APPS RUN THE WORLD

Consumer & Packaged Goods

Vertical Applications Market Report 2009-2014,
Profiles Of Top 10 Vendors

9/30/2010

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Summary

This applications market sizing report examines the 2009 performance of the top 10 applications vendors in the Consumer & Packaged Goods(CPG) vertical, which is expected to rebound as consumer spending begins to recover. Segments such as apparel, shoes as well as consumer staples will start to see signs of increased applications spending as CPG companies aim to accelerate their product lifecycle and replenish their inventory through team collaboration and process improvement, while using the latest software technologies to reduce expenses.

The unstoppable globalization trend, which has become more apparent than ever with improved standard of living in developing countries, will also spur applications spending as CPG firms seek to enhance visibility into their worldwide operations.

Top Line and Bottom Line

On the top line, the CPG vertical is highly fragmented because of varying product life spans of consumer products from durables such as small appliances to perishable and fast-moving items like frozen seafood and fashion accessories.

Regardless of the type of consumer products, branding, consumer safety and product lifecycle management requirements have become more pressing than ever. CPG companies are under enormous pressure to innovate, while striving to scale their operations through process standardization and supplier collaboration. With the advent of globalization, barriers to entry have been lowered considerably for anyone entering the market by taking advantage of strategic sourcing, offshore manufacturing, fast fashion or any short cut to fast track product development and introduction.

Some attempt to inject continuous innovation into their products, while others thrive on the latest fad by replicating the incumbents with similar goods at the lowest price point possible. The result is a proliferation of product and customer information as well as massive amounts of business data that need to be shared among CPG companies and their partners. Robust ERP, supply chain and PLM systems are becoming the prerequisites for these CPG companies to grow and prosper.

The bottom line is that the CPG vertical is becoming more global in nature as fast-growing consumer goods companies in China, India and elsewhere start adopting best practices commonly used among their counterparts in the West.

The winners are likely to be those that harness the latest applications to help them build quality products at optimal price points for their target audience, while ensuring availability that is backed by proven supply and demand chain management data and execution.

Market Overview

The market for applications for the CPG vertical slipped 3% in 2009 as the lingering effects of the recession made it difficult for consumer goods companies to invest without long deliberation. Most applications vendors posted either flat or disappointing results in 2009 as their customers continued to retrench.

The good news is that companies are beginning to move back into the expansion mode. The bad news is that many applications vendors have seen their product sales tumble last year and any near-term growth is not likely to offset their 2009 declines until the market fully stabilizes in 2011.

Still big deals were being completed. At the end of 2008 Procter and Gamble signed on to become a Global Enterprise Agreement(GEA) account with SAP, triggering a wave of applications spending that could be worth hundreds of millions of dollars over the next few years for the ERP vendor.

Other vendors focused on beefing up their offerings for the CPG vertical. Siemens PLM, for example, released Teamcenter 8 designed for CPG companies to improve their packaging and artwork, global specifications, brand management, and initiative management.

PLM applications vendors took advantage of the migration to 3D from 2D product development by enhancing their visualization and design capabilities. Dassault Systèmes made its foray into the search marketplace by recently acquiring Exalead for its applications that ease information search, access and reporting for a variety of industries including consumer services.

Dassault's biggest move was the 2009 acquisition of the IBM PLM sales and client support operations, solidifying Dassault's dominance in many of the markets it serves. With the completion of the purchase of the IBM PLM sales and client support operations, Dassault is adding hundreds of professionals with years of Big Blue experience as employees responsible for helping the vendor make further inroads into major CPG accounts such as Panasonic.

What these moves underscore is that the applications market for CPG vertical will become a bifurcated one with the top accounts standardizing their apps environment around a few platform providers such as SAP and Dassault for their global support capabilities, while the small and midsized customers will be targeted by a smattering of apps vendors that primarily compete on price, ease of implementation and best-of-breed features from visualization to warehouse management.

Implications Of The Great Recession of 2008-2009

Just when software product revenues appear to be strengthening among applications vendors that target the CPG vertical, new signs of trouble begin to erupt.

Vendors such as Dassault, PTC and Siemens PLM cited renewed spending among their CPG customers as the contributing factor behind their strong growth in the first half of 2010. On the other hand, Procter and Gamble, which is considered the barometer of the CPG vertical, posted disappointing results for its latest quarter ended June 30, 2010 with a 12% drop in earnings due to higher commodity costs even with a 3% rise in sales. While developing regions continued to grow at a double-digit rate, mature markets showed lackluster results because of weak consumer spending, zapping P&G's momentum.

P&G's latest results could be considered a harbinger for things to come underlining the fact that the CPG vertical is still under considerable pressure from the heavy debt loads of the consumers, as well as high unemployment in developed countries, which remain the biggest market for many consumer goods companies.

Until that improves, a sustainable recovery in the CPG vertical is not likely to happen for applications vendors, whose messaging may have to focus more on the benefits of using technologies to reduce costs, rather than boosting product development and speeding up innovation.

Customers

Much of the growth in the applications market for the CPG vertical will come from developing countries in Latin America and Asia where young and fast-growing consumer products companies are flexing their muscle.

Li Ning, the sporting goods juggernaut in China, is a good example how the apps market is blossoming in the region and benefiting vendors such as PTC. Li Ning, which has almost doubled its sales to $1.2 billion since 2007, will standardize on PTC FlexPLM as its collaborative product lifecycle management applications to replace manual processes for line planning, product design, specification development, material development, sample management, calendar management, and other operational systems struggling to support its explosive growth.

Similarly apps vendors are reporting similar patterns from their CPG customers in Argentina, Brazil and Venezuela where growth in consumer spending is outpacing that of the developed world.

Top 10 Applications Vendors In Vertical

The following table lists the 2009 shares of the top 10 applications vendors in the CPG vertical and their 2008 to 2009 applications revenues(license, maintenance and subscription) from the vertical.

Vendor	2009 Share(%)	2009 Applications Revenues From Communications($M)	2008 Applications Revenues From Communications ($M)
SAP	19.2%	950	925
Oracle	6.8%	339	320
Siemens	1.7%	86	101
Dassault	1.7%	82	86
Infor	1.5%	76	85
Lawson	1.0%	52	50
JDA	1.0%	50	48
PTC	0.9%	43	50
Manhattan Associates	0.7%	36.8	45
RedPrairie	0.6%	32	35
Subtotal	35.2%	1746.8	1745
Other	64.8%	3211.2	3377
Total	100.0%	4958	5122

Vendors To Watch

CDC is on a buying spree following an infusion of $30 million in new financing earlier this year. It proceeded with the acquisitions of Tradebeam for global trade management, MarketBright for marketing automation, and eBizNET Solutions for supply chain execution. It is also finalizing deal to acquire a cloud-based transportation management applications vendor.

In addition to its ERP and CRM applications, CDC has been selling a range of back-office and ecommerce solutions for a variety of industries including CPG. Its reference wins in CPG include Acushnet, Avon.com, Canon Svenska, Coca-Cola, Dial Corp., Fuji Film, Kodak, Mary Kay, Mattel, SC Johnson, and Unilever Belgium.

After years of spreading itself over different apps market segments, CDC appears to be positioning itself as the major apps provider for a growing number of CPG companies that are poised to expand their operations in China and other fast-growing regions. Because of CDC's entrenched presence among many enterprises in China, it could stand to benefit the most from the trend.

The proliferation of product SKUs and brands and the associated data management requirements will bolster such vendors as DemandTec, Revionics and Pros Holdings, all of which are addressing the margin erosion and pricing pain points of their customers with best of breed profitability management applications.

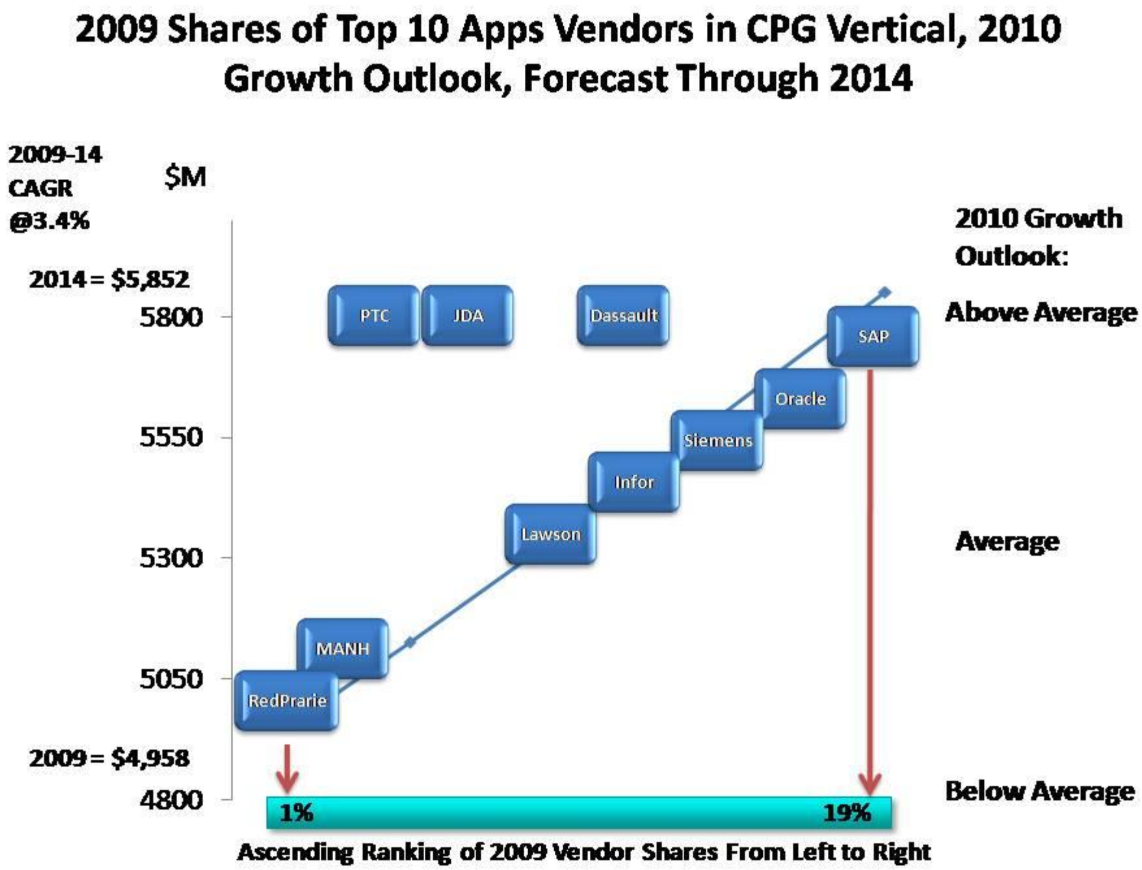
Outlook

On the upside, the CPG vertical is beginning to turn around on the heels of improved consumer spending especially in fast-growing regions like Latin America and Asia. The recent rebound in software revenues of PLM apps vendors suggested that pent-up demand for their products appears to become more pronounced than ever.

On the downside, the question is whether the rapid growth in Asia and Latin America will fan inflation worries by jacking up commodity prices. That in turn could undermine any growth potential in the West as consumer spending has already been held back by high unemployment and a weak housing market.

SCORES Box Illustration

The following graphic shows the 2009 shares of the top 10 CPG applications vendors with SAP claiming the top spot at 19%, followed by Oracle, Siemens PLM and others. Based on our SCORES methodology, Dassault, JDA and PTC are rated above average for their growth potential in 2010. The market is expected to achieve a 3.4% compound annual growth rate rising from $4.9 billion in 2009 to $5.8 billion by 2014.



Profiles of Top 10 Applications Vendors In Vertical

- SAP
- Oracle
- Siemens
- Dassault
- Infor
- Lawson
- JDA
- PTC
- Manhattan Associates
- RedPrairie

SAP

Walldorf, Germany

www.sap.com

Overview:

Having won some of the largest CPG companies in the world as its customers, SAP has continued to boost its offerings for a full spectrum of consumer products companies. Typical customers include those that sell food and beverage, home and personal care, consumer durables and home appliances, as well as apparel and footwear.

Applications Revenues In CPG:

	2008	2009
$(M)	925	950

2009 Applications Revenues In CPG By Region:

Region	2009($M)	% of total
Americas	332.5	35%
EMEA	475	50%
Asia Pacific	142.5	15%

2009 Applications Revenues In CPG By Company Size:

Size	2009($M)	% of total
XL(5K ees and above)	570	60%
Large(1K-5K ees)	237.5	25%
SMB(1K ees and below)	142.5	15%

2009 Applications Revenues In CPG By Revenue Type:

Type	2009($M)	% of total
License	365.3	38.4%
Maintenance	584.6	61.5%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 19.2% share in the CPG vertical, SAP’s ability to maintain and win share in the market segment in 2010	Average

Full overview:

Through the years, SAP has evolved with the rest of the consumer goods vertical by delivering continuous innovation to its business process platform as well as a growing array of supporting technologies.

The result has been a marked increase in the number of SAP’s reference wins across consumer and packaged goods companies of different sizes around the world.

While some of these companies have turned to SAP for core systems to improve their financial, supply chain and product lifecycle management processes, others have chosen to partner with the vendor for something that could become transformational to their business vision and roadmap.

With internal development efforts and acquired assets, SAP has built on its early success in the vertical by making it easier for these companies to leverage the best possible applications and technologies to realize tangible business benefits.

Key Applications For CPG Vertical:

SAP for Consumer Products, SAP Business Suite, SAP CRM, SAP ERP, SAP SCM, SAP APO, SAP PLM, SAP HCM

SCORES Analysis

Strengths

Following its successes in selling core applications to the CPG vertical, SAP has upped the ante by delivering a range of add-ons and emerging technologies from business intelligence to in-memory computing and from sustainability to counterfeit protection.

All these developments underscore SAP's strength in helping consumer goods companies boost their top line and profitability through the use of advanced analytics and processing engine that resides within the server for improved performance and cost of ownership. One example is the SAP BusinessObjects Explorer that allows CPG customers such as Molson Coors to access useful data at subsecond response time when querying hundreds of millions of records, a task that could not be done previously.

Sustainability is another key message that SAP is touting as its key differentiator by allowing consumer goods companies to measure their carbon footprint when planning for their production, shipment and delivery.

SAP has started developing new tools to help safeguard the brand equity of its consumer goods customers. In 2009 it formed a new company called Original1 under a partnership with Nokia, the telecom equipment company, and Giesecke & Devrient GmbH, a vendor of counterfeiting prevention technologies.

Headed by the former vice president of research of SAP, Original1 plans to use the combined technologies of the three companies to protect companies and consumers in a wide range of industries from product piracy and counterfeiting.

Such developments are indicative of the power of SAP in leveraging its clout and innovation streak to help consumer goods companies succeed by tackling present and future business and technological challenges that have yet to become evident in their day to day operations.

Customers

With more than 3,000 customers in the CPG vertical, SAP has made considerable inroads into marquee names in the industry. Its reference wins included 3M, Affinity Petcare, Brasil Foods, Coca-Cola FEMSA, Dairy Farm, Dairy Farmers of America, Dr Pepper Snapple Group, Empresas Polar, Hastens Beds, Kraft, Loblaw, Maple Leaf Foods, Molinos Río de la Plata, ORSAY Gmbh, P&G, Sara Lee Corporation, and Warburtons Limited.

Additionally SAP has established strong ties with such CPG stalwarts as Colgate-Palmolive, Kimberly Clark, Loreal, Nestle, Proctor & Gamble, and Unilever, all of which have invested hundreds of millions of dollars in the vendor's extensive product portfolio.

Many of these large CPG companies including Colgate-Palmolive, P&G and Nestle have signed on as Global Enterprise Agreement customers that allow them to have special access to SAP software, software maintenance, customized software developments, maximum attention support and strategic consulting services. By working with SAP at the highest level, these customers have been among the first to use SAP applications and services to realize significant business process innovation.

Opportunities

In addition to its base of reference wins among some of the largest CPG companies in the world, SAP is seizing opportunities in the midmarket space.

SAP is positioning its ondemand and onpremise offerings to meet the high-velocity data and business process requirements of SME companies in the CPG vertical. Because these companies operate in rapidly changing market conditions, SAP Business By Design, its ondemand offering, could become instrumental in helping them enhance product availability and delivery to retailers and consumers with real-time information and business insight.

Already, SAP Business By Design has been adopted by CPG companies including Pinkberry, Sambazon, Vita Coco, all of which are fast-growing beverage makers that require agile applications to improve their business processes from procurement to supply chain management.

SAP has also made inroads into other SME consumer goods companies with its onpremise applications such as SAP All-in-One, SAP Business One, and SAP BusinessObjects portfolio of reporting and analytics products.

Risks

As SAP continues to gain ground in the CPG vertical, its strategy will need to evolve from its traditional emphasis of selling into large consumer goods companies to those that operate in special niches. Aligning its field sales force with that of its resellers to better address these SME customers will be a prerequisite. Its product portfolio, which is heavily skewed toward applications with large footprint for transaction-intensive CPG companies, will need to adapt to the needs of smaller companies that favor small-scale implementations and easy-to-consume features.

It will be a delicate balance for SAP to address both ends of the spectrum when fast-changing consumer trends could render the business models of these customers obsolete.

Hence, SAP may have to spend a greater amount of time and development resources to segment its customers by their propensity to deploy and utilize applications features from order orchestration to trade promotion management, all of which will determine whether the vendor can right-size its products for the right type of consumer goods companies.

The challenge is whether SAP can replicate its ability to serve some of the largest consumer goods companies by offering the same to smaller organizations.

Ecosystem

SAP primarily sells direct to customers in the CPG vertical and it works with a number of system integration partners such as CSC, IBM and others. Additionally a large number of resellers and system integration partners have become the primary channel for SAP to sell into SME customers. SAP has secured more than 70,000 customers in the SME space, about half of them have fewer than 100 employees. SAP's reliance on its resellers has resulted in a steady pickup in its SME momentum, which translates into adding 35 new SME customers every day.

Shares

With a 19.2% share in the CPG vertical, SAP's ability to gain share is average because of the dependable recurring revenue stream from its large consumer goods customers.

On the upside, SAP's increased emphasis on the SME market will help boost its presence among fast-growing consumer goods companies especially in emerging countries in Eastern Europe, Latin America, Middle East and Asia Pacific.

On the downside, it will take quite some time before SAP can position itself as the business apps vendor of choice among trend-setting consumer goods companies that gravitate toward Web services, social networking and mobile software vendors for inspiration and in many cases free software. In order for SAP to sustain its growth in the CPG vertical, it may have to rethink how it prices, packages and even develop from the ground up its applications.

Oracle

Redwood Shores, CA

www.oracle.com

Overview:

After assembling a line of industry-specific applications and making them work together with integrated offerings, Oracle has seen increased momentum in the CPG vertical. Typical customers range from large CPG companies to fast-growing consumer goods operations in emerging countries

Applications Revenues In CPG:

	2008	2009
$(M)	320	339

2009 Applications Revenues In CPG By Region:

Region	2009($M)	% of total
Americas	203.4	60%
EMEA	84.75	25%
Asia Pacific	50.85	15%

2009 Applications Revenues In CPG By Company Size:

Size	2009($M)	% of total
XL(5K ees and above)	186.45	55%
Large(1K-5K ees)	101.7	30%
SMB(1K ees and below)	50.85	15%

2009 Applications Revenues In CPG By Revenue Type:

Type	2009($M)	% of total
License	140	41%
Maintenance	199	58.7%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 6.8% share in the CPG vertical, Oracle's ability to maintain and win share in the market segment in 2010	Average

Full overview:

Oracle has been making significant inroads into the CPG vertical with an extensive portfolio of applications designed to handle a range of planning and operations tasks for well-established and fast-growing consumer goods companies.

Following its acquisitions of vendors such as Agile, Demantra, G-log, JD Edwards, Revenue Technologies and Siebel, Oracle has been rebuilding its applications portfolio to address demand signal management, supply chain planning and operations requirements of a growing number of CPG companies.

Combining that with easy integration into its ERP brands such as Oracle E-Business Suite and JD Edwards Enterprise One, Oracle is extending its Value Chain Planning solution to help resolve some of the most complex demand management and production issues facing its CPG customers.

A linchpin of this strategy is its Application Integration Architecture solution, which has been expanding to include out-of-the-box integration such as the one between Siebel Trade Promotion Management and Oracle's Demantra to combine predictive trade planning, simulation modeling and promotion optimization capabilities for consumer goods companies.

Key Applications For CPG Vertical:

Oracle's Agile Product Lifecycle Management Solutions, Oracle's Siebel Applications, Oracle Supply Chain Planning Execution Solutions, Oracle's Demantra Real-Time Sales and Operations Planning, Oracle's Demantra Demand Management, Oracle Business Intelligence Suite, Oracle Process Manufacturing, Oracle's JD Edwards EnterpriseOne, Oracle E-Business Suite, Oracle Master Data Management Suite, Oracle Application Integration Architecture.

SCORES Analysis

Strengths

After working with some of the biggest CPG companies in the world, Oracle is building out its product and integration strategies to meet their ever-changing requirements. That is particularly important as financial pressure continues to mount for these companies with product cycles becoming more compressed than ever and industry consolidation a growing concern for all parties involved.

Corporate standardization has become one of the ways for consumer goods companies to cope with the proliferation of brands, the number of stock keeping units as well as multiplying touch points they have to canvass in order to monitor actual market demand.

Some have chosen to turn to Oracle as their corporate standard because of its ability to meet their needs both at the horizontal as well as vertical levels. Between November 2008 and August 2009, J.M. Smucker Company launched an extensive integration project to combine its existing operations with the newly acquired Folgers Coffee and other brands, a move that almost doubled the sales of the CPG company to $4.5 billion projected for its fiscal 2010. Oracle applications played a prominent role throughout the integration of Smucker's backoffice and supply chain systems.

Smucker, which started using a few Oracle applications when it was a much smaller company few years earlier, is heavily dependent on the vendor's technology stack to handle everything from payroll to financial reporting, and from order management to quality lot tracking. Under its More Oracle strategy, it recently added Oracle Lifecycle Management for Process and Enterprise Asset Management.

Oracle is aiming to replicate such successes with more complementary applications. Its latest offering, launched in June 2010, is Oracle Agile Customer Needs Management, which enables customers to capture and prioritize product ideas, customer feedback and product requirements from internal sources including product managers, engineers, sales and executives and external sources such as customers, design partners and suppliers.

The addition underscores Oracle's approach of delivering a range of applications that reinforce each other's strengths through tight integration as well as incremental benefits when they are being used holistically to allow for greater visibility into every aspect of the operations from demand management to product introduction and from supply chain planning to store execution.

Customers

Oracle has more than 2,000 customers in the CPG vertical. Its reference wins included Alcan Packaging, Alpura, Amy's Kitchen, Chiquita, Clorox, Congelados de Navarra, Constellation Brands, Del Monte, Eti Gıda Sanayi ve Ticaret A.Ş., Fellowes, First Quality, Fonterra, Foster's Group Ltd., Funtastic, and Hatfield Quality Meats.

Additional wins were Hill-Rom, Innodis, JD Irving Consumer Products, Johnson & Johnson Consumer Products, Johnson Diversey, Kimberly Clark, Kraft Foods, KT&G, Lance Foods, La-Z-Boy, Lim Siang Huat, Nishimoto, Productos Fernandez, Pulmuone, PZ Cussions, Reckitt Benckiser, Sara Lee, Simmons Foods, Simplot Australia, Snyder's of Hanover, Southwest Traders, Tiger Brands, Tootsie Roll, Warrnambool Cheese and Butter, WE Fashion, and Welchs.

Opportunities

Leveraging the multinational capabilities of its applications, Oracle has been expanding its presence among consumer products companies in fast-growing countries. It has already been working with partners including IBM for a custom CRM solution, while co-marketing with Tata Consultancy Services on a job scheduling and dairy solution. Both solutions are targeting CPG companies in Brazil.

Its JD Edwards Enterprise One applications have been widely used in Latin America because of the availability of localized versions. The latest release 9.01 also features a procurement console, the ability to do consignment, as well as a new order management workbench for consumer goods companies in Latin America and elsewhere.

Risks

Similar to other ERP vendors, Oracle has benefited from the technology standardization trend of its consumer goods customers. However it remains difficult to establish the total cost of ownership of running a large portfolio of Oracle applications, which inevitably lead to the use of additional technology products from the vendor. Until Oracle can demonstrate that its Value Chain Planning solution is capable of addressing the diverse needs of CPG customers regardless of their size and business pain points, it remains questionable how companies can measure their returns without ripping and replacing their existing systems.

Another issue Oracle has to contend with is whether it can start delivering smaller foot-print on-premise or on-demand versions of its VCP solution to highlight the flexibility of its offerings especially for decentralized or agile consumer goods companies that thrive on fast implementations and rapid results.

Ecosystem

Oracle primarily sells direct to customers in the CPG vertical. At the local level, Oracle works with partners such as DAZ in the United States.

Shares

With a 6.8% share in the CPG vertical, Oracle's ability to gain share is average as it starts delivering the aggregated benefits of its extensive product portfolio.

On the upside, its steady product pipeline, coupled with healthy recurring revenues from existing CPG customers, should help sustain its momentum over the next few quarters.

On the downside, Oracle's ability to capture share in the vertical appears limited to its existing customers. As Oracle continues to battle with best-of-breed technology providers for the CPG vertical, its challenge is to broaden the appeal of its Value Chain Planning solution by showing that it can deliver tangible benefits to customers that operate in a heterogeneous environment even if they just use standalone VCP components.

Siemens PLM

Plano, TX

www.plm.automation.siemens.com

Overview:

As part of Siemens Industry Automation division, the Siemens PLM Software has established an extensive portfolio of integrated offerings for consumer-product companies to manage their product design and development processes as well as other manufacturing-specific requirements. Typical customers range from global consumer and packaged goods companies to fast-growing fashion and apparel houses.

Applications Revenues In CPG:

	2008	2009
$(M)	101	86

2009 Applications Revenues In CPG By Region:

Region	2009($M)	% of total
Americas	43	50%
EMEA	34.4	40%
Asia Pacific	8.6	10%

2009 Applications Revenues In CPG By Company Size:

Size	2009($M)	% of total
XL(5K ees and above)	38.7	45%
Large(1K-5K ees)	25.8	30%
SMB(1K ees and below)	21.5	25%

2009 Applications Revenues In CPG By Revenue Type:

Type	2009($M)	% of total
License	29	34%
Maintenance	40	46%
Subscription	17	20%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Above average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Below average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 1.7% share in the CPG vertical, Siemens' ability to maintain and win share in the market segment in 2010	Average

Full overview:

Following its purchase of UGS in 2007, Siemens has continued to expand the lineup of the vendor's product lifecycle management and engineering applications by boosting global coverage as well as industry-specific functionality.

In 2009 it added capabilities such as packaging and artwork management, global specifications, brand management, and initiative management to the PLM applications designed for the CPG vertical. The extensions followed UGS' successes in wooing consumer products companies to leverage its domain expertise in helping customers reduce product development time, while improving their manufacturing processes along the way.

More recently the vendor has been trumpeting its visual analytics capabilities to deliver what it calls HD-PLM technology framework, allowing key stakeholders to make better decisions by collaborating with one another when everyone is presented with visually rich data and information. For example, HD3D, a part of its NX 7.0 releases, is a visually-rich environment for working with virtually any type of PLM data.

Key Applications For CPG Vertical:

Technomatix for manufacturing operations planning, process management; NX for product design and management; Teamcenter for product portfolio management and product configuration management, supply chain collaboration and sourcing

SCORES Analysis

Strengths

Siemens has been gaining ground in the CPG vertical by flexing its muscle in manufacturing, integration and process improvement.

The purchase of UGS, which earlier acquired vendors such as D-Cubed for embedded CAD, Technomatix for manufacturing process management, and sd&m AG for part reuse management, combined Siemens' industrial automation expertise with an array of PLM applications for team collaboration and product information management. Siemens also brought its implementation capabilities to the mix since it had been an integrator on the UGS product line.

The synergy has become more apparent as Siemens extends the PLM applications to its turnkey manufacturing execution systems allowing customers to realize greater benefit in plant design, operations and maintenance.

Customers

With more than 1,800 customers in the vertical, Siemens has made major inroads into some of the largest consumer products companies in the world. These customers have relied on a combination of PLM and design applications as well as turnkey solutions to help automate and improve an array of business processes.

Reference wins included Black Diamond Equipment, Button International, IWC Schaffhausen, Marimekko Corporation, Procter and Gamble, Rowenta, Samsonite, Seiko Epson Corporation, Shiv Diamonds, Sunbeam, Swerve, Twyford Bathrooms, and Unilever.

Opportunities

The release of Teamcenter 8 in June 2009, which included expanded functionality for a number of verticals including CPG, is expected to accelerate the migration path of its legacy customers, especially for those that consider out-of-the-box integration with NX critical for rapid execution of their new product development strategies. For instance, the new packaging and artwork management feature in Teamcenter 8 allows them to create and validate package design that meets brand requirements such as label accuracy, while speeding up the idea to shelf development process.

Risks

With considerable resources from the Siemens Industry Automation division, Siemens PLM Software has emerged as a critical component of the automation strategy of the conglomerate. The issue is whether it can extend its reach to small and midsized customers. The purchase of the PLM sales and support operations of IBM by Dassault has meant a loss for Siemens, which previously worked with IBM to sell joint solutions into the midmarket. As a result, the future of Siemens PLM hinges on its ability to be as responsive to customer needs and changing market conditions as any of its agile competitors that do not have the same burden of conforming to the overarching vision of a giant conglomerate.

Ecosystem

Siemens PLM relies on its direct sales force as well as dozens of channel partners around the world. Recently it added CADEM Technology Center Pte. as its distributor of its NX Software in Singapore.

Shares

With a 1.7% share in the CPG vertical, Siemens' ability to gain share is average as it starts sharpening its focus on different segments of the consumer-product industry.

On the upside, the out-of-the-box integration between Teamcenter and NX will spur considerable upgrade opportunities among its legacy customers.

On the downside, it remains unclear whether the pace of development at Siemens PLM has been on par with that of its competitors now that it has been fully integrated into Siemens.

Dassault Systemes

Vélizy-Villacoublay, France

www.3ds.com

Overview:

Dassault Systemes has become one of the major contenders in the CPG vertical with increased investment in product lifecycle management applications and complementary technologies, as well as an expanded sales and marketing operation. Typical customers include consumer and packaged goods companies and footwear and apparel designers and marketers.

Applications Revenues In CPG:

	2008	2009
$(M)	86	82

2009 Applications Revenues In CPG By Region:

Region	2009($M)	% of total
Americas	21.2	26%
EMEA	56.58	69%
Asia Pacific	4.1	5%

2009 Applications Revenues In CPG By Company Size:

Size	2009($M)	% of total
XL(5K ees and above)	32.8	40%
Large(1K-5K ees)	36.9	45%
SMB(1K ees and below)	12.3	15%

2009 Applications Revenues In CPG By Revenue Type:

Type	2009($M)	% of total
License	17.22	21%
Maintenance	64.78	79%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Above average
Opportunities	Market opportunities at the vertical and subvertical levels	Above average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 1.7% share in the CPG vertical, Dassault's ability to maintain and win share in the market segment in 2010	Above average

Full overview:

By pushing the limits of design and product lifecycle management applications, Dassault has boosted its footprint in a number of strategic verticals including CPG where it has gained increased acceptance by some of the largest companies in consumer products and fashion.

With more than a million users running its computer aided design and PLM applications around the world, Dassault has leveraged its extensive product portfolio to facilitate the migration of 2D to 3D visual element among artists, designers, engineers or anyone involved in creating new consumer products. Dassault users have reported reduced manufacturing costs, faster time to bring their products to market, while delivering enhanced customer experience.

At the same time Dassault has upped the ante by releasing new enhancements and broadening its channel. The biggest move was the 2009 acquisition of the IBM PLM sales and client support operations, which solidified Dassault's dominance in many of the markets it serves.

Such moves highlight the risks and rewards of Dassault as it continues to push the envelope in design and PLM applications for the CPG vertical as well as other strategic markets.

Key Applications For CPG Vertical:

3DVIA, CATIA, DELMIA, ENOVIA V6, SIMULIA, SolidWorks

SCORES Analysis

Strengths

The huge installed base of users of its SolidWorks design applications has given Dassault a solid foundation to extend its reach into many industries that consider good design the prerequisite for their existence.

Subsequent to its acquisition of SolidWorks in 1997, Dassault proceeded with tucked-in purchases of SRAC for its simulation software in 2001, Conisio for its product data management applications in 2006, It also acquired

Seemage for 3D publishing in 2007 and Priware for integrating electronic and mechanical designs in 2008. The acquisitions, coupled with organic growth, have led to the vast expansion of SolidWorks' installed base to more than 1.2 million.

Dassault also made similar acquisitions in other markets. In 2005 it acquired Abaqus for its nonlinear finite element analysis, Virtools for 3D interactive Web applications, and sourcing development center from i2 for supplier relationship management applications. The follow year, it bought Matrix One for its product lifecycle management applications.

With the exception of back-office financials, Dassault has assembled many tools that consumer-product companies would need to keep their product pipeline flowing, while mass producing design concepts that enable them to become highly differentiated.

Dassault is aiming to extend its capabilities in design and PLM to the consumer space. Recently it acquired Exalead for its search-based applications for consumer and business users, an addition that should help further strengthen the appeal of Dassault's product portfolio among its CPG customers.

The combination of Dassault's traditional design and PLM domain expertise as well as the complementary acquisitions has boosted its presence and usability of its products among CPG customers, allowing the vendor to position its toolbox as the key to unlocking innovation and profitability at these organizations.

Customers

With more than 1,500 customers in the vertical, Dassault has been focusing on the CPG vertical over the past five years following its successes in its key verticals like automotive and manufacturing. Its recent reference wins included Boston Apparel Group, Charles Vögele, CJ Cheiljedang Corporation, Eldo, Guess, Inc., Panasonic's Home Appliances Co., Procter & Gamble, s.Oliver, SOPAL, and VF.

Increasingly these customers have been standardizing on the Dassault design and PLM applications to sustain their business. For example, Procter & Gamble is using SIMULIA, ENOVIA and CATIA to help make the packaging process more efficient and compress time to market at the CPG giant. On the other hand, VF, the big fashion company, is using ENOVIA V6 PLM solution as its platform for global apparel development and sourcing.

Opportunities

With the completion of the purchase of the IBM PLM sales and client support operations, Dassault is adding hundreds of Big Blue specialists as employees responsible for helping the vendor make further inroads into major accounts.

One of these accounts is Panasonic, which has selected CATIA to reduce development time for its kitchen appliances with the help of the IBM PLM team. The 2009 win of Panasonic is indicative of the sales traction that Dassault is going to experience in the coming year.

At the product level, Dassault is expected to start offering simplified digital manufacturing solutions for the SMB market. Another initiative is the marketing of its 3DVIA Shopper applications to customers in the CPG industry, allowing them to capture consumer response to packaging and in store merchandising. Hence the acquisition of Exalead would help improve the customer experience by tailoring the right product information to consumers through simple and accurate search.

Risks

Since 1997 Dassault has spent more than $2 billion on its many acquisitions to build out its design and PLM operations and now is the time for its customers and partners to figure out how best to optimize these products, which remain fairly distinct from one to another.

The question is whether Dassault's expanded product portfolio will continue to prevail without the inclusion of tight integration. For customers in the CPG vertical that are under pressure to standardize their end-to-end processes for design to sourcing and order management for new product introduction, the value proposition of Dassault will become a contentious issue.

Ecosystem

Dassault primarily sells direct and it also works with a large number of channel partners. For example, Solidworks alone has a VAR network of 498 resellers as well as 800 solution partners.

Recently it has expanded its channel by adding DASBAT, an Abu Dhabi-based company, to become its VAR in the Middle East. Additionally it has signed a deal with i-generator, which specializes in brand creation for global footwear brands. i-generator and Dassault will work together to design and deliver ENOVIA solutions to global footwear manufacturers and their supply chains to help them reduce cost and streamline their product development processes.

Shares

With a 1.7% share in the CPG vertical, Dassault's ability to gain share is above average because of its recent acquisition of the IBM PLM business.

On the upside, the addition of the IBM sales and customer-support operations could mean a significant increase in PLM license revenues in 2010.

On the downside, the migration of its 2D customers to its 3D products will be a closely watch indicator of its progress to reshape the design and PLM market, perhaps helping define whether Dassault can set the agenda as a catalyst or merely an acquisitive vendor known for buying up applications assets and leaving them disconnected.

Infor

Alpharetta, GA

www.infor.com

Overview:

With a firm handle on the back-to-front office operations of thousands of consumer products companies, Infor has become more entrenched within these customers by adding new and acquired products to meet their end-to-end automation needs. Typical customers are small to midsized consumer and packaged goods companies.

Applications Revenues In CPG:

	2008	2009
$(M)	85	76

2009 Applications Revenues In CPG By Region:

Region	2009($M)	% of total
Americas	38	50%
EMEA	30.4	40%
Asia Pacific	7.6	10%

2009 Applications Revenues In CPG By Company Size:

Size	2009($M)	% of total
XL(5K ees and above)	15.2	20%
Large(1K-5K ees)	38	50%
SMB(1K ees and below)	22.8	30%

2009 Applications Revenues In CPG By Revenue Type:

Type	2009($M)	% of total
License	20.1	26%
Maintenance	55.8	74%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Above average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 1.5% share in the CPG vertical, Infor's ability to maintain and win share in the market segment in 2010	Average

Full overview:

After years of acquisitions, Infor has become one of the major ERP applications vendors for a cross-section of the process industry especially among companies involved in making food and beverage products for consumers around the world.

With acquired ERP brands like Adage, Extensity, Geac, Mapics, Marcam, SSA Global, Systems Union, and System 21, Infor has inherited a large installed base of manufacturing customers including many in the consumer goods area. Its 2005 purchase of Formation Systems with its Optiva applications reinforced Infor's lineup in product lifecycle management. In 2009 it offered Optiva interface to connect with its Supply Chain Management Advanced Planning module to allow process manufacturers improve their plant management and strategic planning capabilities.

Because of its domain expertise in enterprise asset management and supply chain management, Infor has also succeeded in selling these applications to some of the largest breweries, dairy product and poultry companies in the world. Examples include Cargill Value Added Meats, InBev and Dean Foods.

Key Applications For CPG Vertical:

Infor ERP, Infor PLM Optiva, Infor SCM Transportation Planning, Infor SCM Transportation Management, Infor SCM Advanced Planning, Infor SCM Transportation Management Shiplogix, Infor SCM Network Design, Infor Enterprise Asset Management, Infor Workforce Management, Infor Warehouse Management

SCORES Analysis

Strengths

Despite the downturn, Infor has managed to perform well in many parts of the CPG vertical because of its domain expertise in mission-critical areas from product lifecycle management to new product introduction and development. Infor's extensive product portfolio has been instrumental in helping food and beverage companies manage what used to be disparate business processes and integrating them into well-orchestrated procedures and workflows without custom coding.

Infor has continued to ensure delivery of innovative applications for the vertical. In 2009 it introduced an enhanced version of Infor PLM Runtime for apparel and footwear companies. The new release offers integration into popular tools like Microsoft Outlook. Infor has also deepened its relationship with Microsoft by porting its applications for asset management, expense management and ERP to run on Windows Azure, the Microsoft cloud-based environment.

Because of its product lineage, Infor has continued to do well with its supply chain management and product lifecycle management applications for process manufacturers in Europe where it has built a critical mass of customers in food and beverage industry.

One reason for its product appeal stems from its differentiating process industry capabilities such as multi-site planning and optimization with capable to promise, scenario and shelf-life planning, push-pull planning, recipe and blend optimization. In addition, it can help process manufacturers automate and improve processes such as tanks, vessels, flow scheduling, routing constraints, by-products, maturation and degradation and shelf life scheduling.

Customers

With more than 2,300 customers in the vertical, Infor has amassed a large installed base of big and mid-sized consumer products companies.

In 2009 its reference wins included AB World Foods , Beverage Plastics, Dimensions Clothing Ltd., Planet Filters, SABMiller, and Taylors of Harrogate.

Other reference customers include Basic American Foods, Cadbury Schweppes, Campina Innovation, Dean Foods, InBev, Molson, Organic Valley Family of Farms, and Wayne Farms.

Opportunities

Much of its growth in the food and beverage industry will center around its installed base in North America and Europe where its Adage and System 21 applications, respectively, have received widespread adoptions at the headquarters or subsidiaries of major breweries and process manufacturing companies.

Risks

As Infor is jumping onto the cloud-computing bandwagon, it has developed the Infor ION interoperability and management services to ensure safe transfer of data between its customers' Infor on-premise applications and third party applications over the cloud.

However the transition for some of its long-time ERP and PLM customers in the CPG vertical will be gradual because many of them are already using fairly stable solutions running on iSeries platform. It is not clear whether the cloud-based solutions from Infor offer significant cost advantages over their existing environment.

Another issue is whether Infor plans to make substantial changes to its product roadmap by delivering new features as cloud-based services first to its customers who may have to make considerable upgrades to their existing environment in order to take advantage of any of these enhancements.

Ecosystem

Infor primarily sells direct to customers in the CPG vertical. It also works with resellers and partners in certain regions.

Shares

With a 1.5% share in the CPG vertical, Infor's ability to gain share is average because of its steady recurring revenues from its large installed base of consumer products customers.

On the upside, Infor appears to be regaining its sales momentum among some of its biggest CPG customers who are increasingly confident about the vendor's product strategy and its industry commitment with sustainable development efforts.

On the downside, Infor is aiming to establish a new identity through its evolving cloud-based strategy, which may not be adequate in addressing the domain-specific requirements of some of its CPG customers.

Lawson

St Paul, MN

www.lawson.com

Overview:

Over the past few years, Lawson has been making steady progress selling into a growing list of customers in the CPG vertical by leveraging the manufacturing expertise of its acquired assets and continuous development efforts. Typical customers include food and beverage and apparel companies in Europe and Asia Pacific.

Applications Revenues In CPG:

	2008	2009
$(M)	50	52

2009 Applications Revenues In CPG By Region:

Region	2009($M)	% of total
Americas	5.2	10%
EMEA	33.8	65%
Asia Pacific	13	25%

2009 Applications Revenues In CPG By Company Size:

Size	2009($M)	% of total
XL(5K ees and above)	7.8	15%
Large(1K-5K ees)	28.6	55%
SMB(1K ees and below)	15.6	30%

2009 Applications Revenues In CPG By Revenue Type:

Type	2009($M)	% of total
License	17.3	33%
Maintenance	34.6	67%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 1% share in the CPG vertical, Lawson's ability to maintain and win share in the market segment in 2010	Average

Full overview:

After acquiring Intentia in 2005, Lawson has been making a concerted effort to improve its products and overall standing in the CPG vertical with growing reference wins among food and beverage and fashion companies.

The vendor has also delivered continuous enhancements to its ERP applications as well as implementation methodologies to ensure increased utilization and rapid deployment.

The entrenched presence among its CPG customers comes at a time as Lawson is sharpening its focus on strategic verticals with food and beverage and fashion playing a prominent role in its product development, channel expansion and go-to-market strategies.

Key Applications For CPG Vertical:

Lawson M3 for fashion and food and beverage companies, Lawson QuickStep for Food & Beverage, Lawson QuickStep for Fashion

SCORES Analysis

Strengths

Lawson entered the CPG vertical in 2005 when it bought Intentia, whose flexible and scalable manufacturing solution laid the groundwork for the vendor to address the globalization requirements of consumer goods companies.

Since then Lawson has been making easy integration, quick deployment and industry-specific functionality its key differentiators in the CPG vertical.

After years of product enhancements and channel expansion activities, Lawson has reached major milestones. Last year it introduced the latest version of Lawson QuickStep Fashion designed for fast implementation and quick return on investment for fashion companies. The release supports more than 70 percent of the core business processes of both fashion sourcing companies and manufacturers. The processes include product creation and data management, planning, sourcing, customer order management, raw material purchasing, manufacturing, supply chain management, warehouse management, product costing and integrated financial management.

Already some of its fashion customers have been using the QuickStep methodology to compress the implementation into a matter of months even for those that have complex business process requirements, compared with years of deployment in the past.

Last year also saw an updated release of Lawson Fashion PLM, which offers a standard interface that connects directly with the Lawson M3 Enterprise Management system. This facilitates the transfer of styles created in Lawson Fashion PLM into the Lawson M3 Enterprise Management system for sourcing and production. The new PLM release offers enhancements to Storyboard, Line Optimizer, Product Manager, Fabric & Trim, and Source modules, replicating actions needed to complete these processes with helpful tools like select-all features.

More recently Lawson started delivering Lawson for Fashion that has been built on its M3 platform, which in turn preconfigures such tasks as analytics and reporting with KPIs and scorecards specific to the fashion industry as standard features. Lawson Fashion PLM and Assortment Replenishment Planner are also a part of Lawson for Fashion.

Such enhancements underscore Lawson’s commitment to the vertical by making its applications easy to use and deploy without compromising on quality and hard to replicate domain expertise.

In 2010 Lawson made another strategic move by launching Cloud Services portfolio in collaboration with Amazon to deliver a full array of ERP and HR applications that will be hosted using the Amazon Elastic Compute Cloud (Amazon EC2) infrastructure.

The program, which could well become its signature differentiator over legacy systems from competitors, is expected to help accelerate Lawson’s push into untapped markets within the CPG vertical by going after customers that previously might not have considered Lawson on-premise systems before. Now these agile enterprises are eager to embrace Cloud Applications Platform from vendors such as Lawson to help them automate business processes and grow globally.

Customers

With more than 800 customers in the vertical, Lawson has continued to expand its presence among its stronghold in fashion and food and beverage manufacturing companies. Currently Lawson has 350 customers in the fashion industry and the rest in food and beverage.

In 2009 its reference wins included Alternative Apparel, Anzco, Brandix, FGX International, GWA International Ltd., Idahoan Foods, J. Barbour & Son, J.R. Simplot Co., Lafayette 148, LOGO Groupe, Madura Garments, Nutreco, Pork Farms, Propper, Reynolds Catering Supplies Ltd., TAL Apparel Ltd., and Watkins Inc.

Opportunities

Lawson has started gaining traction with its strategic human capital management applications selling them to its manufacturing customers especially those that have large numbers of employees. Food companies such as JR Simplot and Patties Foods have been using different HCM applications from Lawson to boost the hiring and retention of their employees through better erecruiting, training and eLearning support capabilities.

Risks

After a slow start, Lawson has begun to yield the incremental benefits of the Intentia product line and its contribution to key verticals like CPG. The question is whether that its heavy investment in healthcare through the purchase of Healthvision will siphon the resources allocated for CPG.

Additionally its recent restructuring by eliminating 4% of its workforce could result in increased pressure on its CPG stronghold within its European operations, which will take longer to recover because of macro economic conditions.

In any case, Lawson may have to further trim its direct sales and professional services organization for its other verticals to better support its CPG strategy, while driving more SMB transactions through its channel in order to generate the volume needed to boost its presence among consumer goods companies without sacrificing margins.

Ecosystem

Lawson sells direct to its customers in the CPG vertical, but it also works with partners for implementations and indirect sales in certain regions. In the food and fashion industry, one of its biggest partners is IBM. Over the past year Lawson has continued to expand its ecosystem by teaming up with new partners including BnV, Conigent Elvenite AB, Meridion AB, and Merit Consulting U.K.

Its partners specializing in the fashion industry include Athentis Consulting Ltd., Datasys, ETP, and Lely Consulting GmbH. Its partners involved in food and beverage industry include Athentis Consulting Ltd., BEC (Systems Integration) Ltd., Datasys, ETP, Lely Consulting GmbH, OR-NEXT and Sigma.

Shares

With a 1% share in the CPG vertical, Lawson’s ability to gain share is average because of the sluggish pace of recovery in Western Europe where it derives most of its revenues from consumer goods companies.

On the upside, the launch of new releases like Lawson for Fashion will spur upgrade and cross-selling activities.

On the downside, with a fairly small base of CPG customers, Lawson’s ability to boost share is limited without making changes to its go-to-market strategies in order to drive volume.

JDA

Scottsdale, AZ

www.jda.com

Overview:

After making its name in the retail space, JDA has expanded its presence in the CPG vertical by adding industry-specific applications and complementary solutions. Typical customers include some of the biggest consumer goods companies and food and beverage manufacturers.

Applications Revenues In CPG:

	2008	2009
$(M)	48	50

2009 Applications Revenues In CPG By Region:

Region	2009($M)	% of total
Americas	35	70%
EMEA	10	20%
Asia Pacific	5	10%

2009 Applications Revenues In CPG By Company Size:

Size	2009($M)	% of total
XL(5K ees and above)	20	40%
Large(1K-5K ees)	25	50%
SMB(1K ees and below)	5	10%

2009 Applications Revenues In CPG By Revenue Type:

Type	2009($M)	% of total
License	16.6	33%
Maintenance	33.3	67%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 1% share in the CPG vertical, JDA's ability to maintain and win share in the market segment in 2010	Above average

Full overview:

With an extensive applications portfolio, JDA has positioned itself as the key enabler of next-generation supply chain management capable of addressing complex manufacturing requirements of some of the biggest consumer goods companies in the world.

In early 2010 it acquired i2 Technologies, which also served many consumer goods companies with a full array of supply chain management applications. JDA has indicated that both product lines will coexist for a long time and whenever it makes sense they will converge in order to meet long-term requirements of its customers.

Key Applications For CPG Vertical:

JDA Demand Management, JDA Production Planning and Scheduling, JDA Replenishment and Fulfillment Management, JDA Trade Promotion Management, Supply Chain Management, JDA Category Management, JDA Transportation Management, i2 Transportation Management, JDA Cargo Revenue Optimizer, JDA Integrated Fleet Management

SCORES Analysis

Strengths

Because of JDA's ability to address both the supply and demand chain management aspects of a consumer goods manufacturer, it can offer full visibility into how the market responds to dynamic pricing as well as different promotional and shelf assortment strategies.

In addition its strengths in supply chain management, especially in areas such as inventory and transportation management, and fulfillment planning have helped manufacturers manage consumer demand with predictable outcome.

JDA's product footprint has been further boosted by the addition of the i2 logistics and transportation management applications that have been widely deployed at giant consumer companies such as Procter and Gamble and Kimberly Clark.

What it boils down to is JDA's growing ability to transform the operations of its customers, helping them bolster their competitiveness in the face of shifting market demands and rising costs even as the economic recovery is tentative at best.

Customers

With more than 1,700 customers in the vertical, JDA has continued to expand its presence among consumer goods companies.

In 2009 its reference wins included Bugaboo, Dr Pepper Snapple Group, Nestlé Philippines, Inc., Oliviers & Co., Parle Products Pvt Ltd., Revlon Consumer Products Corporation, and SABMiller Latin America.

Opportunities

JDA is expected to boost its presence among consumer goods companies in China. Last year it started launching a local support and service center in Shanghai with solution experts in both retail and supply chain management that will offer workshops on global best practices and other domain-specific topics to retailers and consumer goods companies in the country.

Risks

Following the acquisition of i2, JDA has assembled an impressive collection of supply chain management applications and a trove of customer lists to further exploit. The question is whether the size of its product portfolio will lead to greater reusability of the underlying technologies to create more intuitive and differentiated offerings. While that may not be apparent for at least a few years after combining and rationalizing the rich R&D resources of the two firms, the CPG vertical has started shifting to a more consumer-driven supply chain, a trend made evident by the pervasive social media tools and mobile devices that increasingly need to be incorporated into the demand planning process.

The challenge is for JDA to align its traditional strengths in supply chain management with the changing requirements of its consumer goods customers in order to better prepare them to meet the seismic shifts in the marketplace.

In the long run, JDA may have to mix and match its retail and supply chain applications to come up with a new set of solutions designed specifically for consumer goods companies that are selling directly through multi-channel programs so they can simultaneously address the demand management and supply chain requirements.

Ecosystem

JDA primarily sells direct to its retail customers, but it also uses more than a dozen value-added resellers to target customers of less than $100 million in sales. They include ABU ISSR Supply Chain Solutions, DBO Services, e-Future Information Tech, EXT C&T, Genietech, ICE Consulting, Logis, MCC Solutions, NRI, NS Solutions, ROCE Partners, RPE, Safezone, SDLVO Ltd., Sims, Smollan Group, Solteq, Soltius, Strategix, Symetrix Solutions, TruEconomy Consulting, UCS Solutions, and Wincor Nixdorf.

On the implementation side, JDA works closely with systems integrators such as Accenture, Cap Gemini, IBM, TCS, and Wipro.

In addition, JDA has been working with partners such as GXS to better leverage demand signals – especially at the messaging level - between retailers and their suppliers as they become more collaborative in nature.

Shares

With a 1% share in the CPG vertical, JDA’s ability to gain share is above average because of the addition of the recurring revenue stream from i2 customers that target different consumer goods segments.

On the upside, the addition of i2’s installed base will boost JDA’s cross-selling and upselling opportunities.

On the downside, a lack of customer-centric strategy in helping CPG companies manage an onslaught of customer data could prevent JDA from extending its supply chain expertise to increased visibility into consumer preferences through demand-side predictive analytics.

PTC

Needham, MA

www.ptc.com

Overview:

Founded in 1985 as a computer aided design applications vendor, PTC has evolved to become one of the largest applications providers to the CPG vertical through product enhancements, acquisitions and ecosystem alliances. Typical customers include global footwear and apparel companies and consumer goods makers.

Applications Revenues In CPG:

	2008	2009
$(M)	50	43

2009 Applications Revenues In CPG By Region:

Region	2009($M)	% of total
Americas	16.77	39%
EMEA	16.77	39%
Asia Pacific	9.46	22%

2009 Applications Revenues In CPG By Company Size:

Size	2009($M)	% of total
XL(5K ees and above)	12.9	30%
Large(1K-5K ees)	17.2	40%
SMB(1K ees and below)	12.9	30%

2009 Applications Revenues In CPG By Revenue Type:

Type	2009($M)	% of total
License	13.76	32%
Maintenance	29.24	68%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Above average
Opportunities	Market opportunities at the vertical and subvertical levels	Above average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 1.4% share in the CPG vertical, PTC's ability to maintain and win share in the market segment in 2010	Above average

Full overview:

As PTC takes on new market opportunities with its design and product lifecycle management applications, the vendor is capitalizing on its ties with new and existing customers and capturing sales in fast-growing countries through extensive channel development activities.

PTC has been making its presence felt in the CPG vertical through a number of acquisitions and product extensions. In 2005 it acquired Aptavis Technology Corp. for its expertise in retail, footwear and apparel industries.

Along with other acquisitions like OHIO Design Automation for EDA visualization, Arbortext for enterprise publishing, CoCreate for product lifecycle management, Itedo for technical illustration, and Mathsoft for engineering calculation and design, PTC has firmly established itself in the design and PLM applications market for more than 50,000 customers including some of the biggest names in the consumer goods industry.

Key Applications For CPG Vertical:

PTC FlexPLM, PTC Windchill, InSight, Pro/ENGINEER

SCORES Analysis

Strengths

With its rich heritage in computer-aided design and manufacturing, PTC has garnered a loyal base of customers that have been relying on its design, engineering and PLM applications to support their complex operations requirements from global product development to fast fashion.

Already PTC has assembled a comprehensive portfolio of applications for concept development, line planning and design to address rapidly changing market conditions. In addition it honed in on its green message by touting the benefits of material development and testing, packaging and labeling, supplier management and final testing during the product development cycle.

PTC has also benefited from its alliance with Microsoft to offer seamless integration between its Windchill applications and popular tools like the Microsoft SharePoint. Recently it introduced Windchill Web Parts for SharePoint 2010, which provides a single, consolidated view of product information by enabling SharePoint users to easily view, search, and edit Windchill data together with content from ERP, finance and other enterprise applications.

Then there are hundreds of resellers that enable PTC to expand different market segments especially among small and midsized customers. Its channel now represents about a quarter of its revenues and despite a drop of indirect sales in 2009 because of the recession PTC is expected to rely even more heavily on its resellers to capture new opportunities in emerging markets.

Customers

With more than 1,000 customers in the vertical, PTC has been adding net new accounts and expanding presence among existing consumer goods and apparel customers. It also sells into retailers involved in developing private-label merchandise.

Its reference wins in 2009 included Brown Shoe, Deuce Snowboards, Hamilton Sundstrand, Inditex Group, and Li Ning.

Li Ning, the sporting goods juggernaut in China, is a good example of how PTC is leveraging its PLM expertise to move into new markets. Li Ning, which has almost doubled its sales to $1.2 billion since 2007, will standardize on PTC FlexPLM as its collaborative product lifecycle management applications to replace manual processes for line planning, product design, specification development, material development, sample management, calendar management, and other operational systems that have become incapable of supporting its explosive growth.

Opportunities

Following its acquisitions of Synapsis Technology and Planet Metrics, Inc., PTC has begun to roll out its sustainability strategy. One of the newest products is InSight Product Analytics, which is designed to help manufacturers analyze carbon and other environmental issues during product development and manufacturing. The product from Planet Metrics will help manufacturers and retailers to model, analyze and optimize carbon emissions and energy use throughout the entire value chain, from concept to end-of-life.

PTC has also gained momentum in the private-label business among retailers such as Target that have beefed up development of their own private and proprietary products from food items to toys.

Risks

Having experienced a drop in license sales in fiscal 2009 because of the recession, PTC is beginning to regain its momentum with a number of major deals signed in 2010. These so-called domino accounts could result in multi-million dollars of license and service sales, which could skew the makeup of its future revenues in favor of certain verticals such as automotive.

In order to mitigate the volatility, PTC has made inroads into CPG companies and retailers that are using its applications to develop consumer staples and white-label goods. The issue is whether PTC is willing to position the CPG vertical as a core pillar to establish more dependable recurring revenues and to reduce its exposure to unnecessary risks.

Ecosystem

In addition to its direct sales force, PTC maintains an extensive network of resellers around the world, including system integrators and major reseller partners in fast-growing regions.

For example, it signed an enterprise alliance agreement with NEC, which will resell PTC PLM solutions to Japanese owned companies worldwide. It also signed a deal with Atos Origin, a large systems integrator.

Other new partners include TriStar, EAC, NxRev, 3HTI and BRT Solutions in North America for its CoCreate applications. Its new CoCreate resellers in Europe include Econocap OY, IPM Solutions, Ltd., S&T Unitis Hungary Ltd., and SCIROTEC GmbH. And in Southeast Asia, it added RevTech as a reseller for CoCreate.

Shares

With a 1% share in the CPG vertical, PTC's ability to gain share is above average as it begins to rebound nicely from a fall in license sales largely attributable to the recession in 2009.

On the upside, its extensive reseller network, fueled by its growing presence in fast-growing markets such as China and Eastern Europe, should help PTC regain its sales momentum.

On the downside, the road to recovery for PTC is a work in progress and a more sustainable recovery may depend on its ability to significantly boost the number of customers in the CPG vertical, or its installed base as a whole, in order to achieve a diverse revenue mix to prevent unexpected shortfall from any part of its business.

Manhattan Associates

Atlanta, GA

www.manh.com

Overview:

Manhattan Associates has become one of the top supply chain management applications vendors with its best-of-breed features for the CPG vertical**.** Typical customers are consumer goods companies that have turned to Manhattan to help them tackle end-to-end supply chain and logistics challenges from planning through execution.

Applications Revenues In CPG:

	2008	2009
$(M)	45	36.8

2009 Applications Revenues In CPG By Region:

Region	2009($M)	% of total
Americas	30.94	84%
EMEA	4.78	13%
Asia Pacific	1.1	3%

2009 Applications Revenues In CPG By Company Size:

Size	2009($M)	% of total
XL(5K ees and above)	18.4	50%
Large(1K-5K ees)	14.72	40%
SMB(1K ees and below)	3.68	10%

2009 Applications Revenues In CPG By Revenue Type:

Type	2009($M)	% of total
License	11.7	32%
Maintenance	25	68%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Below average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 1% share in the CPG vertical, Manhattan's ability to maintain and win share in the market segment in 2010	Average

Full overview:

Founded in 1998, Manhattan Associates has been competing effectively against vendors many times of its size because of its core competency in supply chain planning and execution.

And the vendor has been growing steadily through the years after completing a series of acquisitions between 1998 and 2005 that shored up its product portfolio. For the past five years, Manhattan has been focusing on extending its product functionality to different parts of the CPG vertical as well as other key markets.

The result is that its product strengths in such areas as distribution management, inventory optimization, order fulfillment and logistics have been instrumental in helping Manhattan win a fair share of reference wins in the CPG vertical.

Key Applications For CPG Vertical:

Manhattan SCOPE for supply chain optimization and Manhattan SCALE for logistics

SCORES Analysis

Strengths

With its laser focus on supply chain planning and execution, Manhattan has emerged as the force to be reckoned with on anything that has to do with the process of moving merchandise between suppliers and buyers.

Manhattan has continued to refine the process on behalf of its customers including hundreds in the CPG vertical that need to have full visibility into their supply chain.

Since 2008 Manhattan has added labor scheduling applications to its offerings, while making its products easier to implement and upgrade. It also reaffirmed its commitment to the logistics execution segment through new branding effort.

Additionally Manhattan has taken advantage of its relationship with Microsoft, which considers the vendor its primary apps partner in the supply chain management space.

All these mean that Manhattan, whose revenues have suffered during the recession, is poised to rebound because of its hard-earned reputation in identifying and solving end-to-end supply chain management and execution problems of its customers.

Customers

With more than 400 customers in the vertical, Manhattan has been picking up new and expanded business from a growing number of consumer products companies.

In 2009 its reference wins included American Clubs, American Textile Company, Fasteners for Retail, Fruit Of The Loom, Guess, Homedics, J.J. Taylor, Nestlé Nespresso, New Balance Athletic Shoe, Sara Lee, Southern Wine & Spirits Of America, Sturm Foods, Sulyn Industries, Vie Cosmetics Group, Wakefern Food Corp., and Yarrows Family Bakers.

Opportunities

At its recent user conference, Manhattan focused on its platform messaging by rallying customer support of a standardized supply chain environment in order to deliver incremental benefits. The vendor has also announced additions to its mobile supply chain strategy with its FieldSCOUT applications for expediting inbound and outbound shipment processes using mobile devices.

Risks

In 2009 Manhattan saw its license sales nearly halved to $35 million because of the recession. For the first half of 2010, it quickly rebounded with a three-fold jump to $30 million in license sales. If the trend continues, the vendor is likely to return its 2010 top line to the 2008 level of posting more than $60 million in license sales. Still the rebound is not likely to hit the $73 million figure that it reached in 2007.

The challenge for Manhattan is to reduce such sharp swings through diversification of its recurring revenue stream as well as customer mix by not relying on big retailers and CPG companies. Already the vendor has seen increased transactions with midmarket customers in the second quarter of 2010. Its future may well depend on its ability to expand its midmarket base while starting to build its on-demand subscription revenues to mitigate the volatility.

Ecosystem

Manhattan primarily sells direct to customers in the CPG vertical. Its primary systems integration partners include Accenture, Deloitte, IBM, Microsoft and Motorola.

It also sells through regional channel partners including BH Solutions, Boda & Partners, CSF Poland, Envista, Integrate Warehouse Management, Korus Consulting, Logcubes, Logistica de Mexico, Nobex, SC Junction, Supply Nexus, and Techsys Latin America.

Shares

With a 1% share in the CPG vertical, Manhattan’s ability to gain share is average as its rebound remains a work in progress.

On the upside, its first-half 2010 results suggest that Manhattan's customers are restoring their confidence in the value of revamping their supply chain systems in order to take advantage of the nascent recovery.

On the downside, reducing its dependence on license revenues by developing new forms of recurring revenues may be a tough medicine for Manhattan to swallow, but it may be necessary in order to achieve predictable outcome in good times or bad.

RedPrairie

Waukesha, WI

www.redprairie.com

Overview:

With more than 35 years of selling supply chain solutions, RedPrairie has been reinventing itself in order to assert greater control over its key verticals including CPG. Typical customers include some of the biggest consumer products companies.

Applications Revenues In CPG:

	2008	2009
$(M)	35	32

2009 Applications Revenues In CPG By Region:

Region	2009($M)	% of total
Americas	21.76	68%
EMEA	8.96	28%
Asia Pacific	1.28	4%

2009 Applications Revenues In CPG By Company Size:

Size	2009($M)	% of total
XL(5K ees and above)	17.6	55%
Large(1K-5K ees)	11.2	35%
SMB(1K ees and below)	3.2	10%

2009 Applications Revenues In CPG By Revenue Type:

Type	2009($M)	% of total
License	12	37.5%
Maintenance	20	62.5%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Below average
Opportunities	Market opportunities at the vertical and subvertical levels	Above average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 1% share in the CPG vertical, RedPrairie's ability to maintain and win share in the market segment in 2010	Average

Full overview:

After a series of ownership changes, RedPrairie has been refining its strategy in the CPG vertical through acquisitions and product extensions.

The latest change took place in March 2010 when it was acquired by New Mountain Capital, a private equity firm, following the decision of its former owner Francisco Partners, another private equity firm, not to take it public. Before RedPrairie was purchased by Francisco Partners in 2005, it had already gone through a number of ownership changes since its founding in 1975 as McHugh Freeman & Associates, a supply chain management software vendor.

The investment from Francisco Partners paved way for RedPrairie to make a series of acquisitions including BlueCube for workforce management, StorePerform Technologies for store execution management, and GEOCOM for fleet management.

In May 2010 it RedPrairie acquired SmartTurn, an on-demand warehouse management applications vendor that has 300 customers in distribution, logistics and consumer goods verticals.

Key Applications For CPG Vertical:

RedPrairie Warehouse Management, Duty Management, Transportation Management, Workforce Management, Fleet Management

SCORES Analysis

Strengths

With its strengths in supply chain execution and warehouse management, RedPrairie has been helping major consumer-goods companies better manage their transportation and inventory management functions around the world.

Last year, it introduced new capabilities to its Warehouse Management solution by integrating Asset Management functionality found in its Mobile Resource Management application. The enhanced solution provides Web visibility for serialized assets, and enhanced integration of RFID yard transactions.

One of RedPrairie's key differentiators lies in its Duty Management offering, which allows breweries especially those in Europe, to delay payment of all Customs duties and Value Added Tax until the latest possible time. In addition these beverage makers can leverage the integration between the vendor's Duty Management and Warehouse Management applications to establish greater stock control.

Customers

With more than 300 customers in the vertical, RedPrairie has made inroads into some of the biggest consumer goods companies in the world.

In 2009 its reference wins included Adnams, Bradshaw International, Cabot Creamery, Houston Bottling and Co-pack, Sargento Foods, and Shearer's Foods.

Its other reference customers include Briggs & Stratton, Gold Toe Brands, Kimberly-Clark, Lifetime Brands, Panasonic, Proctor and Gamble, Quantum Foods, Stanley Tools, Unilever and Wasserstrom.

Opportunities

RedPrairie is positioning itself as a major on-demand applications provider through acquisitions and partnerships. Its purchase of SmartTurn is expected to help expand its presence in the midmarket with on-demand warehouse applications. The same applies to its recent alliance with NetSuite, an on-demand ERP vendor, to offer pre-integrated application modules by taking advantage of NetSuite's SuiteCloud platform.

Risks

After years of being acquired and deleveraged by its numerous owners, RedPrairie may have to establish a clear direction on how best to optimize its acquired assets, while developing a distinct identity on how to capitalize on the prevailing trends from on-demand supply chain management to direct-store delivery for a new breed of consumer goods companies and retailers.

Ecosystem

RedPrairie primarily sells direct to customers in the CPG vertical. It also works with a number of regional reseller partners including Alfaland Sistemas Consultoría y Soluciones Logísticas, Beta 80 Group, Cycle d.o.o., ESP Holding A.S., Euro Bit SA, Grupo Alfaland Soluções Integrais de Logística, Hit-Kody Kreskowe, MSP Bilisim Danismanlik Ltd., Netlogistik, and ZAO Avant-Garde Communications.

Shares

With a 1% share in the CPG vertical, RedPrairie's ability to gain share is average as its on-demand business gathers momentum to deliver moderate growth.

On the upside, the new ownership appears to usher in a new era for RedPrairie as it girds for considerable expansion through additional acquisitions.

On the downside, RedPrairie may have to develop a more coherent cross-selling and upselling strategy in order to optimize the synergy of its acquired assets.