



TOP 20

Supply Chain Management Software Suppliers

Modern's 9th-annual survey of the leading SCM suppliers finds that the market for supply chain software took a hit last year, but things are beginning to look up

By **Bob Trebilcock**, Executive Editor

The market for supply chain management software applications, maintenance and services, or SCM, came in at \$6.2 billion in 2009 including applications for procurement software and \$4.2 billion without procurement.

That represented a decline of 1.9% from 2008, according to Chad Eschinger, an analyst with Gartner: (203-964-0096, www.gartner.com). While most businesses would have been proud to only show a 1.9% drop in revenues last year, it's a far cry from the growth this industry has been used to posting.

In fact, it's the first time the market has declined since *Modern* began publishing our annual Top 20 list in 2001. Just two years ago, AMR Research, now part of Gartner, was forecasting the total supply chain management market to reach or exceed \$8 billion by 2010. That just isn't going to happen. "It was a very difficult year," says Eschinger.

Last year was a year for the status quo. The market leaders look much the same as they did in 2008, with SAP (\$820 million) and Oracle (\$715 million) at the top of the list, with numbers that were essentially unchanged from last year. They were followed by JDA Software (\$385.6 million), RedPrairie (\$261 million) and Manhattan Associates (\$247 million).

If there was a surprise, it was that RedPrairie and Manhattan switched places following Manhattan's 20+% decline in revenues—a reflection of RedPrairie's success with labor management and transportation coupled with Manhattan's concentration in the hard

hit retail supply chain. Still, analysts like Eschinger believe that Manhattan is on the right path with its platform approach to the supply chain space.

What's more, it was a year with few mergers and acquisitions and few technological breakthroughs. The most noteworthy shift was the purchase of i2 Technologies (\$233 million) by JDA which closed in early 2010 and will alter next year's list. If that sounds much like what we published last year, well...it's a reflection of the times. Most SCM providers concentrated on improving their existing offerings, serving their customers and duking it out for market share.

New to our list is Retailix (\$192.4 million). While Retailix does not show up on other lists because they have a heavy focus in the food industry, they are a major player in that vertical, one that is important to *Modern's* readers. Gone is ILOG, which was acquired by IBM.

Making the list

Modern began tracking this space back in 2001, following the Internet boom. The reason was simple: While materials handling is in our name, information about the movement of goods has become as important these days as the physical movement of goods.

That's where software comes into play. We began by looking at the top providers of warehouse management systems (WMS), but our focus has evolved along with the interests and job description of our readers as well as the supply chain software market. While the lines between supply chain execution and supply chain planning providers were once clearly drawn, that is no longer the case; ERP providers supply WMS, and supply chain execution providers supply planning and optimization solutions.

To make our list today, a company has to supply more than one of the major categories of supply chain management software—planning solutions along with WMS, transportation management (TMS) and manufacturing execution (MES) systems—and they have to do so in North America. This is also a num-

bers game and not a value judgment.

The ranking is based on our best estimate of a provider's annual sales for 2009. Where a company will not break out their SCM revenues from their total revenue, as is the case with ERP providers Oracle and SAP, we were provided with estimates from Eschinger and his colleagues at Gartner. In other cases, we based them on annual reports and industry growth.

Admittedly, this is an imperfect science. Gartner, for instance, strips out hardware sales from the estimates it provided us; it also stripped out sales of procurement software since that isn't rel-

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evant to *Modern's* audience. On the other hand, we gave publicly traded supply chain execution companies like JDA and Manhattan full credit for their sales.

While a reader might argue that we're comparing apples and oranges, we think it's a good snapshot of the industry leaders and their ranking. Still, as the industry consolidates and providers that once offered just one or two applications expand their offerings, providing numbers has become increasingly difficult.

Notable trends

Although there was little in the way of business news, there were several trends at work in each of the four categories relevant to our readers: ERP and supply chain planning (SCP), WMS, TMS and MES systems.

In the ERP market, for example, big deals were oh so 1999. "Companies are not buying into big projects," says Eschinger. "They're buying smaller components with a quicker time to value, like demand planning and sales and operations planning. These are applications that you can get up and running in months and not a year."

What's more, he adds, the aver-

age deal size carried a lower price tag than in the past. Still, it was not all doom and gloom. By the third quarter of 2009, Gartner saw confidence—and growth—return to the market. The research firm is expecting 4.5% growth for 2010, 5.7% market growth in 2011, reaching 6.1% compound annual growth by 2014 with a market at \$5.6 billion without procurement.

The WMS market, one of the most mature of the supply chain management and execution applications, also took the biggest hit in 2009. While the market still topped \$1 billion, according to Steve Banker, service director,

supply chain management, for ARC Advisory Group (781-471-1000, www.arcweb.com), revenues contracted by between 15% and 20% last year.

"We did forecast that the market would shrink, but not to that extent," says Banker. What surprised him the most was that despite these difficult times, there was no merger, acquisition or bankruptcy of note. "I expected a whole lot of market consolidation, and that did not happen," he says. "Vendors let people go and imposed pay cuts, but they're still around."

Banker is keeping his eye on several market trends: software-as-a-service (SaaS) is still a very small part of the WMS market, but there are providers here and in Europe gaining traction with a multi-tenant model. Visualization, or putting graphical images on the RF scanner or providing a rich visual image of the warehouse on a screen, may also be the next trend. Right now there are only a few vendors offering the technology, including Tecsys, Next View and Consafe Logistics in Europe, but it could be a trend of note.

The TMS market did not escape the effects of the recession, says Adrian Gonzalez, a director at ARC. But it out-

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2010 Rank	Company	2009 Revenue	URL	SCP	WMS	MES/ MRP	TMS
1	SAP	\$820 million	www.sap.com	x	x	x	x
2	Oracle	\$715 million	www.oracle.com	x	x	x	x
3	JDA Software	\$385.8 million	www.jda.com	x			x
4	RedPrairie	\$261 million	www.redprairie.com		x	x	x
5	Manhattan Associates	\$247 million	www.manh.com	x	x		x
6	i2 Technologies	\$233 million	www.i2.com	x			x
7	Retalix	\$192 million	www.retalix.com	x	x		x
8	IBS	\$148 million	www.ibsus.com	x	x	x	x
9	Epicor	\$115 million	www.epicor.com	x	x		x
10	Aldata	\$103 million	www.aldata-solution.com	x	x		x
11	HighJump	\$85 million	www.highjumpsoftware.com		x	x	x
12	Swisslog	\$80 million	www.swisslog.com		x		x
13	CDC Software	\$66 million	www.cdcsupplychain.com	x	x	x	x
13	Descartes	\$66 million	www.descartes.com	x			x
15	Servigistics (formerly ClickCommerce)	\$59 million	www.servigistics.com	x	x	x	
16	Infor	\$58 million	www.infor.com	x	x	x	x
17	QAD	\$57 million	www.qad.com	x	x	x	x
18	Applied Materials	\$56 million	www.appliedmaterials.com			x	
19	Sterling Commerce	\$55 million	www.sterlingcommerce.com		x		x
20	IFS	\$50 million	www.ifsworld.com/us	x		x	

Revenue figures are estimates based on company reports and input from Gartner. Where neither is available, estimates are based on the overall growth or decline of the company's revenues compared to the prior year.

performed the market compared to other software applications. “We did not do a market study in 2008, but we saw a modest decline between 2007 and 2009,” says Gonzalez, who pegs the TMS market at about \$1.3 billion. “But we do have a five-year forecast for 5.4% compound annual growth.” Why did TMS hold up? “It has a strong ROI and is aligned with cost reductions, which is an important corporate strategy,” says Gonzalez.

What are the trends Gonzalez watching? The first is a movement toward a holistic TMS footprint. In the past, he says, fleet management, parcel management, carrier solutions and global trade management came from different vendors. Today, leading providers like Oracle and RedPrairie are developing

end-to-end TMS footprints.

The SaaS market is also taking hold in TMS. While traditional software license fees have been flat the last few years, on-demand TMS has been growing by double digits. Finally, the TMS market is beginning to adopt mobile solutions, like an app to do rating and track-and-trace via a smart phone. “We’re seeing the development of these smaller, digestible applications that could run on a phone,” says Gonzalez.

Last, but not least, the MES market took a modest hit last year, according to Simon Jacobson, research director, manufacturing operations, at Gartner. “The MES market remained relatively flat with an insignificant decline in 2009,” says Jacobson, who pegs the market at around \$1 billion.

But while the overall market was flat, MES remains a very fragmented market, which means that some players, like those who focus on automotive,

had a very difficult time while others, like those selling into the pharmaceutical or medical device industries, landed some nice new deals.

“The big picture is that the MES providers that are just focused on shop floor execution are struggling,” says Jacobson. “Those who are delivering a platform that also includes performance management and analytics to better understand the process and drive continuous improvement are growing.”

While there were no major mergers or acquisitions in the MES space last year, Jacobson expects that to pick up in 2010. What is Jacobson watching? Better connectivity with the enterprise and the rest of the supply chain, he says. “In the past, the supply chain had to respond to manufacturing,” he says. “Now, manufacturing needs to respond to the supply chain. That’s an important change, and one the MES market is adapting to.” □

To learn more about trends in the supply chain software market and the overall market size from Gartner, visit www.gartner.com.