



## Finally — One Platform for Demand, Price, Space and Promotion Management and Execution!

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Comment by [Leslie Hand](#)

[DemandTec's agreement to acquire Connect3 Systems](#) is music to the ears of retail merchants as no other software application has been able to fully integrate — on a single platform — demand, price, space and promotion optimization with merchandising and marketing execution. While integration with third-party promotions execution applications is not new for price and promotion optimization providers, an out-of-the-box fully integrated DemandTec-Connect3 application will eliminate the delays and the data management complexities of putting actionable insights in the hands of merchants at the point of decision.

This announcement is particularly timely as this economic downturn is driving retailers to improve their ability to test, refine and execute adjustments to all of the available levers that drive sales volume and margin. The economy also has a large number of retailers, previously unsettled by SaaS and cloud computing concepts, taking another look at the cost benefits — good news for DemandTec, whose services are based on this model. Further, retailers and suppliers will benefit from DemandTec's vision of fostering retail-manufacturer collaboration in the cloud that ultimately provides more opportunity to plan and execute successful campaigns via multiple channels such as print, internet and mobile devices.

This acquisition opens a door to many potential new customers for DemandTec since Connect3's customer base includes many in its core segments — grocery, mass, hardware, electronics, other specialty hardlines — but it is also positioned to engage in new segments — catalog, apparel, footwear, department store, other specialty softlines. The two companies have a handful of common customers, including Giant Eagle, Best Buy and Ahold, which implies they understand the integration work that is required to deliver on their promise of incorporating the Connect3 product into DemandTec's End-to-End Promotion Management (TM) application. We will certainly be watching their integration and implementation progress.

It will also be interesting to see how some of DemandTec's competitors respond to this — will SAP, Oracle and JDA seek to integrate better promotion execution applications into their suites? Do the niche vendors focused solely on demand intelligence or price and promotion optimization or on promotion execution stand a chance long term? Competitors will want to take DemandTec's new capabilities very seriously, as this new platform positions them to deliver on core customer-centric strategies and aligns perfectly with merchandising and marketing needs. Our only caution to DemandTec is not to bite off more than they can chew in terms of entering new segments and adding even more functionality. Make sure the marketing expertise that comes with Connect3 is fully on-board and satisfied, as they hold the keys to a lot of doors.

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