

Top 20 SCE suppliers

Mergers have resulted in a realignment of supply chain execution software suppliers.

By Jeff O'Neill, Associate Editor -- 6/1/2005

Since Y2K, the software industry in general has been challenged. And no where has that been more evident than among the largest suppliers of supply chain execution (SCE) software.

And after an extended period when industry observers were predicting a broad consolidation of suppliers, the time has finally come. As reported in the April issue of *Modern*, as many as ten SCE software suppliers were purchased of late, with more undoubtedly on the horizon. For some companies, consolidation means increased market penetration and an expanded consumer base. For others, it's an act of survival.

Meanwhile, there's an ebb and flow in what companies are offering. Enterprise resource planning (ERP) suppliers in particular are continuing to ramp-up their warehouse management system (WMS) offerings, giving them an entrée to the best-of-breed community. Similarly, WMS suppliers are venturing from their traditional realms by buying up other companies and offering software solutions for applications outside the four walls.

Which brings us to the current SCE software suppliers ranking.

While few companies on the 2003 top 20 list have vanished from this year's edition, many companies underwent significant changes. And although some names no longer grace our pages, their legacy thrives in the expanded solutions products now offered by those companies that bought them. Looking at today's top 20, only 11 companies that were on the original list are still there.

For the fifth consecutive year, Manhattan Associates holds the top spot on our list, but only half of Manhattan's revenues are now from WMS licenses. However, it was the number two software supplier, RedPrairie, that made the biggest revenue leap—\$55 million over 2003 fiscal year revenues. Most of that 73% surge was due to its acquisition of LIS, the number eight supplier on our previous year's list with \$36 million in 2003 revenues.

Rounding out the top five is SSA Global, reporting revenues of \$90 million, up \$19 million from the prior year. Also, Swisslog dropped one spot with static revenues of \$73 million and SAP stayed at number five, also with static revenues, at \$50 million. Since Swisslog and SAP do not break out revenues for supply chain execution products from overall revenues, both numbers are based on industry estimates.

Fiscal year results for 2004 for all companies on the list were widely divergent. Thanks primarily to large gains by the top two companies on this year's survey, overall revenues jumped approximately \$70 million for the Top 20 from \$851 million to \$921 million.

Although Manhattan and RedPrairie saw large gains, the same cannot be said of the group as a whole. Seven companies (all in the top ten) experienced revenue gains in 2004 while the same number saw losses in the bottom ten. Four companies on the list saw no revenue changes. In the number 20 spot is Radio Beacon, on the list for the first time.

According to Steve Banker, service director, supply chain management, ARC Advisory Group, the WMS market grew in 2004, albeit slowly. He expects similar result for 2005.

"I think it continues to be a very mature market with slow growth and continued consolidation going forward," he explains. Banker referred to rampant consolidations and expanded software offerings as "company experiments" that suppliers hope prove successful.

Making the list

This is the fifth year *Modern* has ranked the top suppliers in the WMS market by revenue. Last year, the survey name was altered to reflect the fact that today's best-of-breed WMS suppliers have developed into hybridized SCE solutions providers with a core warehousing component.

In addition to supplying best-of-breed WMS, a supplier must do business in the United States to be considered for the list. Suppliers must also be forthcoming in reporting prior fiscal year revenues worldwide; including capital from WMS, licensing, support and services for all supply chain execution offerings.

Despite offering strong inventory management systems, certain companies—like those involved in only the automotive or grocery applications—are omitted from the list. Instead, the survey offers a glimpse of the best-of-breed WMS suppliers offering deep order fulfillment functionality across multiple verticals as their core product.

The latest shifts

Due to widespread consolidation in the WMS market in 2004, a few companies on last year's list are not listed this time around.

For instance, holding down last year's #4 spot was EXE Technologies. The company was purchased by SSA Global Technologies over the past year. Number eight on last year's survey posting, LIS, is now gone since being acquired by RedPrairie.

Other activity includes Infor's purchase of Lilly Software; Optum's acquisition of V3 Systems and WorldChain in 2004 before selling out to Click

Commerce, and Sterling Commerce's purchase of Yantra. Most recently, Oracle had outbid SAP to purchase software applications provider Retek.

For 2005, Banker notes that he expects more consolidation in the market—and with a few major players potentially leaving next year's list for good.

ERPs push for position

Challenging WMS providers even further are ERP suppliers that continue to jockey for a position in the best-of-breed WMS arena.

"ERPs are grabbing market share but not across the board," Banker mentions. He comments that he expects SAP to continue to rise in the market, as well as Oracle.

As predicted in last year's survey, upon acquiring EXE, SSA Global became one of the top suppliers in 2004. And although declining to provide revenues for this list for the second consecutive year, Oracle is believed to be increasing its revenues here.

RFID dollars

While some see RFID technology as a potential financial windfall for SCE suppliers, Banker is skeptical. "RFID won't be as big a boost to the WMS and supply chain execution market as some folks believe," Banker asserts.

Instead, he feels that WMS providers will be compelled to integrate RFID solutions into their core WMS products, similar to bar coding and voice recognition technology. "In the long term, RFID functionality will be considered part and parcel of how WMS operates—if companies are not able to say they have an R&D plan for RFID, they'll fall behind."

Banker adds that for 2005, companies may view RFID solutions as add-on applications that develop a more efficient work environment. Bigger suppliers have a better opportunity, he comments, to capitalize on the add-on RFID application market than do the smaller, RFID-specific niche companies.

In any case, if history serves as any indicator, we can look forward to some new faces, and the replacement of some current ones on next year's list.

Top 20 supply chain execution software suppliers Rank	Company	FY 2004 Revenues (Million \$)	Last year's rank	Web site
1	Manhattan	\$214.9	1	manh.com
2	RedPrairie	\$130	2	redprairie.com
3	SSA Global	\$90	4	ssaglobal.com
4	Swisslog	\$73*	3	swisslog.com
5	SAP AG	\$50**	5	sap.com
6	Daifuku	\$48	6	daifukuworld.com
7	HighJump Software	\$43	9	highjumpsoftware.com
8 (tie)	Yantra	\$40	10	yantra.com
8 (tie)	Provia	\$40	13 (tied)	provia.com
10	MARC Global Systems	\$36.5	7	marcglobal.com
11	Catalyst	\$28	11	catalystinternational.com
12	Optum	\$26	12	optum.com
13	Logility	\$22.8	15	logility.com
14	HK Systems/Irista	\$21.85	13 (tied)	hksystems.com
15	Integrated Warehousing Systems	\$18	16	iws-irms.com
16	Oracle	\$15**	17	oracle.com
17 (tie)	Epicor	\$8	20	epicor.com
17 (tie)	Foxtire Technologies	\$8	19	foxtiretechnologies.com
19	Radcliffe	\$6	18	radcliffeinc.com
20	Radio Beacon	\$5.5	not ranked	radiobeacon.com

* Reports \$304 million U.S. for warehouse and distribution solutions, including hardware. Estimate is of supply chain execution solutions.

** Industry estimate of supply chain execution solutions.

What the top companies offer Rank	Company	WMS	TMS	YM	LM	OMS	SCIV/SCEM
1	Manhattan Associates	x	x	x	x	x	x
2	RedPrairie	x	x	x	x		x

3	SSA Global	x	x	x	x	x	x
4	Swisslog Software	x		x	x	x	x
5	SAP AG	x	x	x		x	x
6	Daifuku	x	x		x		x
7	HighJump Software	x	x	x	x		x
8 (tie)	Yantra	x		x	x	x	
8 (tie)	Provia	x	x	x	x	x	x
10	MARC Global Systems	x	x	x	x	x	x
11	Catalyst	x	x	x	x		x
12	Optum	x	x	x	x	x	x
13	Logility	x	x	x	x		x
14	HK Systems/Irista	x	x	x			
15	Integrated Warehousing Solutions	x			x	x	x
16	Oracle	x				x	x
17 (tie)	Epicor Software Corp.	x				x	x
17 (tie)	Foxfire Technologies Corp.	x	x		x	x	x
19	Radcliffe Inc.	x	x		x	x	x
20	Radio Beacon	x				x	

WMS = Warehouse Management System; TMS = Transportation Management System; YM = Yard Management; LM = Labor Management; OMS = Order Management System; SCIV/SCEM = Supply Chain Inventory Visibility / Supply Chain Event Management