

SSA Global finds Little Known SCM Gems in Filling Out its Solution Portfolio

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Background

The stages of SSA Global's continued success over the past five years are well documented by the media and analyst communities. With *financial year* (FY)2005 revenues of \$712 million (USD), up 12 percent over FY2004, a net income of \$8.9 million (USD), and 3,700 employees in North America, Europe, Asia Pacific, and Latin America, SSA Global's recent performance is considered exemplary relative to the overall software market.

Part of their strategy has been to grow both organically and through acquisition, while developing a complete end-to-end suite of applications with one open platform architecture. Founded in 1981 and headquartered in Chicago, Illinois (US), this traditional *enterprise resource planning* (ERP) vendor has evolved into a software provider with multiple *supply chain management* (SCM) solutions.

SSA Global's original flagship product, Business Planning and Control System (BPCS), was introduced in 1982 and was very successful in the mid-market. After its early years of success, SSA Global went through the typical software vendor ups and downs until 2001, when Michael Greenough became president and *chief executive officer* (CEO) and brought a new "growth through acquisition" mindset to the company.

Their acquisition timeline is as follows.

- 2001 – Acquisition of Max International adds worldwide coverage of industrial ERP to the *small and medium business* (SMB) market.
- 2002 – Infinium Software acquisition deepens financial and *human resources* (HR) functionality for the gaming, healthcare, and hospitality industries.
- 2002 – interBiz™ acquisition provides SCM, financial, and HR product lines.
- 2003 – Elevon is acquired for its e-business and collaborative commerce capabilities.
- 2003 – Ironside acquisition strengthens sell-side and buy-side e-commerce solutions for the manufacturing and distribution markets.
- 2003 – Baan acquisition doubles SSA Global's global size and adds manufacturing strength for the *engineer-to-order* (ETO) and *manufacture-to-order* (MTO) environments, as well as ERP, supply chain, and transportation planning capabilities.
- 2003 – EXE Technologies acquisition extends SSA's *supply chain execution* (SCE) capabilities.
- 2004 – Arzoon acquisition brings SCE infrastructure for multimodal transportation.
- 2004 – Marcam acquisition adds specialized ERP solutions for process manufacturers.
- 2005 – E.piphany acquisition adds *customer relationship management* (CRM) capabilities as a wholly owned subsidiary.

SSA Global's tag line monikers are "Moving Forward Faster" and "Enterprise Resource Doing". They have been practicing what they preach in this regard, committing to a customer-for-life services mantra and a "never sunset" approach to key acquisition software integration. Significant product integration activity has been underway since 2002, and should reach fruition by the end of 2006.

SSA SCM

SSA Global's SCM solution strategy is to develop a comprehensive SCM solution suite with a focus on demand management and SCE. Their SCM line-up of products is as follows.

- **Advanced Planning and Scheduling:** demand planning, inventory planning, supply and replenishment planning, manufacturing planning, and manufacturing scheduling
- **Warehouse Management Systems:** work and task management, labor management, slotting and optimization, value-added services, yard management, third-party logistics (3PL) billing, radio frequency identification (RFID) for distribution, and voice directed distribution
- **Transportation Management Systems:** supply chain design, transportation planning, transportation procurement, route planning, transportation execution, and international trade logistics
- **Supply Chain Event and Performance Management:** sense, measure, respond, act on visibility, *key performance indicators* (KPI), intelligence, and performance metrics

In addition, SSA OnePoint Services provide applications management, consulting, education, solution development, and support for all SCM products.

SSA Global's strongest industry vertical is retail, especially the grocery, high volume retail (with clients like CVS), and automotive and after market service parts segments. It has developed key SCE functionality for these verticals, for example labor management with time and attendance, assignment monitoring, and forecasting. SSA Global also competes well in 3PL and manufacturing verticals with its advanced distribution capabilities, leveraging technologies gained from the EXE acquisition, such as SSA Value for value-added services, and SSA Billing and SSA Optimize for space utilization. Moreover, SSA Global offers key vertical clients participation in *industry advisory boards* (IAB) that are configured by vertical to drive future requirements and to discuss hot issues affecting the industry.

SSA Global's product differentiators include the following.

- An engineered migration path initiative that moves SCM products to a Java 2 Enterprise Edition (J2EE) base with common user interface, workflow, and portal capabilities
- Decision support capabilities for warehouse configuration and labor
- Distribution fulfillment orientation that goes beyond a traditional *warehouse management system* (WMS) with a comprehensive distributed order management module

Other SCM Gems Found During this Growth Period

While the above mentioned acquisitions have garnered most of the attention, SSA Global has quietly recognized the value of some of the lesser known SCM software components that have been gained by acquisition or partnership during this period, including the following examples.

- **Voice-driven WMS picking operations with Vocollect partnership.** As one of the largest resellers of Vocollect's Voice-Directed Distribution solutions and with the integration of the solution with its warehouse management modules, SSA Global has made serious inroads into the grocery sector with its combined WMS and voice software solution. SSA is on its fourth release of voice software, which is fully integrated with its labor processing solution, and boasts more voice installations than any other SCE company. Hannaford Brothers (a major grocery entity in the Northeast), Safeway, and Publix all use SSA's WMS and voice directed distribution solution on Vocollect's voice driven hardware.

- *Supply chain event management (SCEM)* with Vigilance. This gem was part of the Arzoon acquisition, and during the high period of attention to SCEM, Vigilance was considered a potential star with a solution that could span any application platform or multiple operating systems and databases in real time. The software monitors the execution of all key events and processes, and provides for intelligent alerts with closed-loop workflows and actionable event management. Sales of the SCEM software have been brisk, with recent deals with Conagra Foods, Marathon Petroleum, Pfizer, and Hewlett Packard.
- *Yard management software (YMS)* through original equipment manufacturer (OEM) agreement with the C-3 Solutions partnership. In a close and well managed partnership with C-3 Solutions that resulted indirectly from the EXE acquisition, SSA Global provides for YMS capabilities, including real time inventory visibility for trailers and their contents with wireless communication to yard drivers, Web-based self-service appointment scheduling, and automatic schedule change notification and unload scheduling. Safeway is one of the primary users of this joint software solution.
- Trade logistics planning and supply chain network design with SSA Network Design . Used by both Wal-Mart and General Motors, this software assists companies in making better strategic, tactical, and operational plans throughout the supply chain. Supply chain network design, tactical planning, transportation procurement, and transportation and route planning are salient components. These modules complement the SSA Transportation Management suite for multimodal transportation execution.

Assessment

SSA Global completed a successful *initial public offering* (IPO) this year and has posted strong financial results as of late. Existing clients of acquired companies have commented that they see improved account management since SSA Global acquisition. Moreover, the SCM products' international capabilities and SSA Global's global infrastructure positively affect product and risk performance for prospects and the installed base.

Although two WMS products that SSA Global gained through the EXE acquisition, Warehouse 2000 for retail and Warehouse 4000, are difficult to evaluate because most of the current users are running older releases they acquired from EXE and have not upgraded (something the company is working hard to correct), SSA Global consistently scores high in product functionality compared to other SCE vendors. The company's financial risk factor is low to moderate, as SSA Global's market strategy is to sell its WMS applications to both the open market and the extensive SSA ERP customer base, which is very large because of its BPCS and Baan customers. Both BPCS and Baan suites had WMS capabilities, but these are considered rudimentary, single site solutions that have seen little development over the past few years.

SSA Open Architecture 5.1 was launched in May 2005, and SSA Global espouses a commitment to a *service-oriented architecture* (SOA)-based architecture on J2EE technology. SSA Global also used this launch to jump on the *demand driven supply network* (DDSN) band wagon via business process management (BPM), the speed and agility of its forecasting, order management, inventory management, and supply chain products. This was more than just a repositioning of the existing product suites with the various integrations of supply chain extensions that have been developed since 2002.

SSA Global's new releases of WMS and *transportation management system* (TMS) in November 2005 include SSA WM2000 5.5 and SSA WM 4000 3.10, which provide an enhanced user interface, compliance capabilities, and improved warehouse operational capabilities. SSA Transportation Management 6.2 provides increased functionality for supporting heavy international air cargo transactions.

However, despite their success, product integration will remain a big challenge for SSA Global for some time to come. Until full end-to-end SOA capabilities are available, prospective clients have a bevy of products to choose from, but with considerably less confusion and doubt about their various integration points. Nonetheless, unlike Computer Associates or other software vendors that have tried to merge multiple application suites into an end-to-end consolidated solution, SSA Global appears to be investing the time and capital to make it all work properly as a comprehensive suite of ERP software with SCM products that can compete effectively with best-of-breed solutions.