



Enterprise Order Management

An IHL Retail Executive Advisory Program Research Study

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Background of this research

IHL has been advising the retail community (vendors and retailers alike) since 1996 in retail information technology evolution and strategy. Initially our focus was on point of sale software, hardware and in store technology. But over the years our focus has grown to cover all of retail information technology including commerce solutions, ERP, merchandising/supply chain, sales and marketing and business intelligence.

Over the years we've amassed a tremendous amount of primary- and secondary-source data through first hand consulting experience in this pursuit. From this ever-growing knowledgebase, offerings like the Sophia Data Service, The WorldView IT Sizing Forecast Model as well as custom research projects have been developed and successfully launched. The IHL Insight Market View series builds upon all this knowledge and adds analyst insight to graphically display vendor positioning, drive for innovation and projected growth.

The goal of this report, as well as the IHL Retail Executive Advisory Program (REAP), is to provide the retail community with the most detailed and complete picture imaginable of the retail technology landscape. We do this to assist retailers in vendor selection and to help the industry understand the trends, drivers and barriers that are fundamentally transforming our industry. It is our intent that this body of research continue to grow in depth and influence over the coming years. Undoubtedly, changes will be made and vendor positions will change. Some vendors will bring innovative solutions to the industry and will see their clients flourish and experience new heights of their own success. Their positions on the various IHL Market View Insight charts will improve. Likewise, others, maybe many others, will miss the transformation happening all around them and stumble and fall. Their newfound position in the industry will be documented on the charts.

Retailers are encouraged to use these charts in discussions with their vendor partners. It is our intent that they provide unique insights into vendor strategy and provide thought-provoking questions as we all move through and prosper in the Era of Intentional Innovation.

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Market Definition & Sizing



Key Definitions

- **Regions Included – 4 Each**
 - North America – Abbreviated “NA”, it consists of the USA and Canada only
 - Europe, Middle East & Africa – “EMEA”
 - Asia/Pacific – “APAC”
 - Latin / South America – “LATAM”

- **Segments – 8 Each**
 - **Food / Grocery** – Stores that sell food and grocery items, regardless of store size.
 - **Drug Stores** – Stores that sell personal care and medicinal goods.
 - **Hypermarket** – This is a broad segment that varies by country. In many, it includes a full service Food store as well as products typically included at Discounters under one roof. In other countries, stores can range anywhere from a Superstore format (think Walmart Supercenter) to a full-line Department Store combined with a full-line Grocery store.
 - **Mass Merchants** – Like a hypermarket format, only carrying non-food items or limited food items and using a front-end checkout. Also includes Discounters / Dollar Stores.
 - **Department Stores** – Traditionally larger format stores, upscale in products and including hard and soft goods with department style checkout.
 - **Specialty Retailers** – Stores that focus on particular product line niches. Includes apparel, news, shoes, and DIY type stores. In NA this is further divided into Softgoods and Hardgoods.
 - **Convenience / Gas** – Includes gas stations and forecourts.
 - **Hospitality** – Includes Restaurants, Bars, Pubs, Hotels, Sporting Venues, Theatres, etc. In NA this is further divided into TSR, QSR, Lodging, and 2 Entertainment segments.

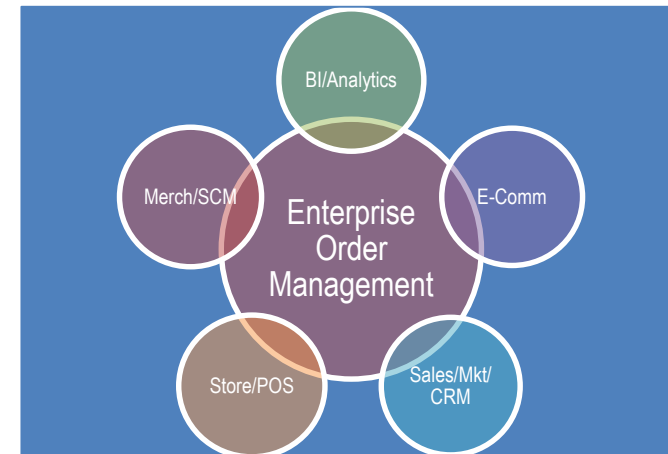
Key Definitions, con't

- **Tier Definitions**
 - Tier I – More than \$1 Billion annually
 - Tier II - \$500 Million - \$1 Billion
 - Tier III – Less than \$500 Million
- **Software Infrastructure**
 - Software – This represents the traditional view of software as being installed on a user device or on a server in the same location as the user
 - Cloud / SaaS – This represents those situations where the user accesses software that is located on a server that is not in the same location as the user. No regard is given as to whether the software is located at headquarters or a third party
 - Software Maintenance – Tied to software, this is annual maintenance revenue for installed software
 - Software Customization – Changes to base software. Not included here, but in Professional Services calculations

Enterprise Order Management, the foundation of Unified Commerce

One of the most exciting developments that retailers are currently embracing is Unified Commerce. We define Unified Commerce as the holistic technology stack that provides one version of the truth for data pertaining to customers, products, pricing and sourcing, that in turn enables the procurement, sale and delivery of merchandise independent of channel. Those solutions that fit within the Unified Commerce umbrella are showing extremely healthy adoption moving forward across a broad range of retail segments and tiers. In retailer discussions the main reasons given include cost savings and a more seamless data flow (for both the retailer and the consumer).

Our view is that in the next five years, the most successful retailers will embrace the concept of Unified Commerce wholeheartedly. The foundation for a successful Unified Commerce strategy is a highly capable and configurable enterprise order management system (EOM) that is able to look at orders independent of the originating order channel. EOM will be linked with the five key technology pillars consisting of Store/POS, E-Commerce, Sales/Marketing/CRM, Merchandising/SCM and BI/Analytics, resulting in the figure shown to the right. OMS will be the natural extension of key Point-of-Sale (POS) functionality such as enterprise inventory visibility, ordering from other stores, return of online purchases, ship from store, order online from the POS, click and collect, and store to store transfer. The broad functionality required by OMS is extended even further when one considers the additional permutations for ordering and return brought by online and phone/catalog sales.



The challenge that retailers currently face actually rests in their history. When a given retailer launched their first channel (typically bricks and mortar), they established a technology silo that was focused solely on that first channel. In their rush to bring subsequent sales channels on board (catalog, e-commerce, mobile, etc.), they established additional silos rather than attempting an integration with the first silo. The resulting siloed view of products, customers, orders, customer data, etc. was not only expensive to establish and maintain, but it offered little in the way of data integrity cross-silo.

Enterprise Order Management, the foundation of Unified Commerce

This is where Unified Commerce, with a foundation built upon Enterprise Order Management comes, as it acts as an architectural construct to overcome the constraints caused by channel evolution. The payoff is tremendous, and given the very thin IT budgets retailers work with, expect this transition to be much slower than anyone wants, especially the vendor community. Of all discrete industry verticals, Retail is known for spending among the lowest percentage of revenue on IT.

It is our fundamental belief that systems supporting the Unified Commerce vision are the future of the industry. The small and medium business space (SMB) has actually been building upon this viewpoint for the past couple of years. It is one of the few examples you will find where the small retailers have outpaced larger ones. With that said, given the size and complexity differences of the two, the comparison is not apples to apples.

We would not begin to equate the features and functions of packages predominant in SMB with those that service the Enterprise, but the vast majority of the offerings in the SMB space provide some level of rudimentary functionality associated with each of the five key pillars comprising Unified Commerce. We would estimate there are currently in excess of half a million installations in the SMB space of software packages supporting at least four of the five pillars. In the enterprise space there is no such thing, though key vendors in the space are rapidly assembling full technology stacks to address the key elements of needed functionality. Fundamentally, these systems operate with the view of a customer placing an order supported by the systems that enable the procurement, sale and delivery of merchandise independent of channel procured from. While simple conceptually, the execution of such is quite challenging to pull off, especially on an enterprise scale.

Pricing – License Information

We offer three different types of licenses ranging from a single user license to a license that allows for vendors to share the study as part of lead generation activities.

<i>Type of License</i>	<i>Price</i>	<i>Comments</i>
Single User	\$1995 USD	For use by a single user, not to be shared in company
Enterprise	\$2995 USD	Can be used for entire company and presented internally
Distributable	Call	Can be shared externally to Retail clients or used for lead generation activities

For any questions regarding this policy, please contact us at 615-591-2955 or email us at ihl@ihlservices.com



Positioning Map



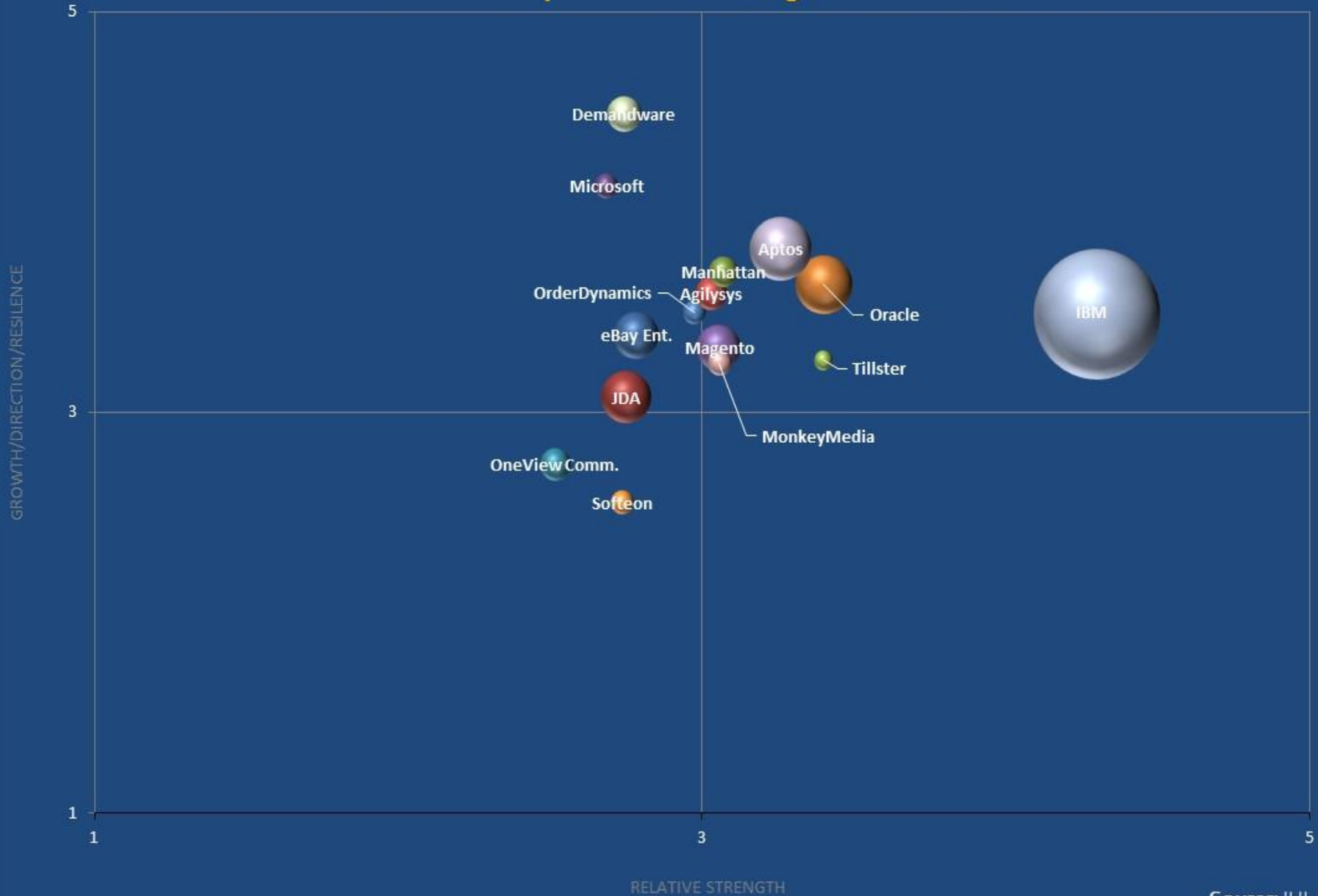
The IHL Insight Market View Positioning Map displays vendors by innovation, market strength, and market share. It is a 3-dimensional view of the market that takes into consideration the scale of the vendors involved and not just their direction. So the reader gets to see size of strength, not just position of strength.

Over 75% of the ratings and positioning come from completely objective measures that leverage our WorldView IT Sizing and Forecasting model and our Sophia data service. Only 25% of the total positioning is from any softer measure, such as review of innovation or customer satisfaction.

Here are the categories that make up each axis.

X – Market Strength	Y – Growth/Direction/Resilience	Z – Market Share
Global Reach	Revenue Growth Trend	Market Share
# Retail/Hospitality Accounts	Customer Satisfaction	
Size of Accounts	Stability/R&D Commitment/Funding	
Innovation	Unified Commerce Coverage (<i>BI, Commerce, Merch/SCM, Sales & Mkt, Store Systems</i>)	
Market Share Growth		

Retail Enterprise Order Management Software

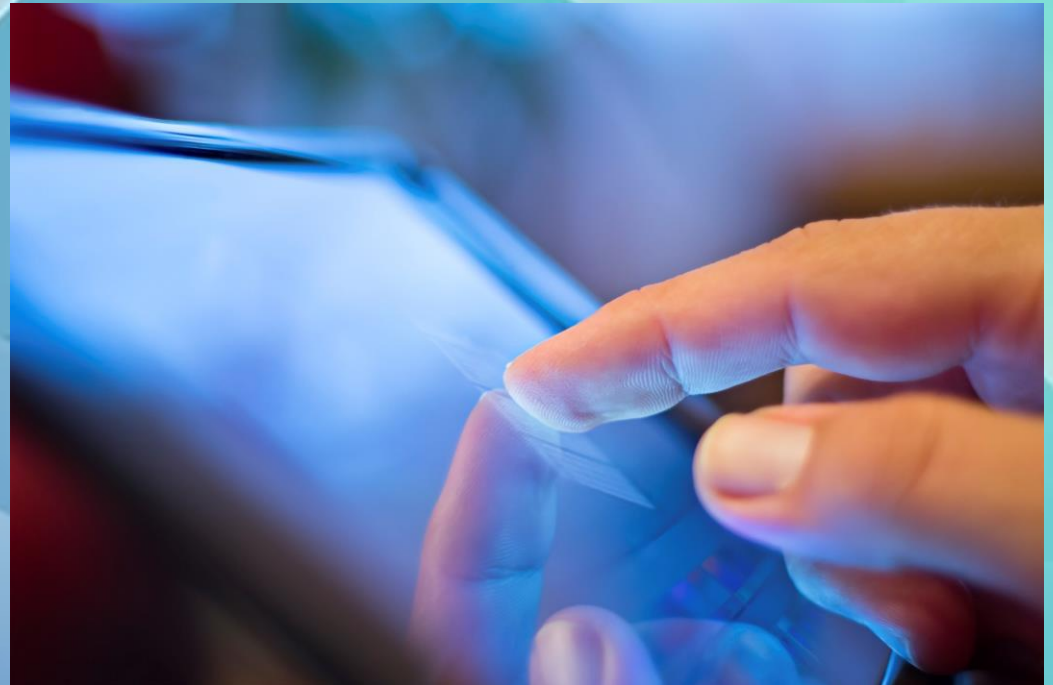


Enterprise Order Management Software - Hospitality



Top 15 Providers by Revenue

Market Size Leaders



TOP ORDER MANAGEMENT PROVIDERS



www.ibm.com

Company Overview

From their beginning, IBM has focused on the intersection of business insight and technological innovation, and its operations and aims have been international in nature. The company creates business value for clients and solves business problems through integrated solutions that leverage information technology and deep knowledge of business processes. IBM's focus on retail transitioned from the lanes in the store to the enterprise in 2012 when they sold their Retail Stores Solutions group to Toshiba. Since then, they have been rounding out their solutions portfolio with an eye towards Commerce, Analytics and Cloud.

Key Events

- Bluebox, June 2015
- Star Analytics, February 2013
- Sells RSS To Toshiba, April 2012
- DemandTec, December 2011
- Coremetrics, June 2010
- Sterling Commerce, May 2010
- Cognos, November 2007

Company Strengths

- Large installed base, WW presence
- IP leader WW, strong R&D
- Strong brand, financials
- Loyal customer base
- Comprehensive solution portfolio

Key Alliances

- Microsoft
- SAP
- Oracle
- JDA
- Cisco
- Cognizant

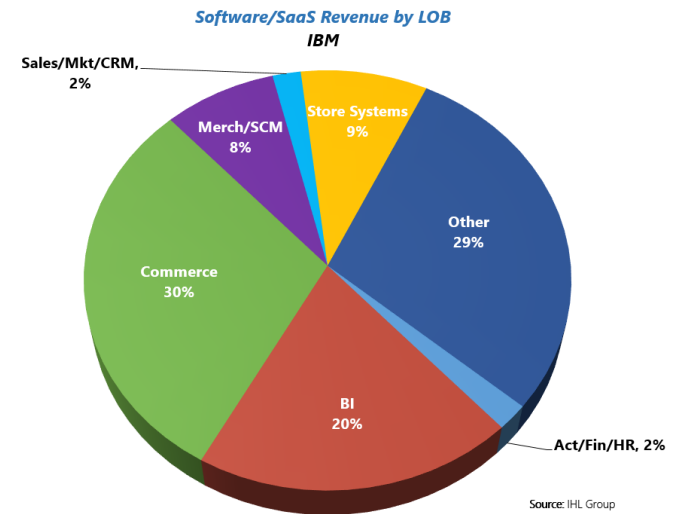
Total Retail Revenue:

\$6.0B

IHL Estimate

\$ by Region	%
N. America	42%
EMEA	33%
APAC	22%
LATAM	3%

\$ by Type	%
Software	20%
SaaS / Cloud	2%
Hardware	7%
Services	71%



Representative Customers

- Advance Auto Parts
- Bed Bath & Beyond
- Canadian Tire
- Best Buy
- Foot Locker
- Gap
- Luxottica
- Office Depot
- Michael's Stores
- Nordstrom
- Safeway
- RONA

Note: Customer information and complementary systems installed are based on public statements or secondary web research. We have attempted to be as broad as possible in the choices that we found. For specific installations, please contact the vendors involved.

Thank You

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