IDC MarketScape: Worldwide Overall Supply Chain Planning 2019 Vendor Assessment
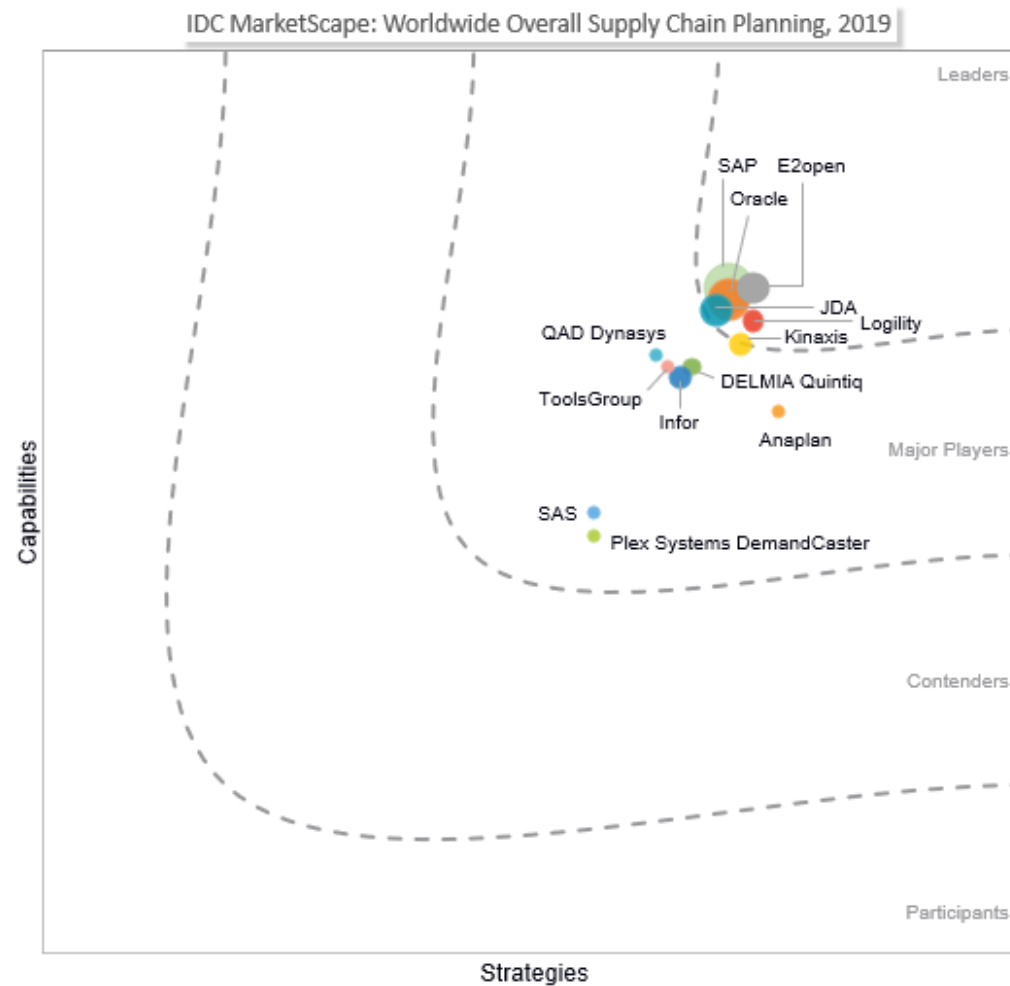
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THIS IDC MARKETSCAPE EXCERPT FEATURES: ORACLE

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Overall Supply Chain Planning Vendor Assessment

IDC MarketScape: Worldwide Overall Supply Chain Planning, 2019

Source: IDC, 2020

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 Overall Supply Chain Planning 2019 Vendor Assessment (Doc #US45863417). 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 supply chain supply planning space and helps assess current and anticipated performance in the marketplace. Supply chain planning (SCP) has become both central and critical to the success of the thinking, digitally enabled supply chain. This study assesses the capability and business strategy of 13 key vendors with broad competencies in overall supply chain planning. This evaluation is based on a comprehensive framework and set of parameters expected to be conducive to success in providing organizations with insight into supply chain planning tools. Key findings include:

- IDC Manufacturing Insights defines supply chain planning as the broad process by which supply chain organizations anticipate demand for their products and services, ensure that the supply of components and materials is adequate to meet that demand, ensure that inventory levels at all points of the supply chain are optimized, and then develop a consensus plan that balances demand and supply through sales and operations planning (S&OP).

- Growing complexity in the supply chain, particularly offshore sourcing, has made supply chain planning much more challenging. Combined with larger forecast error and a lack of complete insight into supply opportunities and constraints, the need for competent overall supply chain planning applications is central to the success of the broader supply chain.

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

- The criteria used in this IDC MarketScape (and resulting position of vendors in Figure 1) are across the 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 and discussions.

- This IDC MarketScape is a starting point for manufacturers that are considering purchasing a supply chain planning application or suite, either for the first time or as a replacement for something they already own. 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. It does not replace the due diligence that companies must then do to evaluate which vendor is the right fit for their needs and circumstances.

The supply chain, whether you are a manufacturer, retailer, wholesaler, or something else, is now a critical function for companies to realize their business aspirations. It is a competitive weapon in the modern digital economy. Advanced supply chain capabilities can enable more efficient and effective

business approaches and support new business models that translate directly to business performance that is tangible and measurable. More importantly, these capabilities transition the supply chain from one that is a "cost center" to one that is an "opportunity center."

The role of supply chain planning is critical to the overall performance of the supply chain. IDC has long evangelized the notion of a singular, integrated supply chain planning facility, which we view as central to an intelligent digital supply chain evolution, but it is also now much more than that, with necessary connections to product design, manufacturing, and supply chain execution. Integrated business planning is the holistic business process that connects all the various planning functions across the supply chain, including demand planning, supply planning, inventory optimization, and sales and operations planning.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This study covers key vendors specifically in the supply chain planning space. Indeed, there are a significant number of vendors offering SCP applications to the market, and we would judge the space to be mature. The intent with this IDC MarketScape is to focus on those that offer notable and robust capabilities. Each of the 13 vendors evaluated for this IDC MarketScape have a well-rounded scope of capabilities for supply chain planning. While there remain differences among the competitors, IDC Manufacturing Insights would feel comfortable recommending any of these companies.

The supply chain planning space has a long tail, with hundreds of companies offering capabilities; however, only a subset offers the full range of demand, supply, inventory, and S&OP. For the purposes of this overall supply chain planning study, we focused on those that we deem to be notable and robust because of the following characteristics:

- Vendors must have been included in recently published demand planning, supply planning, inventory optimization, and S&OP reports.
- Vendors must have at least 20 supply chain planning customers.
- Vendors must have customers in at least three industry segments.
- Vendor is visible. (Vendor is perceived as a key market player.)
- Vendors must have had supply chain planning capability in the marketplace for at least three years.
- Vendors must have a demonstrable track record of innovation with their supply chain planning applications or suite.

ADVICE FOR TECHNOLOGY BUYERS

Overall supply chain planning is a critical capability in the thinking, digitally enabled supply chain. The ability to pair an accurate demand forecast to a credible supply side plan while optimizing necessary inventory positions, and then agreeing to a consensus plan through S&OP, are all critical components in managing an efficient and effective supply chain organization and can be the difference between meeting or not meeting customer expectations for service and quality. As we noted at the outset of this study, supply chain planning has been around for a long time and is a generally mature application space. This does not mean, however, that progress or innovation has remained static; indeed, in the 13 vendor profiles that follow, the level of capability and innovation noted far outstrips what was available even three years ago — whether in terms of planning frequency, the use of both broad and

deep data sets, extended collaboration, or the use of new technologies such as artificial intelligence (AI) or machine learning (ML).

Readers wishing for more depth in either demand planning, supply planning, S&OP, or inventory optimization are invited to read the following companion IDC MarketScape documents:

- *IDC MarketScape: Worldwide Supply Chain Demand Planning 2019 Vendor Assessment* (IDC #US45493217, September 2019)
- *IDC MarketScape: Worldwide Supply Chain Sales and Operations Planning 2019 Vendor Assessment* (IDC #US45598017, November 2019)
- *IDC MarketScape: Worldwide Supply Chain Inventory Optimization 2019 Vendor Assessment* (IDC #US45672017, December 2019)
- *IDC MarketScape: Worldwide Supply Chain Supply Planning 2019 Vendor Assessment* (IDC #US45740217, January 2020)

One important consideration is that supply chain organizations are faced with the choice of whether to continue with point/narrow focus applications or move to an integrated supply chain management suite. The cobbling together of myriad point solutions, even those that are best of breed, rarely results in a best-of-breed "whole" — in other words, the whole may be much less than the sum of its parts. If we accept that suite solutions are broadly the future and point solutions the past, then the journey must begin with the right strategy. This is a major factor in the acquisition of supply chain planning applications. While there may be perfectly good reasons for an organization to purchase individual components of supply chain planning, consider them as part of a broader set of capabilities. When considering supply chain planning overall, or components, it is important to be clear on the broad strategy for your supply chain but also that short-term tactical requirements may require making exceptions. Also, recognize the importance of having an interconnected, integrated supply chain and the degree to which older point applications (even if they are best of breed) may not ideally support this goal.

For manufacturers, retailers, or wholesalers looking for a supply chain planning application — either standalone components or a complete planning suite — 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 on whether you want independent point solutions or a supply chain planning application that is part of an interconnected suite.
- Keep customization to a minimum; customized workflows and systems add a layer of complexity into the supply chain, which may be unnecessary.
- Look to vendors that have experience in your market segment and have the established application scale you require.
- Ensure that part of the evaluation considers your current set of supply chain applications in terms of how supply chain planning will integrate with those applications.
- Ensure that the vendors you consider have the existing necessary functionality as well as the future capabilities you will likely need.

VENDOR SUMMARY PROFILES

This section briefly details IDC's key observations resulting in a vendor's position in this 2019 IDC MarketScape for overall supply chain planning. 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.

Oracle

Oracle Corp. is positioned in the Leaders category in this 2019 IDC MarketScape for worldwide overall supply chain planning.

Oracle (NYSE: ORCL) is a public, global enterprise hardware, software, and services organization headquartered in Redwood Shores, California. Founded in 1977, Oracle has more than 137,000 employees worldwide. Oracle invested over $6 billion in research and development in 2018.

Oracle supply chain planning cloud is a set of products (service subscriptions) on a single, unified, cloud-based planning platform that includes demand management, supply planning, sales and operations planning, global order promising, and supply chain collaboration. Oracle also provides an on-premise value chain planning (VCP) suite of products, which includes complementary planning processes such as production scheduling, trade promotions management, demand signal repository, service parts planning, and supply network design and optimization.

Oracle supply chain planning cloud is purposely built for agility. The idea is to reduce complexity through simplified deployment and maintenance, enable responsiveness (quick identification of problems, guided problem resolution, iterative real-time planning, and machine learning), and empower business and supply chain planners (embedded business insights, self-service, and social collaboration). These enable unified planning to ensure that demand, supply, inventory, and S&OP are completely in sync and support the increasing speed of business.

There are currently more than 400 customers worldwide using Oracle supply chain planning cloud, spread across manufacturing segments that include automotive, farm, construction and industrial machinery, aerospace and defense, high tech, life sciences, and consumer products. The current version is 20A. There is no limit to the number of active users, and the application suite can scale to customers of any size.

Oracle has been experiencing good, consistent growth of its supply chain planning product. Although the company does not disclose specific application areas of growth, it is the estimation of IDC that year-on-year growth for Oracle supply chain planning cloud is around 50%. Much of this growth comes from new ERP/SCM cloud customers, though Oracle is also able to win deals as a standalone, best-of-breed application.

Future road map plans for the existing product include greater support for emerging technologies such as IoT and artificial intelligence in the areas of analytics, segmentation, and network optimization. Specific planned enhancements include automation of supply chain planning tasks, auto-generation of bill of resources, and improved process orchestration.

Strengths

The cloud-native architecture of supply chain planning cloud is an important differentiator for Oracle. It allows the application to leverage modern architectures while being dynamic and nimble to market needs and wants.

Existing Oracle supply chain planning customers that we spoke with are generally happy with the tool, and particularly with both its scalability and future road maps. Certainly, for the installed base of Oracle customers, their supply chain planning product is a very strong offering and may well be an excellent choice given integration and broad capability coverage. Existing Oracle installed base customers do report relatively smooth implementations/integrations, customer support, and satisfaction with the product.

Challenges

SCP cloud was developed from the ground up (unlike many competitive products that were adapted to cloud), which is an important differentiator, but it takes time to add supply chain planning processes such as production scheduling, trade promotions management, demand signal repository, service parts planning, and supply network design and optimization. Many of these processes are planned in the next 18 months. In the meantime, these processes are available via the on-premise Oracle value chain planning suite of products.

Consider Oracle When

Large enterprise manufacturing and retail organizations looking for a vendor of complete cloud-based supply chain planning applications should consider Oracle, particularly if running Oracle ERP. Oracle has been quite aggressive in moving its supply chain planning tools to the cloud and no longer encourages on-premise versions. The company got strong marks for planning speed and accuracy, which win Oracle planning platform deals. Oracle offers a collaborative partnership for its customers and becomes an extension of their internal staff and resources to manage their supply chains.

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 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 generally represents the market share of each individual vendor within the specific market segment being assessed. The market share of each vendor was modeled using the scale of supply planning of each vendor within the specific market segment.

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 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 supply chain planning (SCP) as the broad process by which supply chain organizations anticipate demand for their products and services, ensure that the supply of components and materials is adequate to meet that demand, ensure that inventory levels at all points of the supply chain are optimized, and then develop a consensus plan that balances demand and supply through a sales and operations planning process.

LEARN MORE

Related Research

- *IDC MarketScape: Worldwide Supply Chain Supply Planning 2019 Vendor Assessment* (IDC #US45740217, January 2020)
- *IDC MarketScape: Worldwide Supply Chain Inventory Optimization 2019 Vendor Assessment* (IDC #US45672017, December 2019)
- *IDC MarketScape: Worldwide Supply Chain Sales and Operations Planning 2019 Vendor Assessment* (IDC #US45598017, November 2019)
- *IDC MarketScape: Worldwide Supply Chain Demand Planning 2019 Vendor Assessment* (IDC #US45493217, September 2019)
- *IDC MaturityScape Benchmark: Digitally Enabled Thinking Supply Chain in the United States, 2019* (IDC #US44930219, March 2019)
- *IDC MarketScape: Worldwide Multi-Enterprise Supply Chain Commerce Network 2018 Vendor Assessment* (IDC #US44514117, December 2018)

Synopsis

This IDC Manufacturing Insights study uses the IDC MarketScape model to provide an assessment of a number of providers participating in the worldwide overall supply chain planning 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.

"Overall supply chain planning is a critical capability in the thinking, digitally enabled supply chain. The ability to pair an accurate demand forecast to a credible supply side plan while optimizing necessary inventory positions, and then agreeing to a consensus plan though S&OP, are all critical components in managing an efficient and effective supply chain organization," says Simon Ellis, Global VP for 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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