

The top 45 software vendors in retail.

- Selected by retailers.
- Based on performance metrics.

## LEADING PLAYERS

# Strategic Value & Performance

Focusing on the high-level view

Looking at the Leaderboard rankings from the Strategic Value and Overall Performance perspectives reveals an interesting finding — only about half the vendors appear in both lists. While other parts of our study are more granular in detail, these two lists analyze big-picture, high-level concepts. So, why don't more vendors appear in both categories?

Clearly, SAS, DemandTec and Systech know the answer. They appear in either first or second place in both lists. Apropos, ECR, Manhattan Associates, Island Pacific and RTI are also noteworthy achievers in a similar vein.

Analyzing the lists separately, we find that 360Commerce is handsomely rewarded for delivering on its cost-analysis promise by finishing in a tie for first place in the Strategic Value Category. Island Pacific, Evant, GERS and TCI are other vendors who made this elite grade.

In the Overall Performance category,

CommercialWare and Yantra finished high in the rankings, and were joined by ProfitLogic, SofTechnics, Manugistics and IBM.

The difference between scoring well in Strategic Value and scoring well in Overall Performance might be the difference between doing a cost analysis relative to corporate alignment and benchmarking technical excellence. A high score in Strategic Value might indicate satisfaction by retailers in how well the software performs in meeting costs and fulfilling a core business mission. A high score in Overall Performance, on the other hand, might reflect a more technical evaluation of the software.

In either case, the vendors on this page have distinguished themselves in big-picture categories and their achievements have been rewarded. ■

### Leaders in Strategic Value

Rank	Company	Average
1	360Commerce	4.8
	Apropos	4.8
	DemandTec	4.8
	Systech Retail Systems	4.8
2	SAS	4.7
3	ECR Software	4.5
4	Island Pacific	4.4
5	Manhattan Associates	4.3
6	RTI	4.2
7	Evant	4.1
	GERS Retail Systems	4.1
	TCI	4.1

### Leaders in Overall Performance

Rank	Company	Average
1	SAS	5
2	CommercialWare	4.9
	DemandTec	4.9
	Systech Retail Systems	4.9
	Yantra	4.9
3	RTI	4.6
4	ECR Software	4.5
	ProfitLogic	4.5
5	Manhattan Associates	4.3
6	Apropos	4.25
	SofTechnics	4.25
7	Manugistics	4.2
	Island Pacific	4.2
	IBM	4.2

# Return on Investment

**Making CFOs and shareholders smile**

**A**s IT executives move more closely to align technology strategy with business objectives, their decisions are increasingly influenced by budget realities within a challenging economic environment. As a result, Return on Investment (ROI) analysis has assumed increasingly greater importance in the daily lives of retail executives.

Although difficult to forecast, track and measure, ROI is an iron-clad requirement in the modern world and no project gets greenlighted without it. Leading vendors in this category, according to our readers, have accurately scoped out deployments, correctly forecasted expenses and precisely met expectations when the CFO crunched the numbers.

Sitting at the top of the ROI list is SAS, a major player in retailing destined to increase the size of its footprint in the marketplace through the recent acquisition of Marketmax. The acquisition took place too recently to make a difference in this year's ranking, but it will certainly have an impact next year, especially in the area of Retail Concentration. Adding the functionality of Marketmax to its score will not only place SAS among the leaders in Retail Concentration, but in overall score as well.

Prior to the Marketmax acquisition, SAS could have been placed in the category of vendors more known for point solutions than robust suites of retail-specific functionality. This is the category that the three firms below SAS — DemandTec, Systech and 360Commerce — probably belong in, and this may reveal something about the nature of meeting ROI expectations.

By focusing a firm's value proposition powerfully on delivering a point solution to retailers, a software vendor may be able to lock down all the variables better than a firm that has a suite-load of functionalities to deal with.

However, this doesn't mean that firms scoring well in Retail Concentration can't also score well in ROI. Examples of full-service vendors that do both well include Apropos, GERS Retail Systems, CRS and Island Pacific. It's a short list, but all the more valuable due to the complex nature of the achievement. No doubt ROI has become a perma-

## Leaders in ROI

Rank	Company	Average
1	SAS	5
2	DemandTec	4.8
	Systech Retail Systems	4.8
3	360Commerce	4.5
	Apropos	4.5
	ProfitLogic	4.5
4	GERS Retail Systems	4.3
	Red Prairie	4.3
	RTI	4.3
5	SofTechnics	4.25
6	Logility	4.2
7	CRS Retail Systems	4.1
	Island Pacific	4.1

nent part of the IT landscape, and speed of payback is an equally important measurement. Despite this, point solutions still face stiff competition from larger, well-financed vendors. As noted in other Leaderboard sections, there is a trend among retailers favoring robust suites over point solutions. Essentially, the big are getting bigger.

As a result, success in delivering ROI will become an increasingly important differentiator, and on this playing field, point-solution vendors can make a strong case against larger competitors.

In a sense, point-solution vendors, with their powerful delivery of ROI, are sending a strong message to retailing. The message is to meet customer needs, deliver best-of-breed functionality, offer flexible pricing, enable phased deployment and fast payback, and meet or exceed expectations. Point solutions are pointing the way, and full-service suites are certain to follow. ■

# Total Cost of Operation

Meeting or exceeding expectations

Aside from ROI, the business and technical metric that gets the most attention from CIOs these days is definitely Total Cost of Operation (TCO). In many ways, however, TCO is far more important than ROI and more valued by IT executives. Why? Because it has a major affect on budgets and resources not only in a fiscal quarter or fiscal year, but potentially over the long haul for many years to come. Also, headaches caused by integration and scalability problems, which lead to high TCO, are sometimes thought of as the cost of doing business or simply keeping the lights on. Studies have shown that these costs, which are the price paid for running software that is already running, can absorb as much as 70 percent of an IT department's budget and resources.

A software vendor that can relieve this massive drain on resources by effectively reducing TCO is a highly regarded partner in the present world of retail technology.

It is interesting to see the list at the right includes a broad range of software vendors. Both point solutions and robust suites are represented here, front-of-store and back-office systems, too. Smaller vendors rank along with financial giants. However, each vendor on the list has one thing in common with all the others — they all have a penchant for keeping ongoing costs in check.

## Inside the Numbers

As in a number of the granular lists that appear throughout these pages, a few vendor names keep popping up with regularity. Among these are Apropos, Magstar and Systech. These companies, which also appear at the top of the TOC list, are to be congratulated for their achievement.

Joining this trio in first place is DemandTec, another vendor that makes frequent appearances throughout the Leaderboard.

Unlike most of the others on this list, SAS is a financial powerhouse with more than \$100 million in annual sales, which is our top revenue category. Manhattan Associates, too, is a member of this elite financial club.

While it may be understandable that smaller companies can more easily focus on individual

## Leaders in Total Cost of Operation

Rank	Company	Average
1	Apropos	4.8
	DemandTec	4.8
	Magstar	4.8
	Systech Retail Systems	4.8
2	SAS	4.7
3	ECR Software	4.5
4	RTI	4.4
5	RedPrairie	4.3
6	SofTechnics	4.25
7	GERS Retail Systems	4.2
8	Island Pacific	4.1
	Manhattan Associates	4.1

customer needs, it clearly speaks volumes that SAS and Manhattan Associates have achieved a similar distinction in light of their much larger installed bases.

Also worth noting are the module-rich vendors, some of which we've already cited: Apropos, Magstar, GERS, Island Pacific and Manhattan Associates. These firms have built a reputation for delivering TCO while offering a broad line of applications. It's one thing to hone a narrow area of strength to a fine level of excellence. It's quite another to do it over a wide range of offerings.

As priorities among retail executives gradually shift toward a long-range view that takes into account return on invested capital and asset building, TCO will no doubt assume a greater level of importance, and vendors who score well in this area will be the beneficiaries. ■

# Integration & Administration

Delivering on the back-end

**A**fter planning is over and implementation is underway for an important IT project, senior-level executives want two things to happen. First, the smooth integration of the project with legacy systems so that no disruption occurs in the daily operation of business — a process otherwise known as Ease of Integration. Second, the smooth operation of the new system on an ongoing basis — a process otherwise known as Ease of Administration/Maintenance.

The first, Ease of Integration, is especially important to retailers, since it has probably produced more headache, heartbreak and overall anxiety for IT executives than any other component of technology. Great strides have been made by vendors in the area of integration in recent years. It has been accomplished through investment in development and a movement toward open, Web-based architecture. Also, the situation has been driven by retailers who have taken matters into their own hands by shifting toward full-line vendors who offer tightly integrated suites.

A quick glance at the top of both lists reveals that Systech has pulled off a double coup by placing first in both categories. Other vendors that appear prominently in both charts are SAS, Apropos, RTI and IBM, which is an interesting selection for these categories, especially Ease of Integration.

Although Big Blue has one of the largest install bases among software vendors in retail (hardware, too) and still sells many of its older systems by the boatload, the company is also a leader in the open architecture movement, which is eliminating a great deal of the former integration nightmares that older software created.

In the Ease of Administration/Maintenance category the issue under evaluation is ongoing operations. No system is perfect nor runs forever. All IT executives ask is that administration and maintenance responsibilities are easy enough to accomplish without devoting massive amounts of time and money to the task. Vendors that distinguish themselves in this regard are rewarded in this chart. ■

## Leaders in Ease of Integration

Rank	Company	Average
1	Systech Retail Systems	5
2	Apropos	4.75
3	SAS	4.7
4	360Commerce	4.5
	Logility	4.5
5	ECR Software	4.25
6	RTI	4.1
	IBM	4.1

## Leaders in Ease of Administration/Maintenance

Rank	Company	Average
1	Systech Retail Systems	4.8
2	DemandTec	4.5
	Magstar	4.5
	ProfitLogic	4.5
3	SAS	4.3
4	Apropos	4.25
	RTI	4.25
	SofTechnics	4.25
5	Island Pacific	4.2
6	GERS Retail Systems	4.1
7	IBM	4.0

# Quality of Service

**Focusing on the customer is job one**

**C**ontrary to conventional wisdom, Quality of Support is improving in the retail IT marketplace, at least among the top vote getters. More in line with conventional wisdom, however, is the Quality of Service category, as shown in the chart at right.

In many ways, the IT world is going through a period of transformation that centers in large measure around the strategic deployment of options in the realm of expert services.

Although not reflected in this survey, three huge trends in this area include outsourcing, offshore outsourcing and an increasing reliance on consultants and service providers. Although not completely dead, in-house IT departments that write custom software are more of an exception than a rule.

And the trend is cutting even deeper than that. Integration tasks, rollouts and maintenance are now frequently contracted to outside providers. The mantra now is not if or when to outsource, but how much can be shifted from the in-house IT staff without losing control.

Another manifestation of this trend is a movement in the retailer/vendor relationship toward a valued partnership approach. Clearly, retailers are searching for new IT resources and options, and in many cases vendors can provide them.

This is a win-win situation for both partners. Retailers get the technology and services they need without adding or burdening staff. Vendors get to service and satisfy customers on multiple levels. It's a beautiful thing.

## Top of the Charts

Appearing at the top of the chart for Quality of Service are three companies that also scored well in the related category of Quality of Support. They are Magstar, Systech and Yantra. RedPrairie, another top finisher in the Support category, also scored well here and finished in second place.

Two companies that frequently finished just a fraction of a point lower than the minimum on the previous category leader lists make an appearance here — Island Pacific and Radiant Systems. That these companies scored well in the Service category bodes well for their positioning in the marketplace as the trend toward outsourcing picks up steam.

## Leaders in Quality of Service

Rank	Company	Average
1	Magstar	4.8
	Systech Retail Systems	4.8
	Yantra	4.8
2	RedPrairie	4.7
3	DemandTec	4.5
4	ECR Software	4.3
5	SofTechnics	4.25
6	GERS Retail Systems	4.2
	Manhattan Associates	4.2
7	Island Pacific	4.1
	Radiant Systems	4.1

One prominent name that does not appear on this list is SAS, which finished near the top of the heap in multiple categories. Although it finished near the top, it was a fraction of a point from the leaders. But clearly there is an opportunity for SAS in the area of providing expert IT services. Combine this with the wide range of retail-specific technologies it acquired with the purchase of Marketmax and SAS could be positioned to make a major move up the 2004 Leaderboard chart.

As with other high-profile, high-risk projects pursued by the staff of *RIS News*, the Leaderboard is a stake in the sand. The worth of the project is measured by the effort that goes into producing it, which was enormous. Is it perfect? No. Bulletproof? Probably. Trustworthy? Definitely.

As stated in the "Editor's Note," all vendors listed in this year's Leaderboard are winners in their own right regardless of where they placed in the Top 45 list. Many were called but few were chosen. Congratulations are definitely in order. ■



DemandTec is driving the new economics of retail by delivering Consumer Demand Management software for retail merchandising optimization. The company's patented applications offer a powerful way for retailers and manufacturers to accurately forecast consumer demand on hundreds of thousands of items simultaneously and to execute strategies that meet quarterly and annual business goals for sales, profit, and price image. DemandTec customers include RadioShack, H-E-B Grocery Co., Longs Drugs, and Duane Reade. For more information, please visit [www.demandtec.com](http://www.demandtec.com) or call 650.226.4600.