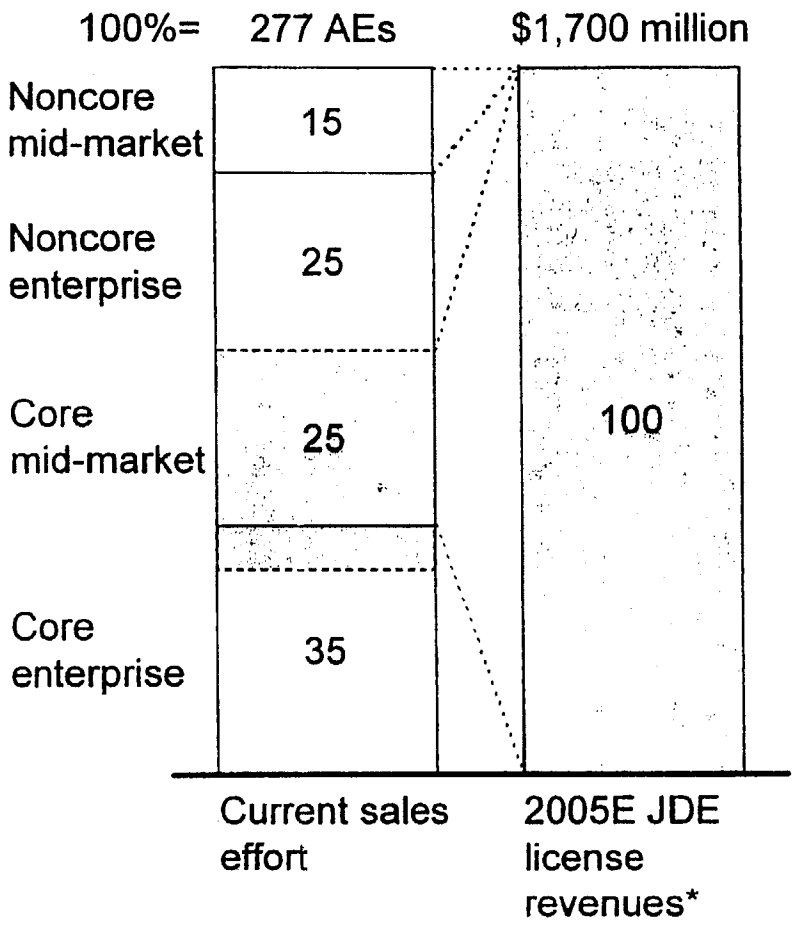
1. JD Edwards should focus and redeploy current AEs against opportunity in installed base and new "sweet spot" customers
2. Independent of refocusing resources, JD Edwards should improve current productivity in-line with top-tier competitors
3. JD Edwards should determine appropriate sales model, as future needs to migrate into smaller companies emerge

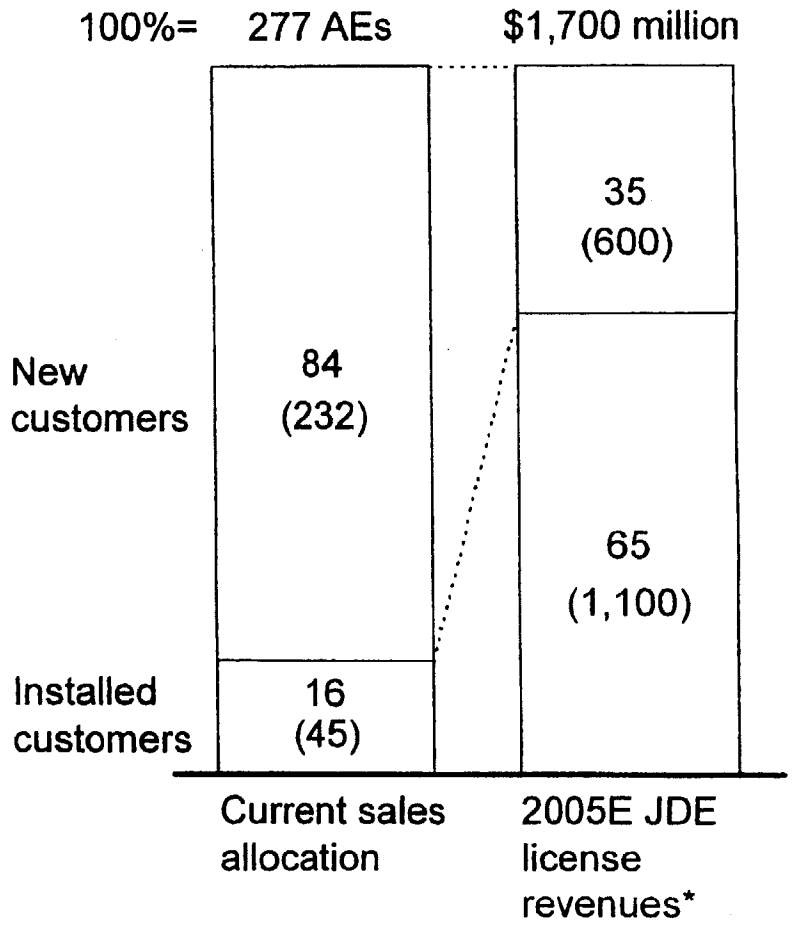
Inside Sales model

JDEC-01-030461

JD EDWARDS SHOULD REALIGN SALES RESOURCES AGAINST THE NEW OPPORTUNITY

Percent, $ Millions





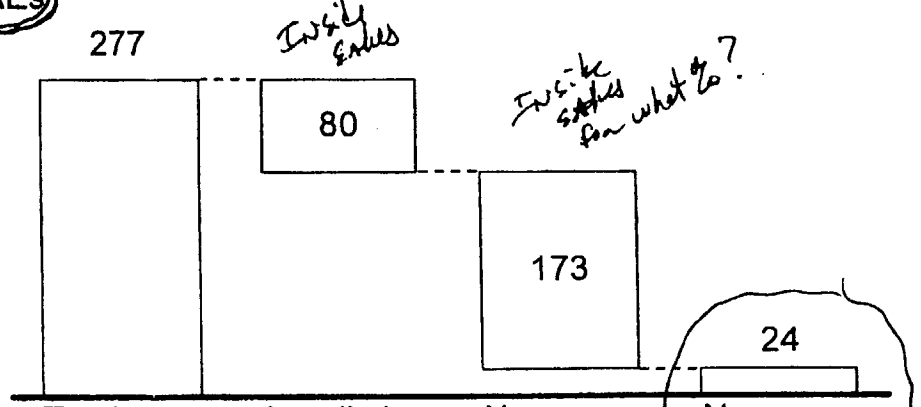
* Assumes optimistic case scenario

JDEC-01-030462

JD EDWARDS SHOULD ALLOCATE SALES RESOURCES FIRST TO CURRENT INSTALLED ACCOUNTS AND SECOND TO NEW ACCOUNTS IN THE SWEET SPOT

JD Edwards recommended sales allocation

Number AEs



	Total	Installed base	New customers in "sweet spot"
Total active accounts	9,550	4,000*	4,319
Average accounts per AE		50	25

Where should JD Edwards allocate additional resources?

- Focus additional resources on the sweet spot with companies <$500 million
- Dedicated large account team
  - 10 AEs could cover 50 companies >$3 billion
- Public sector**
  - 10 AEs could cover 254 companies in "sweet spot"

* Estimated active accounts in JD Edwards installed base

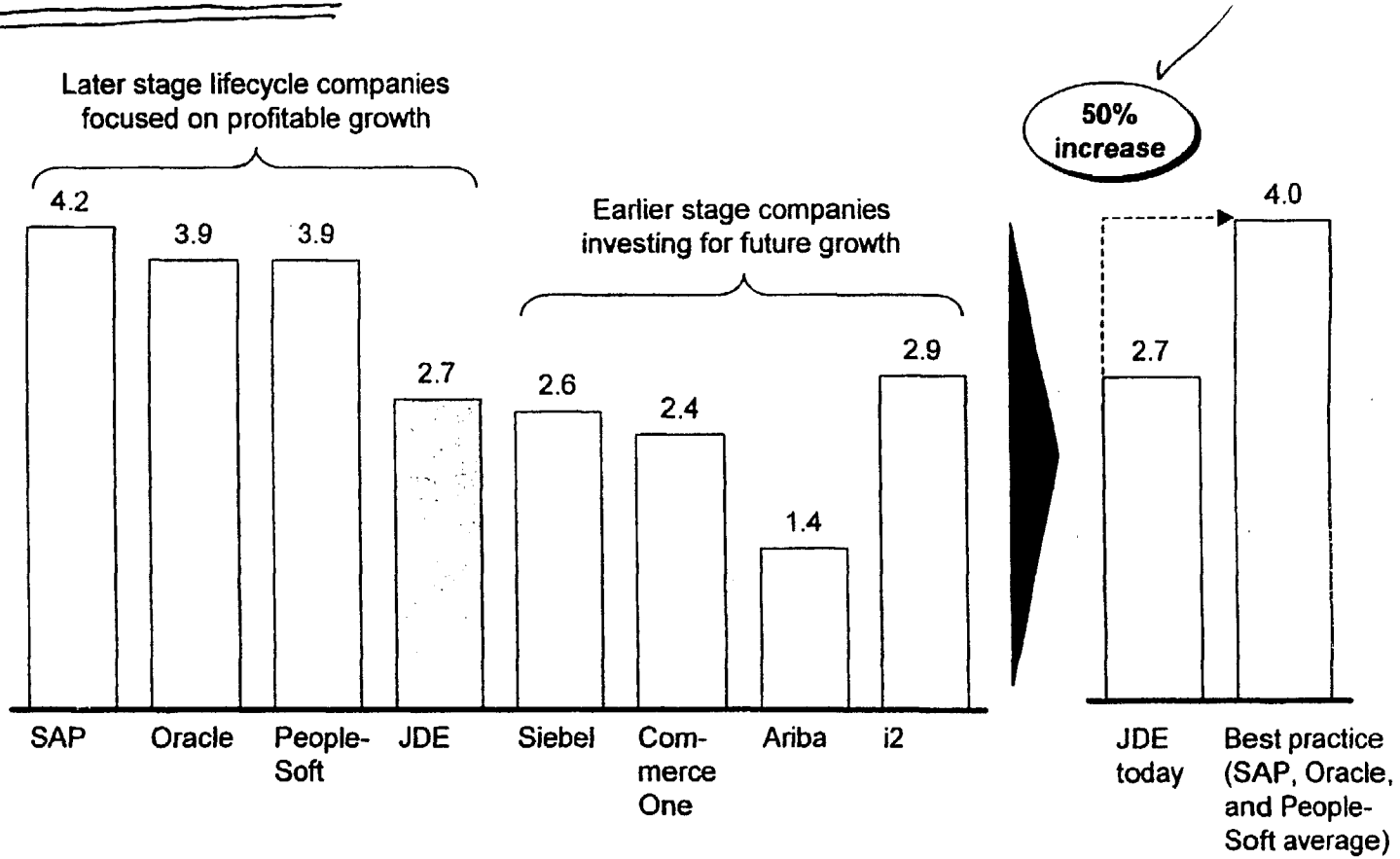
** Includes government, not-for-profit, and other public services

Source: D&B, McKinsey Analysis

JDEC-01-030463

JD EDWARDS SHOULD IMPROVE CURRENT PRODUCTIVITY IN LINE WITH COMPETITORS

2000 total revenues/S&M costs

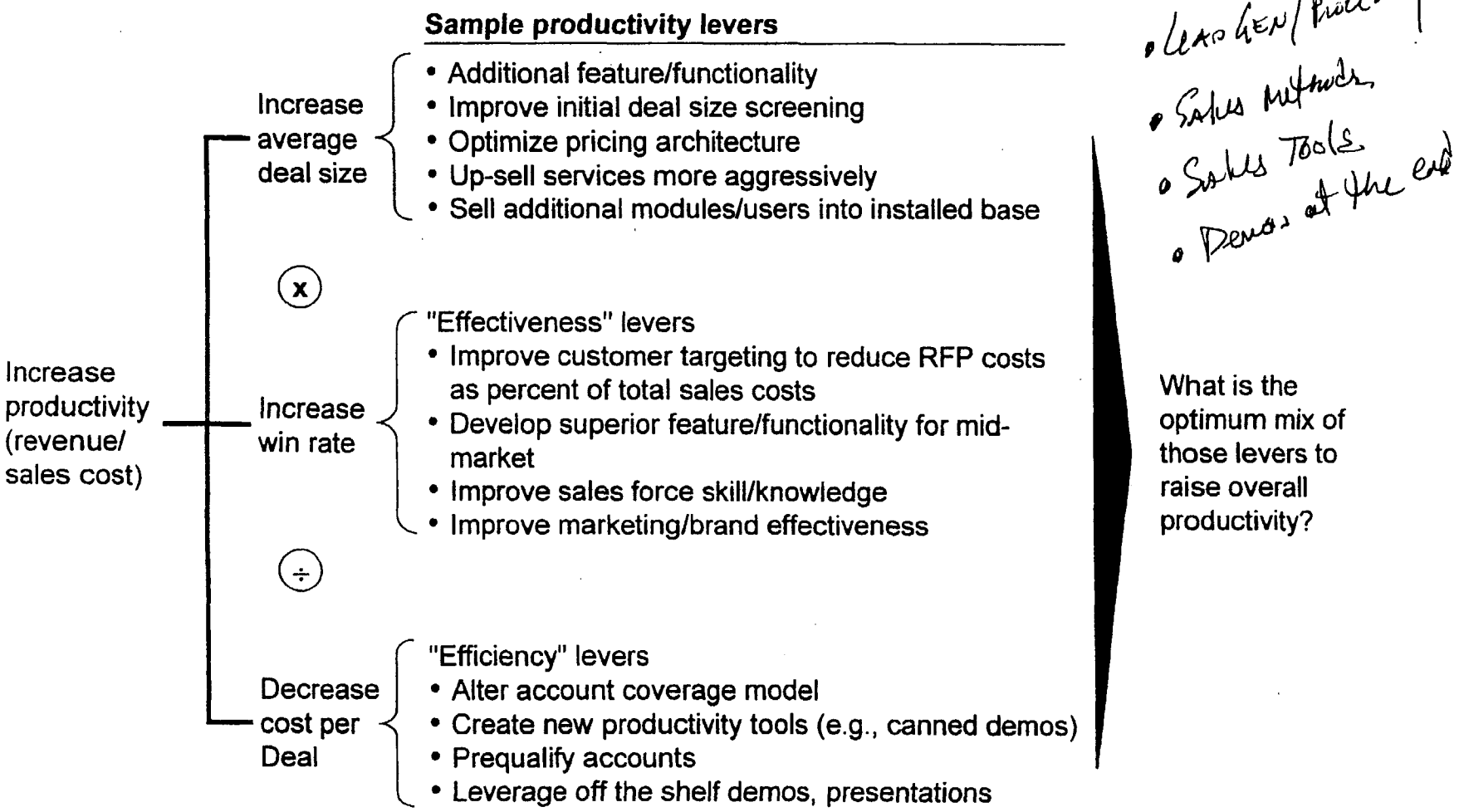


2000 total revenues/1999 S&M costs	5.7	3.9	4.4	3.0	5.8	12.6	8.2	5.8

Source: Compustat

JDEC-01-030464

THERE ARE A NUMBER OF LEVERS TO IMPROVE SALES PRODUCTIVITY



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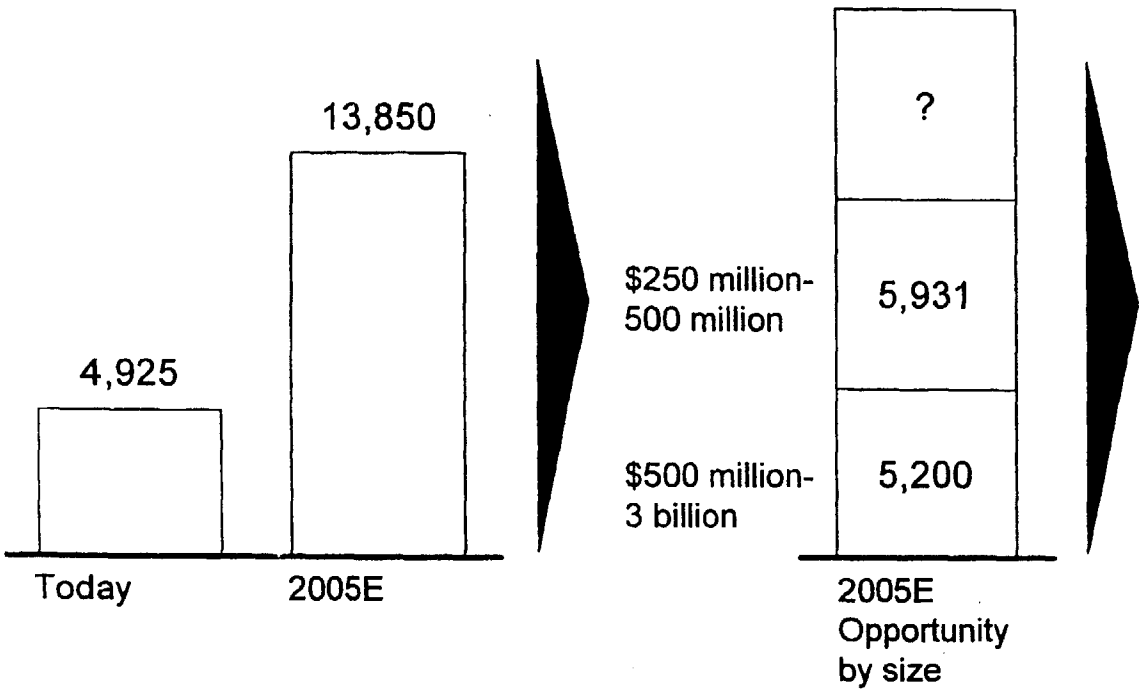
JD EDWARDS SHOULD DETERMINE AN APPROPRIATE SALES MODEL, AS FUTURE NEEDS TO MIGRATES INTO THE LOWER-END EMERGE

Number of required new target companies to reach target



- Where should JD Edwards get additional target customers – upstream or downstream?
- If JD Edwards migrate downstream, can you profitably serve through either a direct or indirect channel?

Source: D&B; McKinsey analysis

JDEC-01-030496

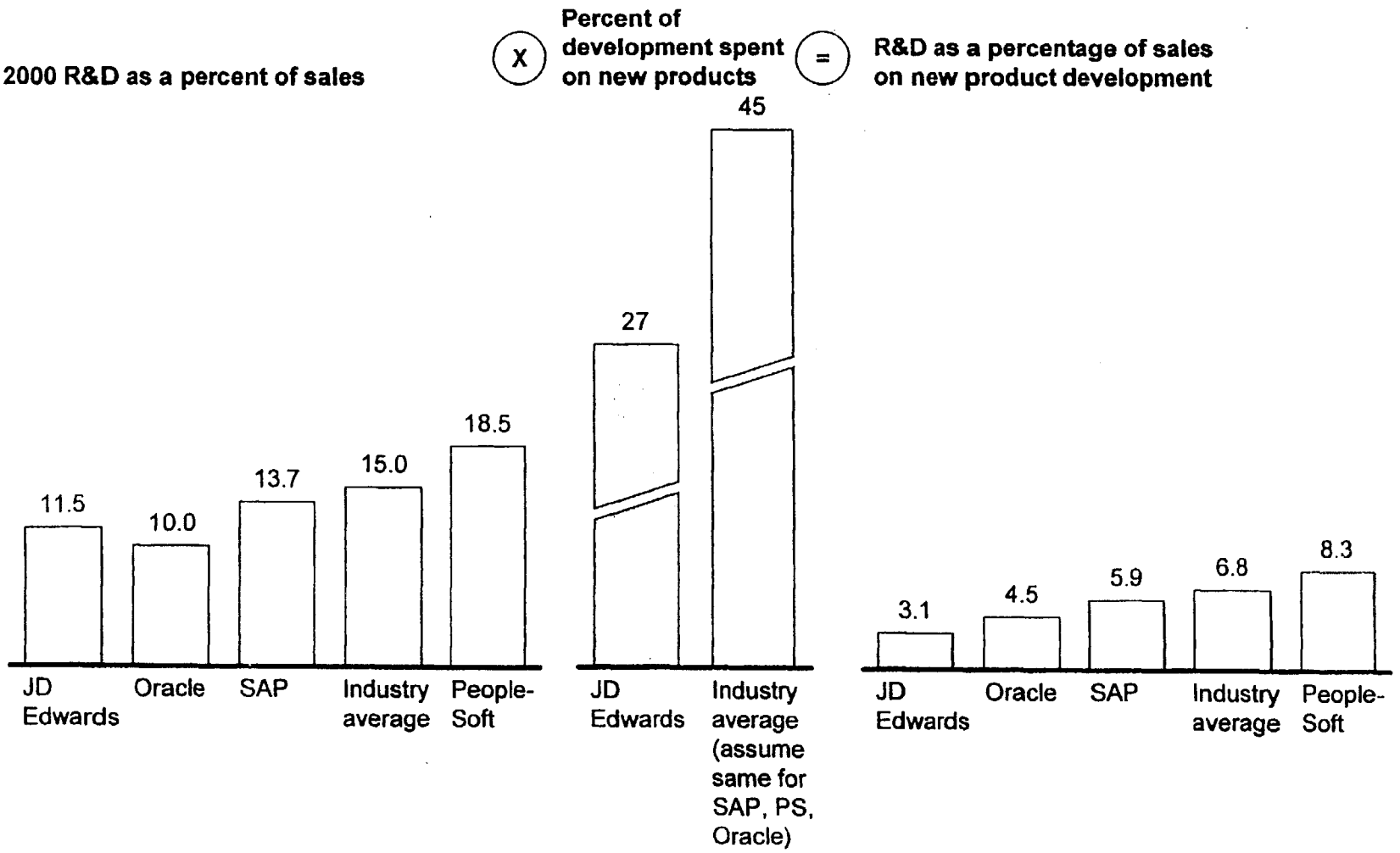
PRODUCT DEVELOPMENT IMPLICATIONS

JD Edwards is not currently spending enough on new product development to develop its future product pipeline and is potentially under-resourced. In order to solve this:

1. JD Edwards may need to hire additional product development engineers to close the gap
2. JD Edwards should reallocate resources to focus on core mid-market business segment needs
3. JD Edwards should determine how to free up QA/maintenance resources

JDEC-01-030467

JD EDWARDS IS CURRENTLY UNDER RESOURCED VS. COMPETITORS AND IS NOT INVESTING ENOUGH IN NEW PRODUCT DEVELOPMENT

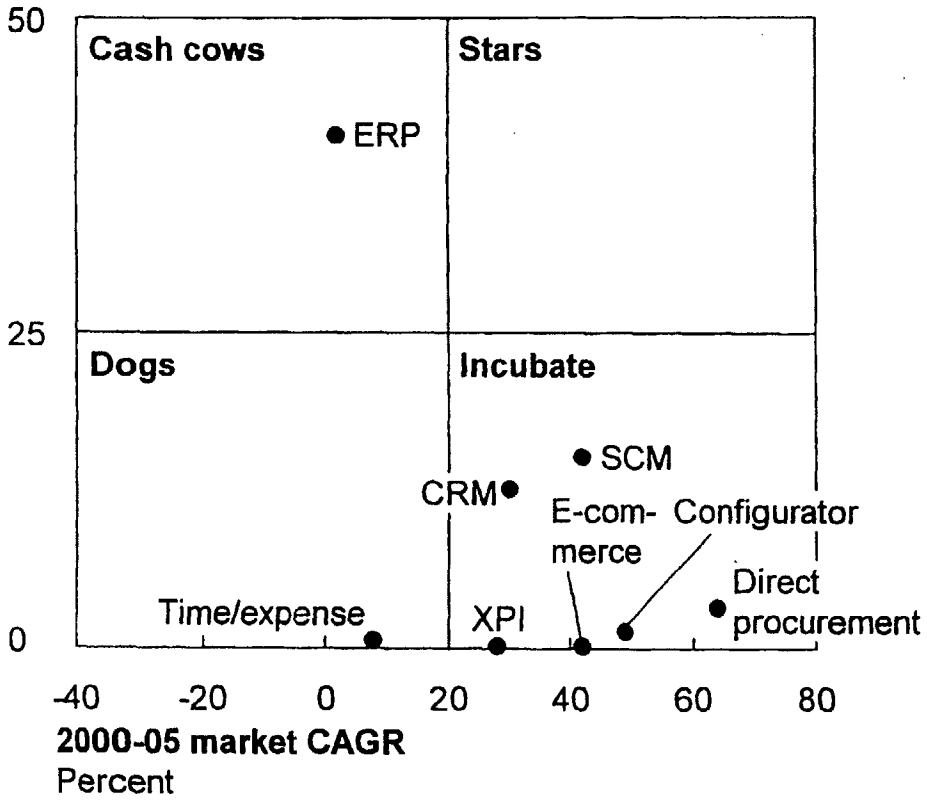


Source: Compustat; analyst reports; McKinsey benchmarking

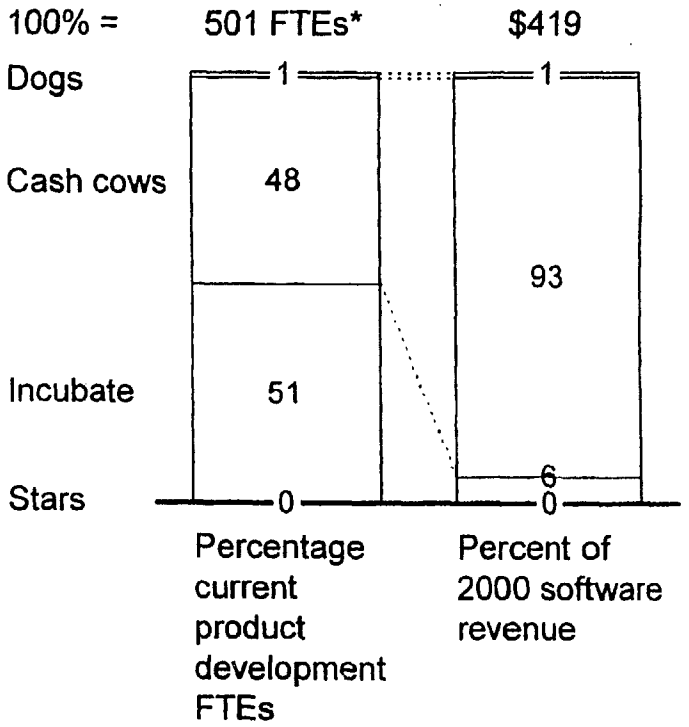
JDEC-01-030468

JD EDWARDS NEEDS TO EMPHASIZE NEW PRODUCT DEVELOPMENT GIVEN THE CURRENT STATE OF THE PORTFOLIO

JDE 2000 software revenues
Percent of total sales



Current development resources and revenue
$ Million; FTEs

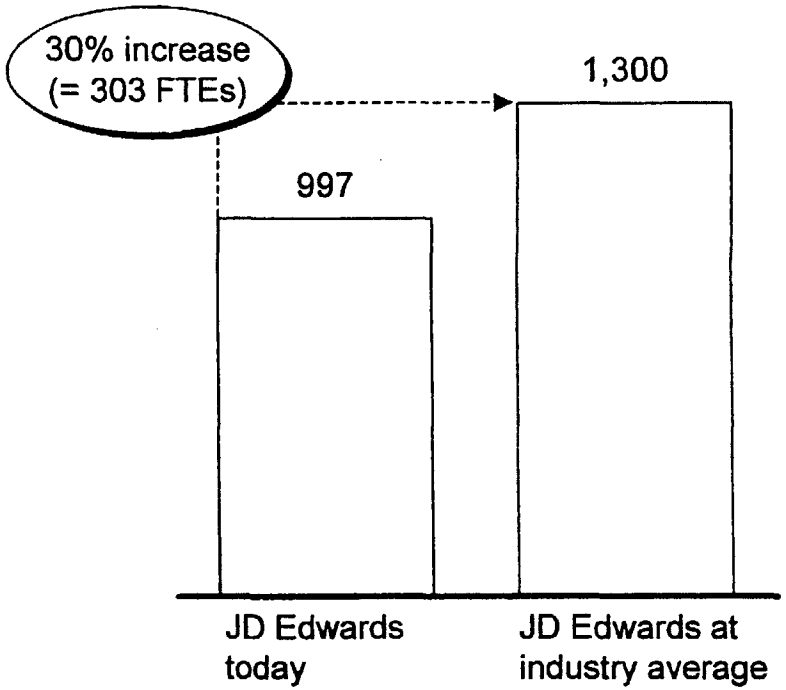


* Does not include QA/maintenance/documentation resources

Source: AMR 2000; internal data; McKinsey analysis

JDEC-01-030469

JD EDWARDS MAY HAVE TO INCREASE THE NUMBER OF PRODUCT DEVELOPMENT ENGINEERS



- Should JD Edwards hire more engineers in the short term?
  - How can additional capital be sourced to do this?

	JD Edwards today	JD Edwards at industry average
R&D as percent of sales*	11.5	15

* Does not include 60 education resources

Source: Compustat, JD Edwards Internal Data

STOPPING AND/OR REFOCUSING PROJECTS THAT ARE AIMED TOWARD NONCORE SEGMENTS WOULD FREE UP AN ADDITIONAL 76 FTES

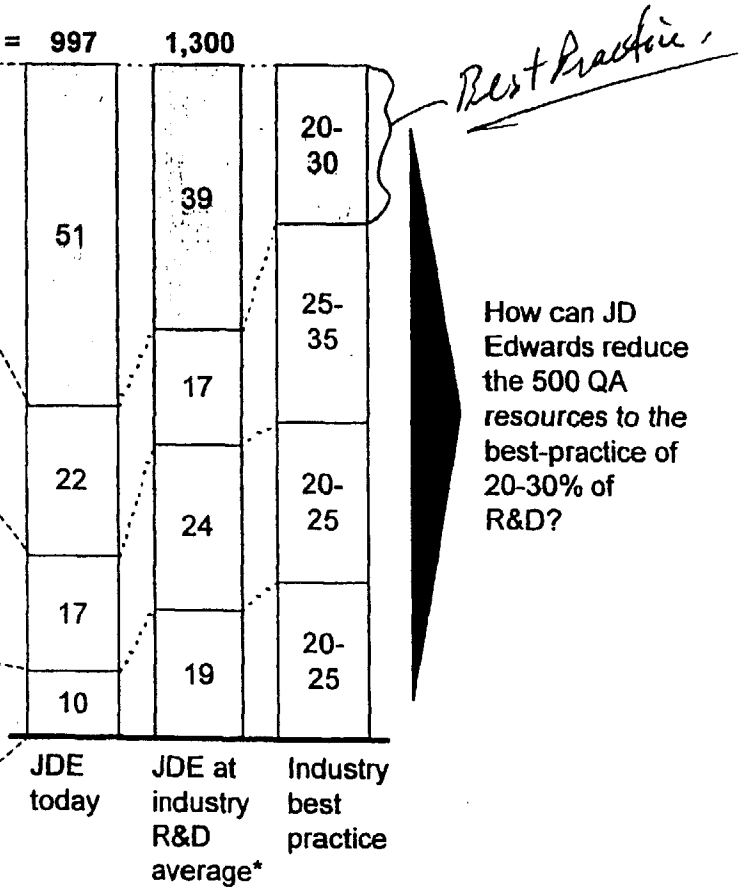
	Rationale	Recommended actions/number of FTEs	Number of FTEs gained
Stop or move into maintenance mode	Projects are outside core mid-market business segments and/or are commoditized for core markets	• Eliminate Advanced Order Configurator (12)	12
Redeploy portion of resources to new product development	Resources could be utilized more efficiently in other higher value areas	• Outsource B9 strategic enhancement tools and redeploy 25% of resources (33 out of 132) • Redeploy 50% of cross-industry applications (non-international component) (31 out of 62) • Donut (24) – do you need best 24 people on Donut? • Advanced Planning (95) – do you need 95 FTEs to develop a streamlined version of APS?	64
Refocus the project	Project is currently targeting large enterprise; refocus efforts to develop functionality that meets mid-market needs	• Refocus advanced Planning (95)/Supply Chain Execution (13) • Refocus XPI applications (42) • Refocus Donut (24)	0

Source: JD Edwards Product Development

JDEC-01-030471

JD EDWARDS SHOULD DETERMINE HOW TO FREE UP QA/MAINTENANCE RESOURCES

Category	Current FTEs	Projects
Quality assurance maintenance and other development	286	• Quality assurance/maintenance
	210	• Documentation, translation
	17	• Other development
Modifications needed to remain competitive	32	• HRM/payroll enhancements
	52	• Services, financial, globalization, and SCE strategic enhancements
	5	• Knowledge management
	132	• B9 strategic enhancements
New functionality expected by industries	19	• CFIG Automotive
	33	• CFIG CPG
	13	• CFIG manufacturing
	12	• Advanced order configurator
	6	• Enterprise asset management
	83	• Advanced planning
Investing in the future	24	• Project Donut
	43	• XPI applications
	12	• Advanced planning (discrete manufacturing)
	18	• XPI tools



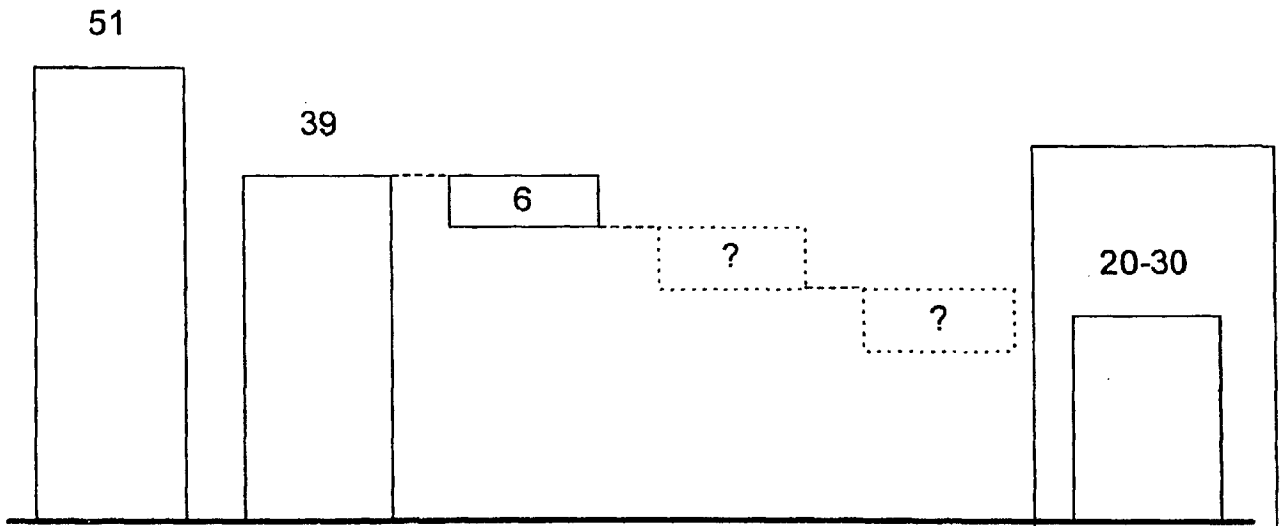
* Reallocated new resources to new product development

Source: McKinsey analysis; JD Edwards internal data/interviews

JDEC-01-030472

JD EDWARDS SHOULD DETERMINE HOW TO FREE UP QA/MAINTENANCE RESOURCES WHILE MEETING QUALITY DEMANDS

Percent of Developers dedicated to QA/documentation



FTEs on QA/ Maintenance, documentation:	513	513	77	?	?	260-390

Source: JD Edwards internal data;McKinsey analysis

JDEC-01-030473

CONSULTING IMPLICATIONS

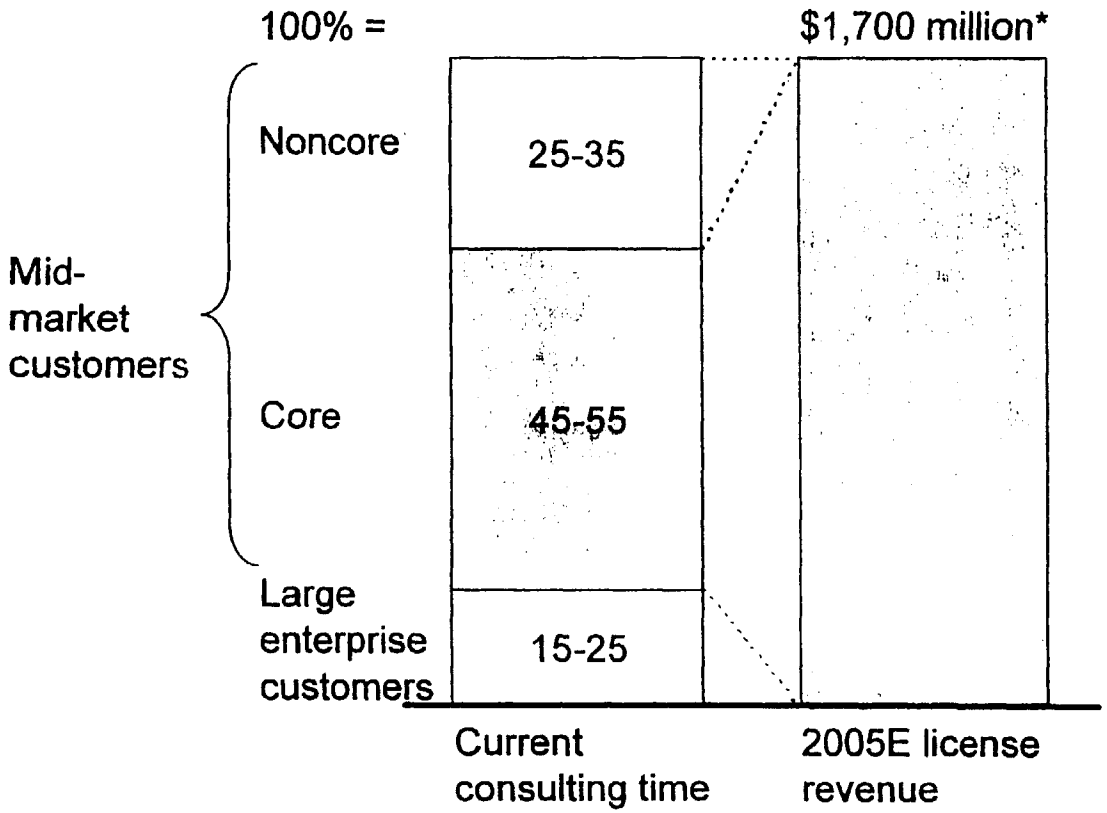
To capture the opportunity in the core mid-market segments, JD Edwards should realign and retrain resources in the short term, while ultimately improving productivity

1. JD Edwards should realign resources against the mid-market opportunity as the sales force pulls demand
2. JD Edwards should retrain current consulting resources to meet "sweet spot" consulting needs
3. JD Edwards should improve productivity, potentially through realization, utilization, and price levers

JDEC-01-030474

AS JD EDWARDS REFOCUSES ON THE SWEET SPOT, CONSULTING REALIGNMENT WILL FOLLOW NATURALLY

Consulting time allocation



* Assumes optimistic scenario

Source: JD Edwards interviews; McKinsey analysis

JDEC-01-030475

CONSULTING WILL NEED NEW SKILLS TO EFFECTIVELY SERVE SWEET SPOT SEGMENTS

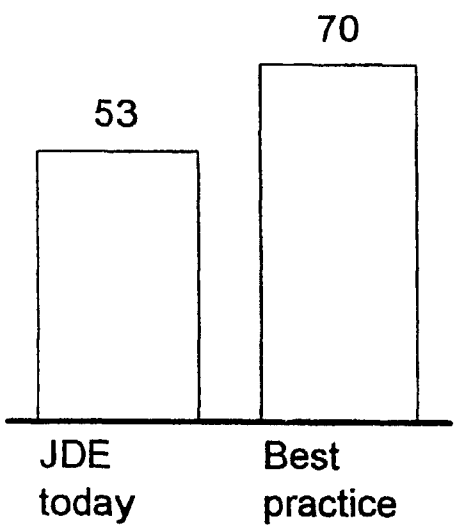
Mid-market need	Explanation	Current JDE performance	Competitor performance
Targeted vertical expertise/ understanding	• Understanding of targeted "sweet spot" business needs is critical to successful mid-market offering	• JDE consultants/managers have sound experience with "sweet spot" verticals, with strongest presence in – Manufacturing – Distribution • Managers often do not know JDE product well enough to manage high-quality installation	• Customers do not cite any competitors they prefer over JDE
Cross-trained technical skill	• Application consultants should be cross-trained in multiple applications to limit cost and number of consultants • Technical programmers should be deeply experienced in IT architecture design so solutions can be developed by single resource	• Applications consultants are generally trained in 1 application • Technical consultant skill also not broad enough for single resource	• Skill sets are fragmented across software vendors, big 5, and local service providers
Project management	• Potential need for fixed price contract increases importance of strong project management	• Project manager is not as skilled as needed on managing scope, costs, and technical challenge	• While SAP and Oracle have adequate project management skills, the management layer is often too large and expensive • Big 5 have strong project management skills across technical and nontechnical dimensions but customer prefers vendor management

JDEC-01-030476

JD EDWARDS SHOULD ALSO IMPROVE CONSULTING PRODUCTIVITY

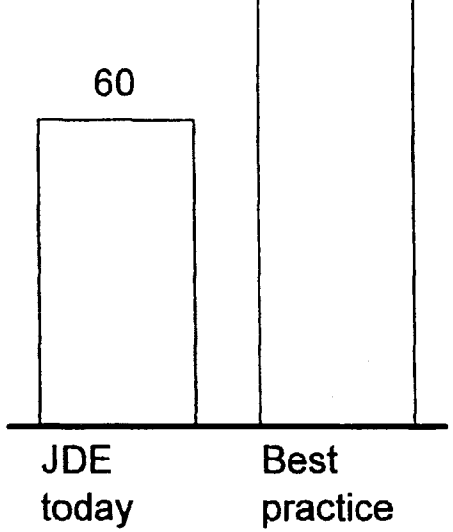
65% Break even

Utilization
Percent



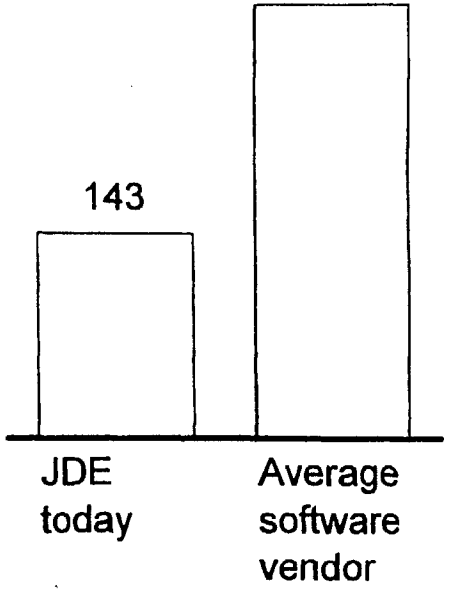
Realization
Percent

Collection



Total productivity (consulting revenues per consulting FTE)
$ Thousands

Big 5 - $175



Total = Util * Realizati.

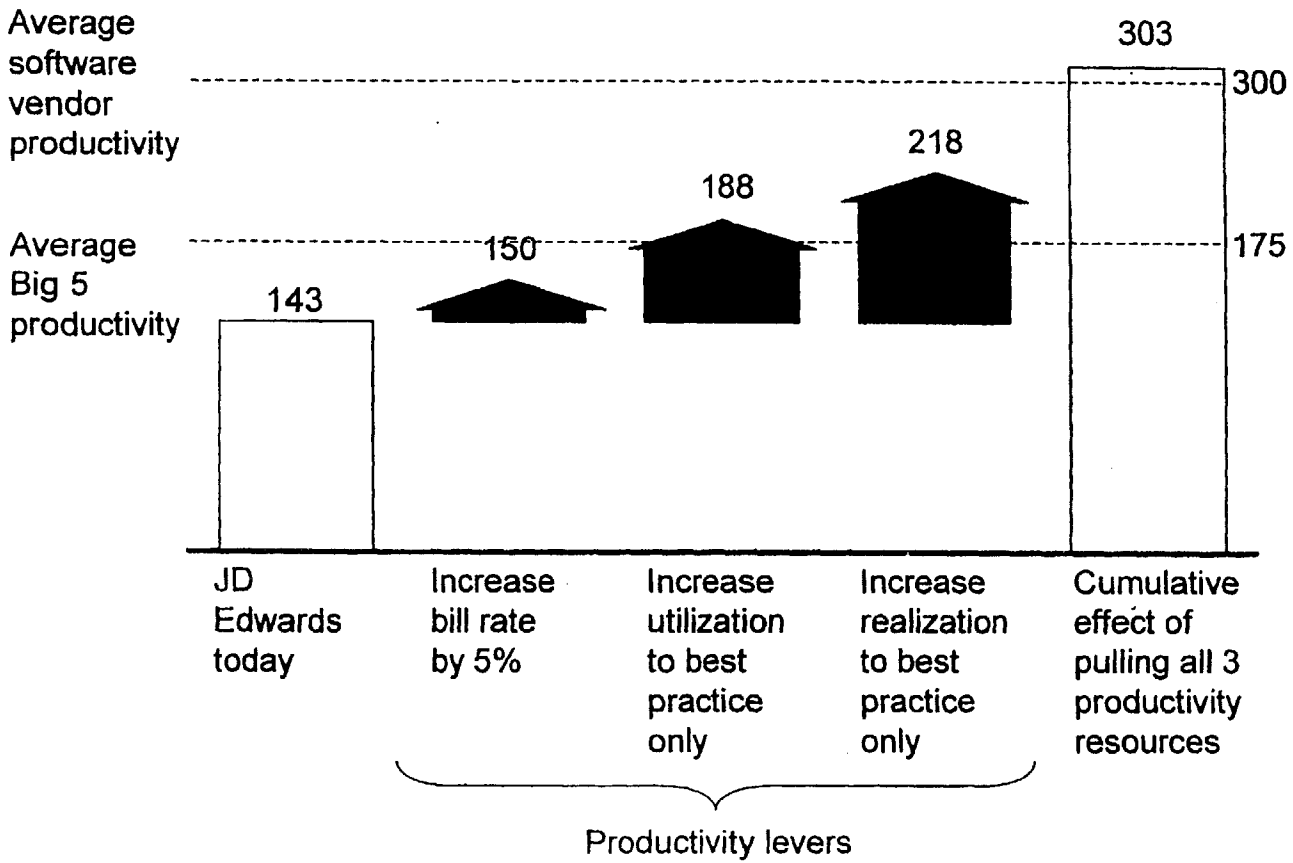
Source: JD Edwards financials; McKinsey best practices

JDEC-01-030477

PRODUCTIVITY CAN BE INCREASED BY PULLING ANY OF 3 LEVERS

Consulting productivity

$ Thousands per billable FTE

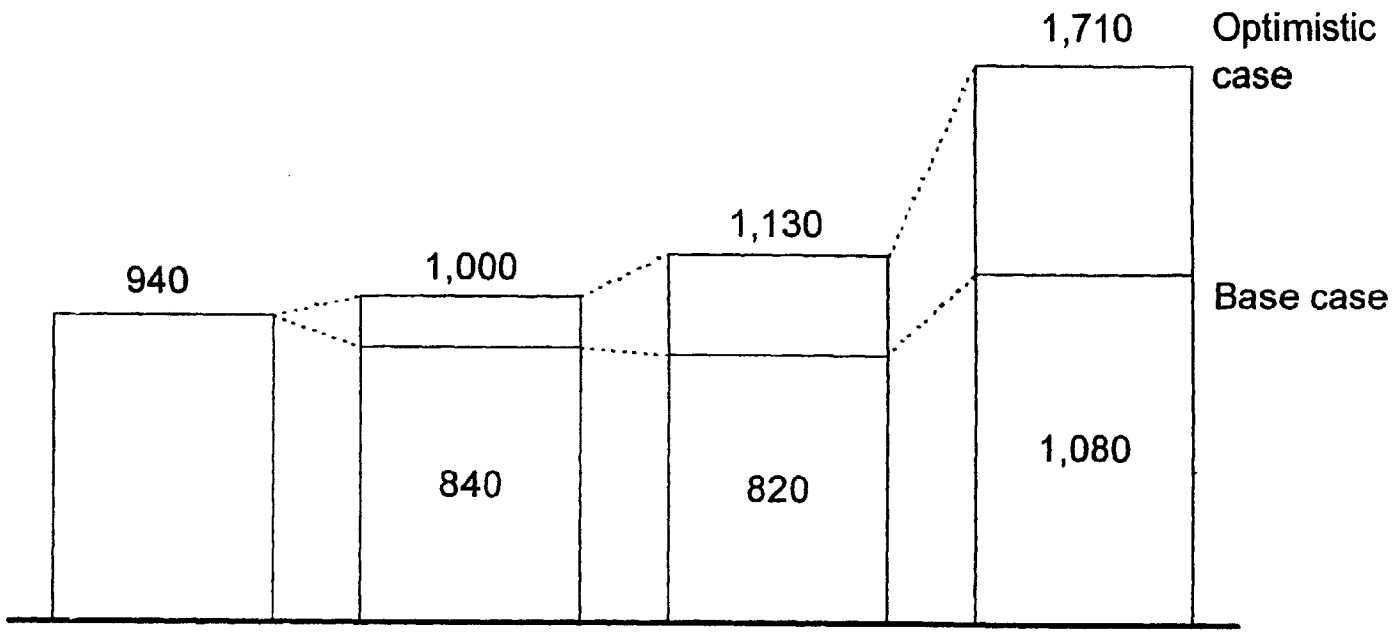


Source: McKinsey analysis; Web site

JDEC-01-030478

IF PRODUCTIVITY IS IMPROVED, FEWER RESOURCES THAN TODAY MAY BE NEEDED

Consulting FTEs



	2001	2002E	2003E	2004E
Utilization*	53	62	70	70
Realization*	60	75	90	90

* Assumes migrate to best practice by 2003

Source: McKinsey analysis

JDEC-01-030479

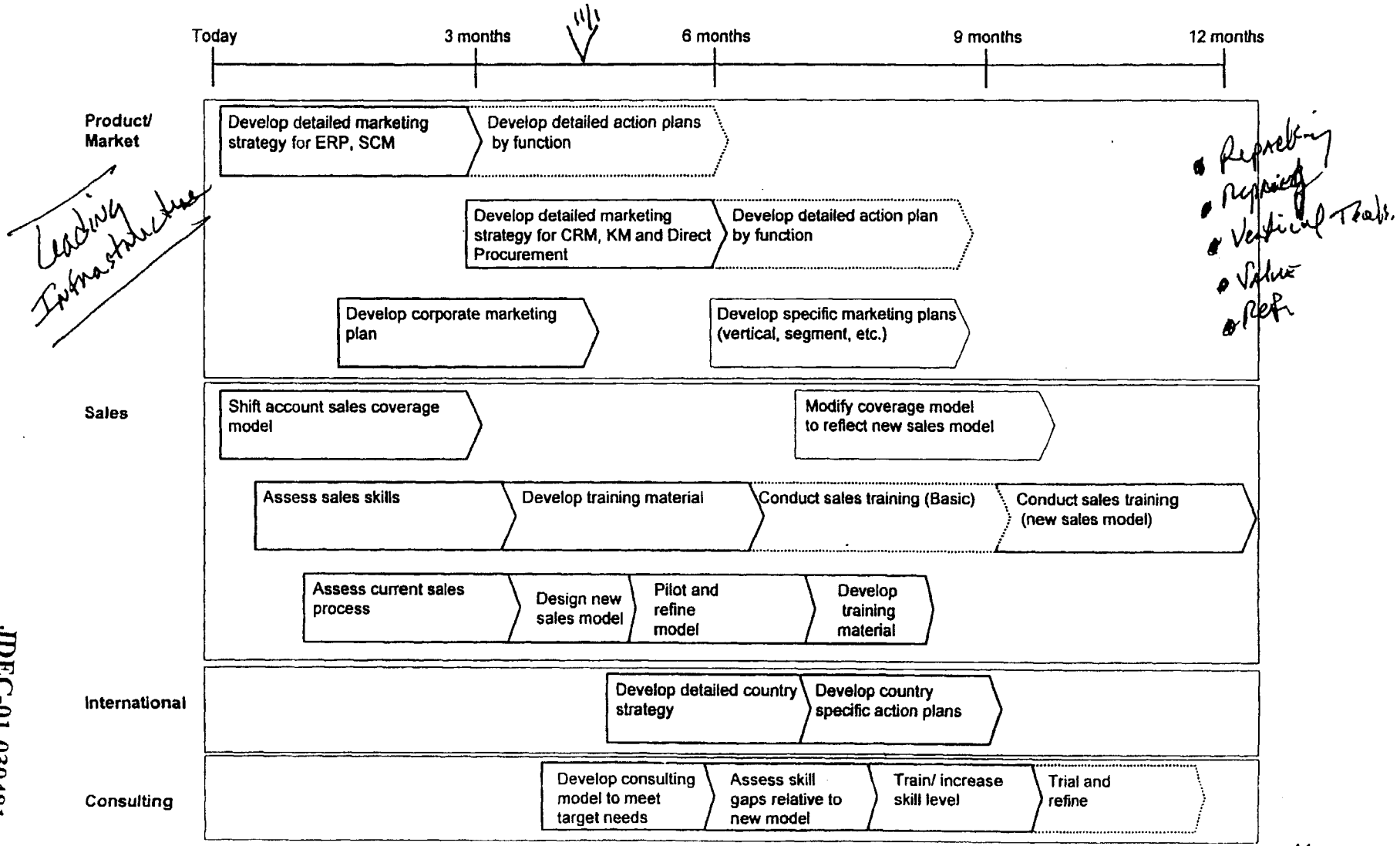
SUMMARY OF TODAY'S DISCUSSION

- In our last discussion, we recommended that JD Edwards aggressively focus on their historical core mid-market business segments to become a $2.5 billion-4.5 billion company by 2005
- To reach this target, JD Edwards should further focus within the core, create a compelling marketing plan, and reallocate and improve productivity of resources
  - JD Edwards should further focus on "sweet spot" accounts in specific business segments/verticals within the $500 million-3 billion range to focus JD Edwards' constrained resource pool
  - JD Edwards should then create a compelling marketing plan targeted at these verticals, including value propositions, product and service bundles, and appropriate marketing vehicles
  - JD Edwards should then use these marketing programs to reallocate sales, product development and consulting resources to align against the opportunity, as well as improve productivity to achieve a competitive cost structure
- **To execute this strategy, JD Edwards should develop detailed action plans and begin executing across marketing, product development, sales, and consulting**

JDEC-01-030480

FOR DISCUSSION

JD EDWARDS MUST EXECUTE TARGETED INITIATIVES TO CAPTURE THE OPPORTUNITY IN CORE SEGMENTS



JDEC-01-030481

JD EDWARDS MUST EXECUTE TARGETED INITIATIVES TO CAPTURE THE OPPORTUNITY

	Step 1: Develop detailed strategy	Step 2: Develop action plan	Step 3: Execute
Develop and launch targeted product/market programs	• Develop detailed product marketing strategies (SCM, CRM, One World, ERP) – Target customer – Value proposition – Feature/functionality – Pricing strategy – Communication program – Channel strategy • Develop overall customer management program (e.g., size of opportunity, tools, ROI) • Determine optimal approach to close product/market gaps – build internally, acquisitions, partnerships	• Develop detailed action plans by function – Product development – Channel marketing – Sales (training, collateral) – External communication plan (audience, message, vehicle) • Develop communication tools/materials • Implement and train on new customer management system	• Implement action plan • Distribute communication plan • Implement training program
Reinvent sales model for core mid market	• Develop short term coverage model • Assess skill gaps – Verticals/segments – Product – Selling skills • Assess current sales process vs. customer needs and segment profitability – Resources – Demos – Qualification	• Develop account plan • Design training program • Design new sales models that meet needs and profitability requirements for different segments	• Execute plan • Execute training program • Pilot, refine and rollout

JDEC-01-030482

JD EDWARDS MUST EXECUTE TARGETED INITIATIVES TO CAPTURE THE OPPORTUNITY (CONTINUED)

	Step 1: Develop detailed strategy	Step 2: Develop action plan	Step 3: Execute
Develop a deploy a new consulting model	• Develop consulting model to meet target customer needs (TCO, skills/timelines, partners) • Assess skills gaps to meet mid market consulting needs • Re-evaluate current consulting partnerships	• Develop detailed action plan – Resource allocation – Training	• Implement plan
Aggressively enter into new international markets	• Develop a detailed strategy for each target country (products, customer segments, partners strategy, customer support) • Develop exit strategy for countries to divest	• Assess localizaton requirements • Develop country-specific action plans – Sales strategies/account plans – Marketing programs – Consulting plan – Product localization plans	• Roll out action plans
Technical Support	• Assess technology support needs for mid market • Assess skill gaps to execute against mid market needs	• Develop training programs for new customer management system	• Roll-out program to train technical consultants

JDEC-01-030483