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## Top 20 supply chain management software suppliers

The economy may be slowing, but the supply chain software business posted solid numbers in 2007.

By Bob Trebilcock, Editor at Large -- Modern Materials Handling, 7/1/2008

The market for supply chain management software applications and services, or SCM, topped \$6.4 billion in 2007, a 6% to 7% increase over 2006, according to the most current estimates from **AMR Research** (617-542-6600). While AMR has yet to finish crunching last year's numbers, the Boston-based research firm still expects the market to reach or exceed \$8 billion by 2010, according to John Fontanella, AMR's vice president of research.

Even with a slowing economy, all of the SCM categories showed solid growth. Those categories include supply chain planning and network design (SCP) applications as well as supply chain execution solutions like warehouse management (WMS), manufacturing execution (MES) and transportation management (TMS).

2007 was also a year for the status quo. The leaders look much the same as in 2006. Three ERP vendors top the top 20 list of providers, **SAP** with \$835 million, **Oracle** with \$700 million, and **Infor** with \$410 million. **JDA Software** jumped from No. 6 in 2006 to No. 4, followed by **Manhattan Associates** with \$348 million.

What's more, it was a year with few mergers and acquisitions, and few technological breakthroughs. Instead, most SCM providers concentrated on improving their existing offerings, serving their customers and duking it out for market share. The exception was the **acquisition of Catalyst International**, which had \$41 million in revenue in 2006 as a standalone company, by **CDC Software**, a \$300 million ERP company with roots in China. The supply chain arm of the company is now known as **CDC Supply Chain**.

### Making the list

Modern has been tracking the supply chain software market for eight years. While we began by looking at the top providers of WMS solutions, our focus has evolved along with the supply chain software market—as well as with the interests and job descriptions of our readers. While the lines between supply chain execution and supply chain planning providers were once clearly drawn, that is no longer the case; ERP providers supply WMS and supply chain execution providers supply planning and optimization solutions.

To make our list today, a company has to supply more than one of the major categories of supply chain management software—planning solutions along with WMS, TMS and MES execution systems. This is also a numbers game and not a value judgment. The ranking is based on our best estimate of a provider's annual sales for 2007. Where a company will not break out their SCM revenues from their total revenue, as is the case with ERP providers Oracle and SAP, we provide educated estimates based on annual reports, industry growth and our contacts at research firms.

### Notable trends

Although there was little in the way of business news, there were several trends at work in each of the four categories.

In the ERP market, for example, several niche applications grew at rates that far outpaced the market in general, including service parts planning applications (42% growth), inventory optimization (32%) and supply chain network design (29%). Each represents a response to the current economy. "In down economic times, companies look to their service and parts units to provide more revenue," says Fontanella. "Meanwhile, inventory optimization is a discipline that barely existed three to five years ago and is now opened up to the mid-market. And between high fuel prices and Wal-Mart's commitment to reduce its carbon footprint, the green supply chain is driving supply chain network design."

Likewise, the TMS market picked up steam last year, totaling \$1.1 billion and growing at 7.3% a year, in response to high fuel costs, according to Adrian Gonzalez, director of the logistics executive council for **ARC Research** (781-471-1000). "The price of fuel is something that has been top of mind for a lot of transportation executives for several years," says Gonzalez. "That problem is only becoming more acute. They're focusing on identifying the best practices beyond merely implementing a TMS to mitigate these costs."

The WMS market, meanwhile, was on fire, growing by 17% in 2007 to top \$1.2 billion, according to Steve Banker, ARC's service director of supply chain management. What changed? "We're going through a refresh cycle in the WMS market as companies upgrade or replace their aging systems," Banker says. "I figure that more than half the systems going in right now are being driven by this replacement model."

Last, but not least, the MES market keeps growing as companies and IT departments look for ways to connect what happens on the manufacturing floor to the rest of the enterprise. "For the first time, I'm having conversations about MES with corporate engineering departments and corporate IT departments," says Alison Smith, AMR's research director for manufacturing operations. "They are realizing that manufacturing can provide big returns and they're looking for more interfaces between the shop floor and the IT department."

The MES market is the least studied and least understood of the supply chain management markets in part because so much is still homegrown. "We may be looking at a \$5 billion market," says Smith. "But at this point, no one really knows for sure."

All four of the analysts we spoke to expect the strength in the market to continue through 2008, as SCM providers continue to expand their offerings. "The most significant trend we see is that software providers are angling for critical mass," says Fontanella. "They're all trying to create a platform of critical applications so that a customer can turn to them for all or most of their supply chain applications. That reduces complexity for the end user, a trend that won't go away."

Rank	Supplier	2006 revenue	Web site	SCP	WMS	MES/MRP	TMS
1	SAP	\$835 million *	<a href="http://www.sap.com">www.sap.com</a>	x	x	x	x
2	Oracle	\$650 million *	<a href="http://www.oracle.com">www.oracle.com</a>	x	x	x	x
3	JDA Software	\$374 million	<a href="http://www.jda.com">www.jda.com</a>	x			x
4	Manhattan Associates	\$348 million	<a href="http://www.manh.com">www.manh.com</a>	x	x		x
5	i2 Technologies	\$260 million	<a href="http://www.i2.com">www.i2.com</a>	x			x
6	RedPrairie	\$253.4 million	<a href="http://www.redprairie.com">www.redprairie.com</a>		x	x	x
7	Infor	\$225 million *	<a href="http://www.infor.com">www.infor.com</a>	x	x	x	x
8	CDC Software	\$160 million **	<a href="http://www.cdcsupplychain.com">www.cdcsupplychain.com</a>	x	x	x	x
9	IBS	\$118 million	<a href="http://www.ibsus.com">www.ibsus.com</a>	x	x	x	x
10	Aldata	\$116 million	<a href="http://www.aldata-solution.com">www.aldata-solution.com</a>	x	x	x	x
11	Sterling Commerce	\$115 million	<a href="http://www.sterlingcommerce.com">www.sterlingcommerce.com</a>		x		x

12	Swisslog	\$96 million *	<a href="http://www.swisslog.com">www.swisslog.com</a>	x	x		x
13	Epicor	\$95 million	<a href="http://www.epicor.com">www.epicor.com</a>	x	x		x
14	HighJump	\$94 million	<a href="http://www.highjumpsoftware.com">www.highjumpsoftware.com</a>		x	x	x
15	Brooks Software(Applied Materials)	\$89 million ***	<a href="http://www.brookssoftware.com">www.brookssoftware.com</a>			x	
16	Microsoft	\$85 million *	<a href="http://www.microsoft.com">www.microsoft.com</a>	x		x	
17	ClickCommerce	\$80 million	<a href="http://www.clickcommerce.com">www.clickcommerce.com</a>		x		x
18	QAD	\$70 million *	<a href="http://www.qad.com">www.qad.com</a>	x	x	x	x
19	IFS	\$69.5 million *	<a href="http://www.ifsworld.com/us">www.ifsworld.com/us</a>	x		x	
20	ILOG	\$68 million	<a href="http://www.ilog.com">www.ilog.com</a>	x			

\* Industry and analyst estimates based on prior year sector revenues and market growth

\*\* Industry estimate plus Catalyst acquisition

\*\*\* Based on 2006 revenues plus growth of factory automation rates

SCP: Supply chain planning WMS: Warehouse management system MES/MRP: Manufacturing execution system/manufacturing resource planning TMS: Transportation management system

	Vendor	2007 SCE revenues	URL
1	Manhattan Associates	\$348 million	<a href="http://www.manh.com">www.manh.com</a>
2	RedPrairie	\$253.4 million	<a href="http://www.redprairie.com">www.redprairie.com</a>
3	SAP	\$134 million **	<a href="http://www.SAP.com">www.SAP.com</a>
4	Aldata	\$116 million	<a href="http://www.aldata-solution.com">www.aldata-solution.com</a>
5	Oracle	\$114 million **	<a href="http://www.oracle.com">www.oracle.com</a>
6	Infor	\$106 million **	<a href="http://www.infor.com">www.infor.com</a>
7	HighJump	\$94 million	<a href="http://www.highjump.com">www.highjump.com</a>
8	Swisslog	\$72 million ***	<a href="http://www.swisslog.com">www.swisslog.com</a>
8	Knapp Logistik	\$72 million	<a href="http://www.knappusa.com">www.knappusa.com</a>
9	CDC Software	\$66 million ****	<a href="http://www.cdcsupplychain.com">www.cdcsupplychain.com</a>
10	Dematic	\$65 million	<a href="http://www.dematic.com">www.dematic.com</a>

\* The No. 8 slot represents a tie, therefore we've included those companies in the top 10 positions.

\*\* Estimate, including ARC Advisory estimate and industry growth

\*\*\* Estimate based on prior year numbers and industry growth

\*\*\*\* Industry estimate plus Catalyst acquisition

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