

Rethinking the Enterprise: Inforum 2018

CIMdata Commentary

Key takeaways:

- *Infor, a leading enterprise software company, has seen dramatic growth with their CloudSuite strategy, delivering cloud-native multi-tenant applications using Amazon Web Services.*
- *They are rethinking enterprise processes and applications and deploying new Infor Go capabilities that deliver mobile and cloud apps that work in concert to support anytime, anywhere access to Infor offerings.*
- *Their work in analytics with their Birst acquisition and their Coleman initiative are bringing augmented intelligence to the point of work.*

On September 24-27, 2018, Infor, a leading enterprise software firm, held Inforum 2018, their annual customer event, in Washington, DC. Infor is a company of many brands that, under the leadership of CEO Charles Phillips, is making the pivot to the cloud by offering CloudSuites, industry-focused bundles of Infor solutions built around an Infor enterprise resource planning (ERP) solution focused on that industry. The private company does publish financials, but their software as a service (SaaS) growth is outstripping their on-premise license declines and the future looks bright. While all of their product lifecycle management (PLM) offerings do not currently play a big role in their CloudSuite offerings, Infor is investing in the space, white labeling Aras Innovator as Infor PLM Accelerate. Based on CIMdata's estimates of PLM market revenues, Infor's Optiva formulation solution is one of the leaders in its market space and has benefitted from very strong growth over the last several years. It is playing an increasing role in Infor CloudSuite sales to process manufacturers as part of the M3-based Food & Beverage CloudSuite. Finally, their fashion PLM offering has a good following in the retail, footwear, and apparel (RFA) space. During the event, Infor announced a new cloud-native multi-tenant solution for RFA enterprises called Fashion Cloud PLM. Beyond product development, Infor also has a strong enterprise asset management (EAM) offering and Infor Configure-Price-Quote (CPQ) that can be readily leveraged in configure to order (CTO) and engineer to order (ETO) businesses.

On September 24 Infor convened an analyst track for market analysts and press. In these sessions, Infor leaders provide updates on their area or offering, including a Q&A session. Ms. Ashley Hart, Infor Chief Marketing Officer, provided an update on their marketing strategy and tactics. Ms. Hart joined Infor in March and has been ramping up her knowledge while building out her teams and revamping the messages and marketing strategies. According to Ms. Hart, historically Infor advertised products, not brands and did not talk about their customers. She is leading a big change for Infor, focusing on how their customers are getting value from using Infor solutions. Her team has been building a common set of messages for deployment across all of their information channels, including a global advertising campaign, Infor Designed for Progress, that will be seen on CNN, CNBC, MSNBC, Bloomberg, the BBC, and other outlets. CIMdata has seen the benefits of name recognition campaigns for other PLM solution providers, like Dassault Systèmes, and it is important for Infor given their short history as Infor (since 2002).

Infor has also tried to differentiate themselves with their focus on design thinking and agile. In 2012, Infor created Hook & Loop, an internal creative agency to bring their talents to creating enhance user experiences (UX). Mr. Nunzio Esposito, Vice President of Hook & Loop, claimed that the future of work is driving a higher, consumer grade experience in enterprise software,

focusing more on mobile-only paradigms. Their development relies on leveraging their Infor OS and Coleman, their artificial intelligence capabilities that will be integrated in many aspects of their portfolio. The user will decide the device on which they will start their workflow and then can finish it on another device. To reach this goal, Infor is trying to fundamentally rethink enterprise applications. Shallow and broad solutions can access the entire cloud suite, enabling lightweight workflows curated by the user. Deep and narrow applications are purpose-built, with complex contextual workflows. These two levels of applications are each aware of the other and strive to only provide the user with what they need at that moment. They also consider gamification, i.e., adding game-like elements to the application to encourage the desired behaviors. These CloudSuite-on-the-go offerings, dubbed Infor Go, are positioned as the gateway to the enterprise. The first two domains for Infor Go application are Infor CRM (customer relationship management), which Infor has been busy re-platforming and Infor HCM (human capital management). This is an exciting move. Many leading enterprise software companies are trying to leverage AI and mobile to provide anywhere access to context-driven applications and data. But Infor is the first to try to take this fundamental rethinking step, unpacking what enterprise software companies have spent years and countless dollars creating. This approach and the solution are new and CIMdata looks forward to future events where we can see how customers are using them in practice.

Infor also provided an update on Coleman,¹ their AI initiative that leverages their Infor OS, itself a set of capabilities including the Infor Cloud built on Amazon Web Services (AWS), Infor Ming.le, their social collaboration platform, and Infor ION, their cloud-native integration platform as a service (iPaaS) platform built using HTML5 and open-source technologies. Coleman honors Katherine Coleman Johnson, a physicist and mathematician whose calculations helped man reach the moon. Her story was immortalized in the 2016 film “Hidden Figures” and her name is the perfect symbol for Infor’s offering. Coleman includes a number of elements, such as voice recognition, image recognition, enterprise skills (more than chatbots, claims Infor), citizen machine language modeler and skill builder (not everyone is a data scientist), and embedded AI. They are using these building blocks to answer complex questions about what is happening in the enterprise, e.g., What is the price point for Product X? What is the lead time for product Y? These are common questions posed in enterprise systems but Infor wants to make the answers routine, possibly to questions spoken to Coleman using Alexa for Business, an Infor partner. Their goal, like that of others, is augmented decision making. Just as IBM sees applications of Watson to many business issues, Infor sees Coleman as providing vital assistance in healthcare inventory optimization, price optimization, demand forecasting, predictive maintenance, assortment optimization, talent profiling, predictive attrition, and team building. This is an impressive list, one that Infor is building out. This technology is providing an interesting dynamic, with IBM looking to leverage their impressive customer base and digestion of relevant content to teach Watson about a given area, while the enterprise software companies are trying to use many of the same approaches and technologies within their applications. Which approach will win? It seems like the enterprise software companies should have the upper hand.

Another recent acquisition highlighted at Inforum was Birst, a cloud-based analytics company that Infor acquired in 2017. Based on the presentation it has been a whirlwind year with Birst adding 48% more sales reps, 67% more R&D staff, and thousands of industry reps and partners now being part of Infor. The results have been impressive, with logins to their service growing more than 4x in one year. In the past 4 quarters Birst’s offerings have become the #2 SaaS product at Infor, which is impressive given Infor’s commitment to SaaS and its dominance

¹ <https://www.infor.com/news/infor-announces-coleman-ai-platform>

in their financial results. On the technical side, Birst focused on natively integrating with the Infor OS and then worked with the CloudSuite owners to build out specific content. They will be rolling out CloudSuite offerings over the next several years. CIMdata is pleased to see an acquisition work out so positively, which is not always the case. Analytics is a necessary core competency and going cloud-native with Birst was a great idea. Their importance will only grow as they work more in concert with Coleman to provide insights for Infor's customers.

After getting all of the details, the Tuesday plenary session put the analyst crowd in the general population, with the thousands of enthusiastic Infor customers. The Infor executive team took the stage backed by the Howard University Showtime Marching Band, a group very familiar to Mr. Phillips, who explained he matriculated down the road at Hampton University. The groups precision and syncopation were a good warm-up for the procession of Infor execs talking about their focus areas. They have been very precise in executing their CloudSuite strategy, rewriting their solutions for the cloud (investing over \$3 billion, claimed Mr. Phillips) and targeting "last mile" features for industry to limit customization or third-party services. The results to date have been impressive. Infor has grown to over \$3 billion in revenues, with their SaaS revenue increasing 35.3% in their last fiscal year (2018, ended April 30, 2018). In a slide from the executive keynote Infor claimed their 12 Infor CloudSuites now have over 77 million subscribers. Each CloudSuite team is working to best leverage Coleman and Birst within the context of their industries. CIMdata is impressed with their focus and their outstanding results. We look forward to seeing how Infor will leverage these same technologies and approaches in their PLM portfolio. At the event they announced a cloud-native multi-tenant RFA offering, Infor Fashion PLM Cloud, which is available for standalone provisioning today and will be available as an option with CloudSuite Fashion, planned for November 2018. Again, this is a great sign. Recreating on-premise applications as cloud-native multi-tenant solutions is a huge investment but an essential one with the world moving to the cloud. This is a great move for Infor's RFA customers and prospects.

Inforum offered so much more than can be reflected in this commentary. With their focus on thought leaders, the agenda also featured Van Jones, TV personality and activist, as well as Venus Williams, the grand dame of women's tennis who lead the fight for equal pay at Grand Slam events. Infor has done much of the hard work, rebuilding their on-premise applications from scratch as multi-tenant cloud SaaS offerings. CIMdata agrees that their industry-focused CloudSuites are exceptional in the industry and the business results speak for that. But CIMdata thinks that PLM is ready for its "close-up" in their strategy, with all of their offerings fully empowered using the Infor OS and Coleman and fully incorporated in the CloudSuite offerings. If Infor can rethink PLM like they are rethinking other enterprise categories it could get very interesting.

About CIMdata

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