IDC MarketScape

IDC MarketScape: Worldwide Multi-Enterprise Supply Chain Commerce Network 2018 Vendor Assessment

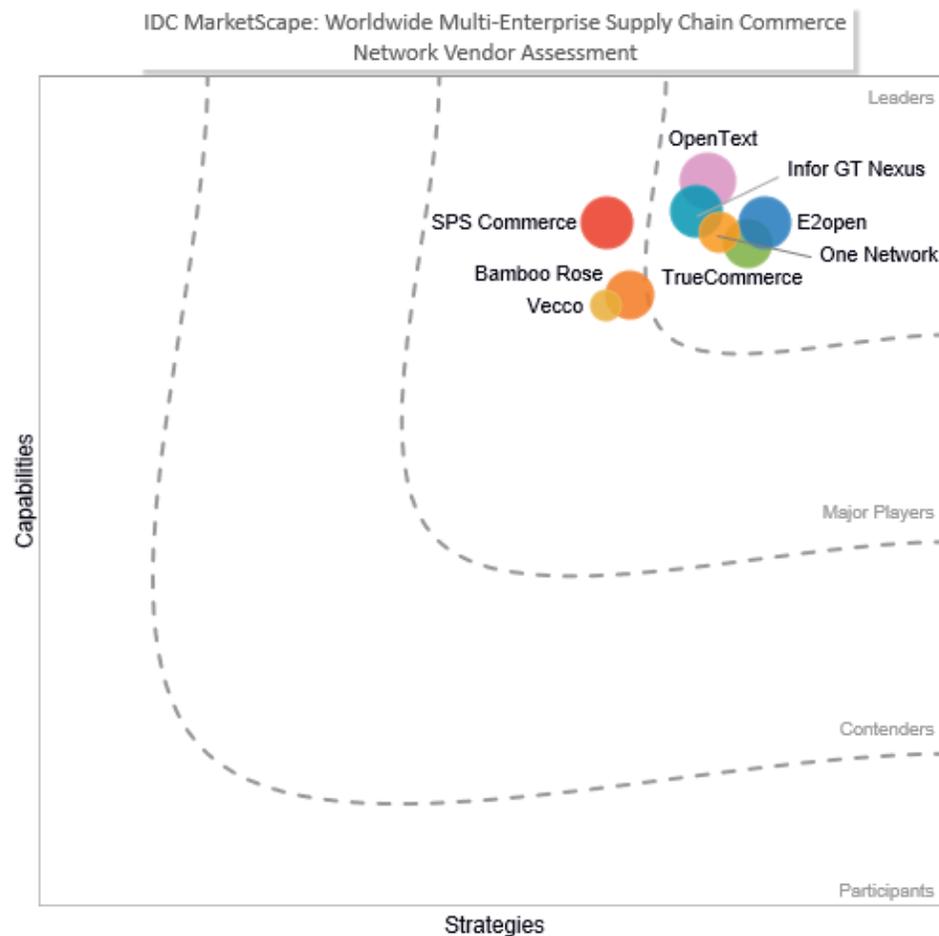Simon Ellis

THIS IDC MARKETSCAPE EXCERPT FEATURES: E2OPEN

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Multi-Enterprise Supply Chain Commerce Network Vendor Assessment

Source: IDC, 2018

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Multi-Enterprise Supply Chain Commerce Network 2018 Vendor Assessment (Doc #US44514117). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

This IDC study represents the vendor assessment model called IDC MarketScape. This research is a quantitative and qualitative assessment of the characteristics that explain a vendor's success in the multi-enterprise supply chain commerce network (MESCCN) space and helps assess current and anticipated performance in the marketplace. The long-term movement of the supply chain to one that is highly outsourced and distributed has created both opportunity and challenge. Multi-enterprise supply chain commerce networks are just one of those opportunities, and this study assesses the capability and business strategy of eight key vendors with broad competencies in multi-enterprise supply chain commerce networks. This evaluation is based on a comprehensive framework and set of parameters expected to be most conducive to success in providing organizations with insight into supply chain commerce network (SCCN) tools. Key findings include:

- IDC Manufacturing Insights defines a multi-enterprise supply chain commerce network as any platform that facilitates the exchange of information and/or transactions among disparate parties pertaining to the supply chain or to supply chain processes. In today's fast-paced, highly analytical supply chain, the use of networks to facilitate commerce and collaboration can mean the difference between meeting supply chain performance goals and not meeting goals.

- Each vendor included in this IDC MarketScape offers and has displayed demonstrable competency in the field of multi-enterprise supply chain commerce networks, and IDC would not hesitate to recommend any of them in the evaluation process.

- There are many variations of multi-enterprise supply chain commerce networks, with different design goals and aspirations. Although the vendors in this study do compete, they can also complement each other under certain circumstances. One of the references for this study, for example, uses two of the listed vendors.

- The criteria used in this IDC MarketScape (and the resulting position in Figure 1) are across dual dimensions of strategy (future plans and where the vendor is headed) and capability (where the vendor is today in terms of capabilities). Each of the elements within strategy and capability is then assigned a weighting based on the relative importance of each criterion in the opinion of IDC Manufacturing Insights and feedback from client references.

- This IDC MarketScape is a starting point for manufacturers that are considering participation in a multi-enterprise supply chain commerce network. The vendors included represent a "short list" – a way to winnow down the long list of service providers, both big and small, in the marketplace. The document does not replace the due diligence that companies must then do to evaluate which vendor is the right fit for their particular needs and circumstances.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

In the opinion of IDC, multi-enterprise supply chain commerce networks are a critical element of both the current and future supply chain. Any company that runs a supply chain, whether manufacturer, retailer, wholesaler, or something else, can benefit from the capabilities that a competent network provides. A supply chain commerce network can be a single platform, or it can be a platform integrated to various supply chain applications. While the evaluation here is of the commerce platform as it pertains to the supply chain, the ability to integrate to, or be integrated with, supply chain applications like demand or supply planning seems to be the way of the future for these networks. Indeed, in our recently published 2019 supply chain predictions, we suggested that "By 2020, half of the large manufacturers will have begun shifting their supply chain applications from enterprise centric to network centric, driving productivity gains of 2 percentage points." For the purposes of this IDC MarketScape, and any subsequent research on the topic from IDC Manufacturing Insights, we are defining multi-enterprise supply chain commerce networks as any platform that facilitates the exchange of information and/or transactions among disparate parties pertaining to the supply chain or to supply chain processes. Although we did not necessarily distinguish networks in our analysis by size, clearly the value of any network is a function of the number of participants on the platform, so the ability to seamlessly scale is important.

There are a number of vendors offering multi-enterprise supply chain commerce networks to the market. The intent with this IDC MarketScape is to focus on those notable vendors that focus on broad supply chain capabilities. Each of the eight vendors included in this document meets this requirement. However, there are vendors that run networks that focus on a particular functional area within the supply chain (SAP Ariba for procurement) or those vendors that manage a particular enterprise task (IBM with EDI) or even some vendors supporting a narrow industry (Elemica for chemicals) that are very good at what they do but not included because they do not meet the "broad supply chain" requirement. Over time, this will change, and future editions of this document will have additional inclusions.

ADVICE FOR TECHNOLOGY BUYERS

The long-term movement of the supply chain to one that is highly outsourced and distributed has created both opportunity and challenge. The opportunity, of course well known, has been either to allocate activities to external parties for whom the said activity is core competency or as labor arbitrage. While we might argue that the latter is less "plentiful" than in past, the focus on outsourcing partners with core competencies in key areas of the supply chain remains an important component of the supply chain today and will continue to be so in the future. The challenge of an outsourced supply chain is that the ability to communicate in real time and have acceptable levels of visibility both upstream and downstream has become increasingly problematic. Examples of this are common in the extended supply chain – companies that diversified tier 1 supply in order to gain resiliency discover to their dismay that all of the tier 1 suppliers rely on a single tier 2 supplier that acts as a choke point. IDC has observed for some years now the potentially transformative role of cloud-based networks on the ways in which supply chains will operate in the future. In a few places, we have stated that networks will have the most influence on the future of the supply chain. A bit hyperbolic perhaps, but we do believe that the ability to work within the appropriate set of supply chain networks will raise the performance of the supply chain materially. According to IDC's 2018 *Supply Chain Survey,* for example, 90% of companies are participating in at least one cloud-based supply chain network, with two-thirds of those participating in more than one.

For manufacturers, retailers, or wholesalers looking to participate in multi-enterprise supply chain commerce networks – either for the first time or as a complement to existing network participation – IDC offers the following guidance:

- **Take your time in evaluating vendors.** The decision to engage should be backed up with due diligence to ensure that the vendor selected has the appropriate levels of experience in your area of need.

- **Be clear about the need.** Is it about supporting ecommerce, enabling greater visibility, or managing collaboration/transactions with upstream suppliers or downstream customers. What are you looking to gain from network participation, and do certain vendors support necessary focus better than others?

- **Look to vendors that have experience in your market segment and have the established network scale you require.**

- **Ensure that part of the evaluation considers your current set of supply chain applications.** The evaluation should be in terms of either how the network will integrate with those applications or using the network as a complete/partial replacement of those tools.

- **Ensure that the vendors you consider have both the existing necessary functionality and the future capabilities you will likely need.**

The usefulness of a supply chain network is a balance between what companies need today and what they may need in the future. In some ways, the more interesting discussion is about what the longer-term supply chain looks like and where new technologies and consumer expectations will dramatically affect the way that supply chains operate. Ensure as you engage with a network vendor that the vendor is at least thinking about what tomorrow may look like.

VENDOR SUMMARY PROFILES

This section briefly details IDC's key observations resulting in a vendor's position in the IDC MarketScape for multi-enterprise supply chain commerce network. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

E2open

E2open is positioned as a Leader in this IDC MarketScape for worldwide multi-enterprise supply chain commerce network.

E2open is a global software vendor providing business network and supply chain applications to a broad range of industry markets, including high tech, CPG, industrial manufacturing, pharmaceutical, automotive, aerospace and defense, and oil and gas. The company was founded in 2000 and is headquartered in Austin, Texas. E2open has had three consecutive years of profitable growth. The company currently has more than 1,500 employees and has grown both organically and as a result of acquisition (icon-scm, Steelwedge, and Terra Technology, just to name a few, and most recently, Cloud Logistics and INTTRA). E2open considers itself to be a premier provider of both supply chain networks and supply chain applications.

E2open has long been a notable network and supply chain software vendor to the markets it serves. E2open's supply chain commerce network platform consists of a multi-enterprise cloud connectivity layer as the foundation. This layer, called E2net, connects to internal systems and ERPs (via SAP- and

Oracle-certified adapters) as well as external partner systems to collect, cleanse, and normalize data. Various supply chain management (SCM) solutions addressing the end-to-end supply chain can be deployed on the E2open platform depending on the enterprise's business need, existing systems architecture, and planning and execution process maturity. These solutions are grouped under five categories: Channel Shaping, Demand Sensing, Business Planning, Collaborative Manufacturing, and Supply Management. These SCM solutions consume this data and generate plans and execution signals driven by machine learning-based algorithms. Finally, the Harmony user experience layer brings all the solutions together into a comprehensive "single pane of glass" that enables cross-functional visibility and problem resolution workflows.

E2open solutions cover the entire scope of supply chain management, and it is possible to run the end-to-end supply chain within the E2open platform, covering planning, execution, visibility, collaboration, and execution, from n-tier supply orchestration through n-tier channel management (which includes promotion execution, market development fund management, and sales incentives for shaping customer demand). Where certain solutions already exist within an enterprise's systems landscape, the integration is facilitated via E2net, which supports powerful and flexible integration options, covering both machine-to-machine and human-to-machine connectivity.

E2open's SCCN platform currently has over 260,000 active subscribers to its network, with more than 2.3 million active trading partners (distributors, resellers, retailers, suppliers, contract manufacturers, co-packers, and logistics). E2open has many large global implementations, with its largest customer exceeding 1,800 users. In terms of participants, 70% are shippers/manufacturers, 6% shippers/retailers, and 2% logistics services providers. In terms of delivery models, all connectivity through E2net is on a multitenant public cloud. The SCCN platform is being used in 146 countries, and all solutions have built-in localization, with multilanguage support for UTF-8-based languages (covering a wide range of international languages from European, Asian, African, and Middle Eastern countries).

E2open reported overall revenue growth of 57% (by both organic growth and acquisition) in fiscal year 2017, with E2net growth slightly above that average. E2open invests 16% of revenue in R&D spend for SCCN; innovation has been constant and consistent, so there is no reason to think this will not continue. E2open's Harmony user experience provides a platform-wide user interface (UI) and analytics framework. This user experience is being extended across all E2open solutions to enable issue analysis and resolution workflows to extend across traditional functional silos. In addition, the use of machine learning algorithms, which has been proven in demand sensing, demand planning, inventory optimization, and data acquisition and cleansing, is being extended to other solution areas.

Strengths

As a proven vendor in the SCCN space, E2open combines its network platform with a comprehensive set of supply chain applications that both ingest and disseminate data and insights to the network. The E2open platform creates a digital representation of internal and external networks, connects enterprise resource planning and financial systems using SAP- and Oracle- certified adapters for timely data feeds, and normalizes and cleanses data to make it decision grade. Using machine learning-enabled algorithms and supply chain management applications, the platform enables better visibility, coordination, and control over the end-to-end supply chain and provides bidirectional, closed-loop communications back to ERP systems for execution. This provides the depth and breadth to meet customer needs today and in the future as the processes of customers mature. Finally, the Harmony user experience layer brings all the solutions together into a comprehensive "single pane of glass" that

enables cross-functional visibility and problem resolution workflows. In summary, the capabilities enabled by E2open let enterprises shape and predict demand and manage complex internal and outsourced supply networks.

Challenges

The primary challenge for E2open is the lack of awareness among enterprise buyers of the proven technology and expertise that can orchestrate their end-to-end supply chain, including across external partners, on both the demand side and the supply side. This shows up more in certain industries than in others, based on the maturity of supply chain processes. Without this awareness, many companies anchor their thought processes around ERP systems, which are enterprise centric and siloed and cannot go beyond one tier of supplier and customer. E2open succeeds by highlighting that true digital transformation requires the enablement of all partners that influence end customers' expectation of the enterprise's brand – n-tier suppliers, contract manufacturers, third-party logistics providers, wholesalers, distributors, packagers, resellers, retailers, and customers. Sometimes buyers are appealed to with simplistic solutions that in the long term don't scale up to handle business complexity.

Consider E2open When

Manufacturing organizations looking for a vendor of both SCCN and SCM applications should consider E2open. The vendor offers a true partnership for its customers and has become an extension of their internal staff and resources to manage their supply chains. This "releases" resources to explore more strategic avenues for customers' business. Companies running SAP or Oracle broadly across their enterprise should also strongly consider E2open.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities, menu of services, and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents broadly the scale of the network of each individual vendor within the specific market segment being assessed.

Each of the eight vendors evaluated for this IDC MarketScape have a well-rounded scope of capabilities related to multi-enterprise supply chain commerce networks. All vendors ended up in the Leaders or Major Players segments because of the ability to meet the core requirements of having both broad functional expertise and a significant network customer base. While there remain differences among the competitors, IDC Manufacturing Insights would feel comfortable recommending any of these companies.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of a review board of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

IDC Manufacturing Insights defines a multi-enterprise supply chain commerce network as any platform that facilitates the exchange of information and/or transactions among disparate parties pertaining to the supply chain or to supply chain processes. In today's fast-paced, highly analytical supply chain, the use of networks to facilitate commerce and collaboration can mean the difference between meeting supply chain performance goals and not meeting goals.

A best-in-class supply chain of the future must be highly collaborative. The reality is that supply chains rely on suppliers and enablers more today than at any time in the past, and as the definition of "core competency" continues to focus, they will rely on these partners even more in the future. Although 1:1 relationships may persist in certain areas (e.g., direct materials procurement), the world is moving to networks. We've articulated in prior documents that cloud-based multi-enterprise B2B (or even B2C) commerce networks are poised to be enormously influential in the ways that supply chain operate. According to IDC's 2018 Supply Chain Survey, over 90% of companies said they were actively participating in commerce networks, with a majority of them involved in more than one.

LEARN MORE

Related Research

- *IDC FutureScape: Worldwide Supply Chain 2019 Predictions* (IDC #US44483918, December 2018)
- *IDC TechScape: Worldwide Digitally Enabled Thinking Supply Chain, 2018* (IDC #US44361318, October 2018)
- *IDC MaturityScape: Digitally Enabled Thinking Supply Chain 1.0* (IDC #US43704118, April 2018)
- *IDC PlanScape: Digitally Enabled Thinking Supply Chain* (IDC #US42843015, July 2017)

Synopsis

This IDC study uses the IDC MarketScape model to provide an assessment of a number of providers participating in the worldwide multi-enterprise supply chain commerce network market. The IDC MarketScape is an evaluation based on a comprehensive framework and a set of parameters that assesses providers relative to one another and to those factors expected to be most conducive to success in a given market during both the short term and the long term.

"IDC has observed for some years now the potentially transformative role of cloud-based networks on the ways in which supply chains will operate in the future. In a few places, we have stated that networks will have the most influence on the future of the supply chain. A bit hyperbolic perhaps, but we do believe that the ability to work within the appropriate set of supply chain networks will raise the performance of the supply chain materially. According to IDC's 2018 *Supply Chain Survey,* 90% of companies are participating in at least one multi-enterprise supply chain network, with two-thirds of those participating in more than one," says Simon Ellis, global VP, IDC Manufacturing Insights' Supply Chain Strategies Practice.

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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