

# Optimizing the “Moment of Service”

2022 IFS Virtual Industry Analyst Forum

## CIMdata Commentary

### Key takeaways:

- *Known as a regional ERP provider, IFS is in fact a global leader in Enterprise Asset Management and Field Service Management.*
- *Their business platform, IFS Cloud, is architected to support both extensive customization that supports ready migration to new versions and the introduction of new technologies.*
- *Their new branding around the “Moment of Service” has taken hold in their customers and is deeply engrained within the company as well.*

CIMdata had the pleasure of attending the IFS Virtual Analyst Forum on February 16 and 17, 2022. Over the two days, the IFS team provided updates on their business, go-to-market (GTM) strategy, products, and efforts on the cloud.

Many think of IFS as mainly a regional enterprise resource planning (ERP) solution provider. ERP is an important segment of the enterprise software market but it is not part of CIMdata’s product lifecycle management (PLM) market definition. CIMdata follows the company because they are a global leader in two markets that are included in our PLM market definition: enterprise asset management (EAM) and field service management (FSM). EAM is important to companies managing long-lived capital assets, helping to keep those assets effectively maintained. Similarly, FSM is important to companies servicing fielded products that were historically sold or leased. Today, many industrial manufacturers want to shift their business models away from sales or leasing to offering products-as-a-service under service level agreements (SLAs), often enabled by the Internet of Things (IoT). Most products-as-a-service strategies include the use of Artificial Intelligence/Machine Learning (AI/ML) on their roadmaps, and CIMdata expects this approach to have big impacts on operations in the future. The providers of these newly created services rely on FSM to ensure they can satisfy their SLAs with their customers by using IoT data to fuel predictive algorithms. Asset owners rely on EAM and those same technologies to help improve their overall equipment effectiveness (OEE). IFS recognized those trends and has been investing in new capabilities and expanding their portfolio to enhance their already-strong EAM and FSM capabilities.

Mr. Michael Ouissi, IFS’ Chief Customer Officer, recounted some of their strong financial results over the last several years. Since 2018, company revenue has grown at a 13% compound annual growth rate (CAGR) overall, and 20% for software. Some of that came through mergers and acquisitions. The company also made four significant acquisitions over that timeline: Astea International, a leader in FSM, in 2019; Clevest, a leading provider of mobile workforce management and mobile workforce management and advanced network deployment solutions in the utilities vertical, in 2020; Axios Systems, a provider of cloud-based enterprise service management (ESM) software, and Customerville, a leading customer feedback platform in 2021.

Today, over 60% of their revenue comes from subscriptions of their cloud and service management offerings. Mr. Ouissi claimed that much of this revenue comes from competitive replacements. According to Mr. Ouissi, this stable revenue stream is helping them invest heavily, including in R&D, improving their go-to-market capabilities, and expanding their partner relationships. IFS is also fully committed to their Environment, Social, and Governance (ESG)

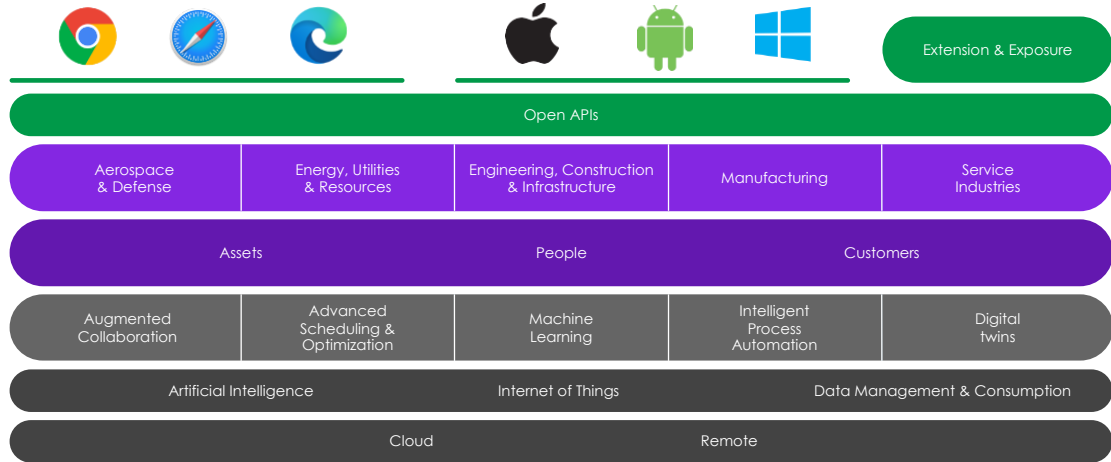
objectives and Mr. Ouissi closed by citing some of their efforts, such as being on track for carbon neutrality in 2025, improvement in hiring diversity (e.g., 43% of non-board executives are female), and works of the IFS Foundation, registered charities in the United States and United Kingdom created to alleviate the social ills in rural Sri Lanka.

IFS also highlighted changes in their GTM program. Unlike many firms, IFS has a core group of focus industries that Mr. Ouissi assured the audience are not changing any time soon: aerospace & defense; telecommunications, energy, utilities & resources; construction & engineering; manufacturing; and service industries. Their GTM is organized, in part, on having partners that also have skills in those industries. At the top of the pyramid are global SI partners, including Infosys, Accenture, Tata Consultancy Services, and BearingPoint. The next tier are industry-focused strategic channel partners and the pyramid’s base includes a bigger set of local channel partners. Mr. Merlin Knott, Global Head, Partners & Channels, claimed that IFS would never mimic the GTM approach of SAP or Oracle who have thousands of partners. He claimed that IFS looks deeper at the prospective partner’s business and expertise and focuses on how that partner goes to market and will put IFS in front of their customers. Mr. Knott suggested a total partner number just shy of 500 across the three tiers, with all partners having the opportunity to move up the pyramid as they demonstrate their prowess. All of this requires significant enablement activities and IFS appears to be taking appropriate actions to ensure their partners are empowered to excel in their GTM roles.

Another big change for IFS is their branding, which changed significantly in the last year. A focus on industry predates the rebranding. IFS used to position themselves as a market challenger pitching to other firms looking to challenge the status quo in their markets. Customers had a clear “journey” with the company, their ads were traditional, and they had a “diffuse” social presence. Their new branding and positioning better reflects their leadership in some markets as discussed earlier. But it goes deeper. IFS is now the company that supplies “cloud software to companies who want to differentiate on service” whose mission is to “enable our customers to be their best at their Moment of Service™.” Mr. Oliver Pilgerstorfer, IFS’ Chief Marketing Officer, claimed that this concept was not driven by marketing but the simplicity of message does resonate with customers and prospects. They are still the “purple company” keeping the purple color of their old logo in their new imagery. The company launched the global rebranding on February 18, 2021, with IFS “plastered everywhere” commented Mr. Pilgerstorfer, including prominent displays in Times Square in New York City, Piccadilly Circus in London, the Burj Khalifa in Dubai, UAE, the Shibuya district in Tokyo, and Stockholm. Print, digital media outlets, advertising, and social media helped amplify the message “around the world in 12 days.” Today at IFS “Moment of Service” is core to their new brand platform and is woven into all forms of external engagement. CIMdata likes the rebranding and the notion of “moment of service.” It helps put the focus solely on serving the needs of the IFS customer using IFS’ software (e.g., how are my customers going to benefit from this function in their moment of service using my solution?) and for IFS’ customers, how they work for their end customers. This dual emphasis was clear in multiple sessions over the two-day event.

Day two focused on their product portfolio, with a specific emphasis on the cloud. In 2015, IFS introduced the IFS Managed Cloud on Microsoft Azure, a single-tenant solution that was well-received by their customers. In March 2021, IFS introduced its next generation containerized cloud offering, IFS Cloud. Figure 1 shows the IFS Cloud conceptual architecture. As mentioned earlier, many people think of IFS as an ERP company and their previous generation solution, IFS Applications, was strong in that domain. But it always offered a configurable set of pre-built applications that spanned more functions. In the IFS Cloud the company has embraced the breadth of their business platform, making it much easier to use their ERP, EAM, and FSM

capabilities together and in combination with other enterprise applications used within their clients.



**Figure 1--IFS Cloud Conceptual Architecture**  
(Courtesy of IFS)

They still focus on the Microsoft Azure platform and are increasingly leveraging Microsoft technology to deliver on their Moment of Service promises. For example, Microsoft PowerBI is embedded in their IFS Advanced Analytics offering, according to Mr. Christian Pedersen, IFS Chief Product Officer. But customers can also choose to deploy on-premises or in a cloud of their choosing. Another key concept for IFS Cloud is “evergreen,” their approach to helping customers stay up to date on IFS functionality. The company moved from large core releases every 2-3 years (with quarterly updates) to two releases per year with monthly service updates with issue fixes only. Customers can decide whether to accept the updates or not and IFS offers them a “Build Place” where they can test their implementation against these new changes. If it passes the testing it can be deployed to their instance for user acceptance testing. Their approach, which relies on containerization, allows customers to continue to configure their own instance, a long-time strength of IFS Applications, while remaining current with new releases. In fact, their approach is very similar to firms in the PLM market like Aras, who also differentiate on their ability to heavily configure their solution and also readily support migration/system evolution. IFS offers similar approaches to Aras on tailoring and extending their solution, first using configurability built into the user and system administrator UX. If deeper change is desired, they offer a low-code development environment that takes advantage of their architecture and separates customizations from the core application. Users can also extend the reach of IFS Cloud using external solutions, including Mendix, Java/JavaScript, and Microsoft .NET. IFS has powerful tools, used to support their own development, that IFS makes publicly available (see [developer.ifs.com](http://developer.ifs.com)) for more advanced developers.

Mr. Pedersen also spoke about their plans for visualization, which today focuses on data visualization. He said they would show more on support for 3D modeling and visualization at their IFS Unleashed event (<http://ifsunleashed.com>), currently scheduled in-person in Miami, FL on October 10-14, 2022. EAM and FSM use cases in demand today almost always require 3D information, so it is not surprising that IFS will provide more support in that area. Augmented reality is a natural in those applications, for example. CIMdata looks forward to learning more at the October event.

What has this meant in terms of customer adoption? According to Mr. Antony Bourne, Senior Vice President of IFS Industries, at the end of 2021 IFS had more cloud customers than

customers still on IFS 9 and IFS 10, the last IFS versions before the rebranding. Even if this does include customers of some of their acquisitions, directionally this is very good news for a company that identifies as a cloud company. Mr. Bourne claimed that many of their customers are using IFS as part of their digital transformation strategy. This makes sense given the breadth of their business platform and the industries they serve. One session highlighted IFS customer stories and of all of the customers presented CIMdata was particularly impressed their win with the United States Navy over IBM Maximo. The Navy chose IFS to provide an advanced configuration management and maintenance program for their aircraft and ships. IFS won over IBM, stated Mr. Bourne, due to their industry expertise, secure architecture, and their ability to effectively support the Navy’s far-flung operations with a single application. Accurate as-maintained bills of material are essential to military readiness and IFS’ selection illustrates the power of IFS’ offerings in this challenging procurement and operations environment.

In conclusion, IFS is on track in their evolution from a regional ERP provider to a global provider of a broad and deep business platform that spans ERP, EAM, FSM, and more. Their architecture is well-suited to delivering a customizable offering that readily supports migration and the introduction of new technology to enhance those moments of service that are critical to business success. Their financial success illustrates how their evolution is resonating with both customers and prospects. The future looks bright and certainly has a purple tint in the markets in which IFS plays. CIMdata looks forward to learning more about their evolving strategy and offerings at their October event.

## About CIMdata

CIMdata, an independent worldwide firm, provides strategic management consulting to maximize an enterprise’s ability to design, deliver, and support innovative products and services by identifying and implementing appropriate digital initiatives. For nearly forty years, CIMdata has provided industrial organizations and providers of technologies and services with world-class knowledge, expertise, and best-practice methods on a broad set of product lifecycle management (PLM) solutions and the digital transformation they enable. CIMdata also offers research, subscription services, publications, and education through certificate programs and international conferences. To learn more, visit [www.CIMdata.com](http://www.CIMdata.com) or email [info@CIMdata.com](mailto:info@CIMdata.com).