

Cool Vendors in Supply Chain Management, 2010

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Gartner's supply chain management (SCM) Cool Vendors research looks at five vendors that offer targeted solutions that add value to traditional supply chain planning and execution applications. Although supply chain innovation continues, the focus has moved from the automation of commodity business processes to where the processes and activities become more granular and specific to areas of user need and value.

Key Findings

- SCM users' focus has shifted away from a myopic emphasis on reducing costs and investment priorities and now place greater importance on efficiency and productivity improvement.
- SCM innovation demands that users viscerally understand their sources of differentiation so they can target investments for the greatest return.

Recommendations

- Companies with complex, outsourced supply chains need to develop process-based, flexible collaboration capabilities. A multi-enterprise collaboration solution like ones from Amitive could be considered.
- Retail or third-party logistics (3PL) organizations that provide home deliveries where the customer needs to be home to complete the shipment should automate the home-delivery order life cycle using tools like ones from Axida.
- High-volume warehouse environments with complex and high-velocity picking operations should consider tools that integrate warehouse management systems (WMSs) with warehouse automation and provide real-time monitoring, coordination and control over people and automation-based work processes like those from Reddwerks.
- Organizations that want to utilize telemetry and real-time monitoring to provide seamless machine-to-machine communication within the supply chain should consider tools like Telular's TankLink solution.
- Resource-constrained selling organizations should consider combinatorial auctioning to achieve high-revenue/margin by using a product like one from Tradeslot.
- Companies should recognize that there is some risk in adopting innovative application technologies. Users must validate the solution's fit and value as well as vendor skill and expertise through the use of vendor discussions and demonstrations, customer references and pilots, where appropriate.

ANALYSIS

This research does not constitute an exhaustive list of vendors in any given technology area, but rather is designed to highlight interesting, new and innovative vendors, products and services. Gartner disclaims all warranties, express or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

What You Need to Know

Innovation in SCM technologies continues. Emergent vendors continue to develop solutions at the edge of traditional SCM application portfolios, offering new capabilities that augment and add value to established ERP, supply chain planning, warehousing and transportation products. These SCM process innovation vendors provide capabilities that supplement core SCM applications:

- Specialized capabilities to improve customer service in home delivery
- Platforms to support collaboration and advanced auctions
- Tools to improve productivity and control by connecting automation or sensory devices to human users and processes

These vendors represent continued SCM innovation, but they are by no means the only examples of this important trend. Although still emerging, these vendors have live clients and have proven they can successfully deliver products that meet the value expectations of new clients.

Amitive

San Mateo, California, U.S. (www.amitive.com)

Analysis by Tim Payne

Why Cool: Amitive's supply chain collaboration platform, which is based on a software-as-a-service (SaaS) model, supports multi-enterprise business processes. The company's product contains capabilities such as community management, master data management (MDM), business process management (BPM) and process templates oriented to SCM processes. Amitive targets companies that have a significant percentage of outsourced manufacturing where a community focus across the supply chain is required.

Unlike other SaaS supply chain collaboration platform providers, Amitive has constraint-based planning and optimization capabilities to support specific planning processes as well as a flexible, process-templating capability. These are what Gartner calls SCM innovation partner capabilities: Amitive takes the various components, data schemas and process flows and creates custom-made solutions for clients within a multi-enterprise delivery model.

Challenges: Amitive is trying to compete in the emerging, multi-enterprise business process platform market, which, according to Gartner, is a natural progression from the intercompany collaboration solutions that have been springing up over the last five years (see "[Hype Cycle for Supply Chain Management, 2009](#)"). However, few companies are looking for this type of capability, with end-user collaboration efforts still siloed and oftentimes focused on the transaction instead of the process. Amitive faces an uphill battle to win over the minds of potential customers; with its focus on the midmarket and message of a flexible innovation platform, gaining traction will be difficult. That said, Amitive is working with a network of partners, including independent

software vendors (ISVs) and system integrators (SIs), to help with the sales process.

Who Should Care: Amitive may appeal to supply chain professionals looking to support trading partner collaboration efforts at the process level, but with a degree of freedom on terms of process and functionality definition. Amitive will also suit a company with a mature supply chain strategy, particularly one with outsourced manufacturing, like in the high-tech industry.

Axida

Kingston-upon-Hull, U.K. (www.axida.com)

Analysis by Dwight Klappich

Why Cool: Almost everyone has suffered from the irritation of wasting an entire day waiting for a home delivery because the supplier could not provide an accurate or reliable delivery time. Axida, a small U.K.-based software vendor, aims to assuage this consumer frustration: Its HDi product is an end-to-end, home delivery management system that supplements shipper applications with a workflow-based tool that orchestrates the entire home-delivery order life cycle, from multichannel order capture, to appointment scheduling and planning, to delivery route optimization and to final customer delivery. Since it is designed to plug into selling and stock management and ERP systems, HDi does not replace other enterprise applications like order entry or warehouse management. Orders can be passed in batch or captured online. HDi can also be integrated through Web services to a customer's selling system.

Users of Axida's HDi product include leading U.K. retailers like Ikea, Laura Ashley and Wickes and U.K. 3PL companies such as CEVA Logistics (which provides a dedicated service to Tesco and shared service to other retailers like Sainsbury's and Habitat) and Wincanton (which provides a dedicated service to Marks & Spencer and Best Buy).

Challenges: Although it's a capability that adds high value, home delivery management is a relatively small niche market, and Axida must expand beyond its roots in the United Kingdom to grow its business. Even though there may be tangential markets that could use a similar capability, consumer goods and retail will remain the prime sectors, which will force the vendor to grow internationally, either by opening satellite offices or forming strategic alliances. Another challenge will be competition with established carriers that have a large percentage of the midsize retailers' transportation business; these retailers usually don't own vehicles and logistics for home delivery operations. These carriers often have their own systems, but they could also be prospects for Axida.

Who Should Care: Retail and consumer direct manufacturers and distributors that make home deliveries and need to improve client satisfaction in part by improving the delivery experience should consider Axida, as should 3PLs that support home deliveries for retail or consumer-direct manufacturers and distributors.

Reddwerks

Austin, Texas, U.S. (www.reddwerks.com)

Analysis by Dwight Klappich and Chad Eschinger

Why Cool: Reddwerks is a small, young vendor that offers technology that targets the warehouse management challenges of managing, monitoring and controlling high-volume, item-driven (versus pallet or case), warehouse operational processes like multi-line item order picking, packing and shipping. The company also provides solutions that allow business applications like

WMS to integrate and communicate better with warehouse automation, such as warehouse control systems (WCS), pick-to-light systems, sortation systems and conveyors.

Adoption of automation technologies in high-volume, item-picking environments has traditionally been constrained by the complexity, time and cost needed to integrate the business application to the disjointed portfolio of automated devices and device-focused software common in many warehouses. Reddwerks' Warehouse Performance Management (WPM) suite provides the single interface between the WMS and the automated equipment, work processes and performance measures. The product doesn't replace a WMS, however. Instead, it augments it with enhanced, real-time order planning, profiling, cubing, picking, stocking, quality control, packing, palletizing, labor management and shipping workflows. WPM also provides real-time analytics, metrics and dashboard reports that allow warehouse managers to monitor and score planned and executed warehouse activities. In addition to WPM, Reddwerks offers a Universal Equipment Interface (UEI) layer, which eliminates the need for multiple vendors and integration points from the automation layer into the WMS.

Challenges: Reddwerks is sandwiched between the well-known WMS vendors and the big material-handling companies that typically lead large-scale warehouse automation projects. Since the company does not directly compete with but augments the capabilities of both of these vendor types, the challenge lies in identifying the right companies to target and positioning their solutions clearly. Furthermore, Reddwerks provides many services to configure and tailor its products for particular warehouse environments, but it hasn't turned this capability over to its customers yet. This will keep its services high, but it may potentially constrain new customer growth.

Who Should Care: Reddwerks should be on the radar of high-volume warehouse environments with complex and high-velocity picking operations that want to link WMS applications with automation and warehouse controls more effectively. Users that want real-time monitoring, coordination and control over people and automation-based activities and work processes should also take a look.

Telular

Atlanta, Georgia, U.S. (www.telular.com)

Analysis by Tim Zimmerman

Why Cool: Telular's TankLink, a tank and vessel monitoring solution, offers turnkey telemetry and monitoring that provides seamless, machine-to-machine communication within the supply chain. The tank and vessel monitoring enables kanban-like auto-replenishment integrated with an ERP system via electronic data interchange (EDI) or XML messaging. There is no dependency on end-user infrastructure or security concerns because the innovative design is self-contained, battery-operated and cellular technology (e.g., GSM or CDMA), with an integrated sensor to determine inventory levels. The system provides inventory levels in near real time to a hosted service and allows user-defined alarms and reporting for the following: current inventory position in pounds, gallons, and percentage capacity; alarm set points (reorder point and safety stock levels); last delivery date and amount; average delivery statistics; product usage analysis (average daily usage and maximum daily usage); time-to-reorder point; and time to critical low inventory (based on current consumption trends).

Challenges: Telular's biggest challenge is clients that try to build a similar capability themselves because of the apparent and/or implied importance of the data. This classic struggle of insourcing versus outsourcing is often resolved over time, especially when clients realize being in the telemetry business doesn't make them better at their core competencies — having the data and acting on it does. Telular also faces the challenge of customers implementing its solution primarily

to address tactical supply problems, instead of strategically implementing to improve efficiency and profitability.

Who Should Care: TankLink is ideal for companies supplying fuels, lubricant, chemical and food products in bulk. It may be used to improve replenishment capabilities or other supply chain processes that require alarm data or current usage analysis.

Tradeslot

Melbourne, Victoria, Australia (www.tradeslot.com)

Analysis by Tim Payne

Why Cool: Tradeslot offers a combination of auctioning and optimization technology that allows companies to create electronic markets for commodities with complex trading terms that traditionally did not fit electronic trading. For some companies, auctions based purely on price do not work, since other significant factors must be taken into account to differentiate offerings and come to the best deal. Tradeslot provides a B2B, SaaS-based auction technology that supports combinatorial auctions that go beyond price based auctions. Tradeslot's solution can include factors such as trade terms, quality bundling, conditional prices and other constraints, with these additional buyer-facing factors built into the auction logic. The optimization engine determines in real time the revenue optimal allocation.

Using Tradeslot's offering, buyers and sellers respond to bids and then work to improve and tailor them. Bidders can respond to market feedback and improve their bids in terms of price and non-price factors. This approach has the effect of a simultaneous negotiation with multiple bidders. Sellers using Tradeslot are seeing a revenue uplift of about 15% or more with the use of combinatorial auctions.

Challenges: Combinatorial auctions are interesting for markets where prospects compete for constrained resources and capacity. During the recession in the big economies, the demand-supply imbalance has switched away from excess demand to one of excess capacity. This dynamic does not favor Tradeslot. However, there are specific markets where capacity is constrained (for example, some ports and commodities). As economies grow again, other product types will become capacity constrained (oil-based chemicals, for instance).

Who Should Care: Tradeslot may interest business leaders in industries with resource and capacity constraints that can sell to multiple clients based on the best deal, which is not solely based on price.

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