

Straight Talking – The rise and rise of Infor

By Bob Tarzey, Service Director, Quocirca Ltd

Salesforce.com is set to become a \$1bn applications company, with latest quarterly revenues of just under \$248m. For Mark Benioff and his team to have done this in just nine years is impressive.

The company has attracted attention, partly through good marketing and a touch of hubris but also by becoming the poster child for a new way business model - software as a service (SaaS).

So it may come as a surprise that on paper the achievements of Infor, a relative unknown, are even more impressive. Founded just six years ago, its revenue is already above \$2bn. So what's the big difference? Is Jim Schaper, Infor's chairman, merely shy compared with the ebullient Benioff?

The difference lies in the two companies' founding premises and their raison d'être. Benioff might be irked that I started by describing his creation as a software applications company.

After all, he espouses the death of software - seeing a future where businesses no longer install much on their own premises but buy it all over the internet as a service.

Infor on the other hand can be described as a company with a founding principle of stopping software companies dying.

Infor has not really been built from scratch at all but on the foundations laid down by the many smaller software companies it has acquired. Many of these would have struggled to survive to the present day if they had not become part of a larger organisation.

Indeed, since 2002 Infor has accumulated well over 30 companies, either through direct acquisitions or through buying other conglomerates, such as SSA Global. Some of them are quite well known, like CRM specialist Epiphany, ERP company BAAN or financial software firm Systems Union. Others are more

obscure and little known outside their niche markets.

Infor's primary focus has been the mid-market - companies that lie in a loosely defined category with between 500 to 10,000 employees. This also happens to be a sweet spot for Salesforce.com. But both companies are also tackling the enterprise market where they run into SAP and Oracle.

In fact, there are some striking similarities between Infor and the recent history of Oracle, or at least its business applications arm. Unlike Oracle, Infor has no software infrastructure side dealing with databases.

Through acquisitions, both companies have built up an array of software applications that cover a broad range of business requirements including ERP, CRM, supply chain management, performance management and financial management.

Both also face the challenge of building a coherent integration story for their products. This is important for two main reasons. First, it is expensive to maintain multiple platforms, although they have to do this to some extent because of customers' legacy systems.

The second reason is to exploit their acquisitions through cross-selling, which is easier if applications can use a common infrastructure.

For Oracle the answer seems obvious, it has made its own database and application server the core of its fusion strategy. For Infor the choice was less obvious.

The portfolio it has amassed relies on a wide range of disparate databases, application servers and operating systems. It has a bit of blue tinge as one of IBM's largest partners for sales of IBM's System i mid-range servers, once known as AS/400s, and IBM is one of its three strategic alliance partners.

A second is Microsoft - this is pragmatic as much as strategic as a large proportion of Infor's

customers rely on and Microsoft's platform. The third is Progress Software.

Progress may not be a household name but it is a major supplier of database and other infrastructure software to the mid-market, much of it through partnerships with software application vendors such as Infor.

Infor is also using Progress's technology to help enable its service oriented architecture strategy, which provides the glue to link its various applications so that they can work together and enable all that cross-selling.

The Progress relationship raises one question: why does Infor not become even more Oracle-like and acquire Progress to give itself an infrastructure division? It might sound compelling but there is lot to be said for keeping the two separate.

If it acquired Progress, Infor would be brought into conflict with many of the other ISVs that use Progress's database; it would also make its relationships with IBM and Microsoft more contentious.

In fact the question might best be reversed: would Oracle be better if split into two

companies, one for applications one for infrastructure?

Infor has built a huge and successful business out of on-premise legacy applications; it is now the world's third largest software applications vendor.

Should Infor be worried about the rise of the SaaS delivery model, espoused by salesforce.com and now being copied by many other traditionally on-premise software application vendors?

Infor sees SaaS as part of the future. It has started to deliver some SaaS components where it makes sense to provide real-time input to its applications.

But switching from an on-premise to a SaaS delivery model is a technical and commercial challenge for any software applications vendor.

Infor is most likely to enter that market by buying SaaS pioneers that don't make it to tier one as salesforce.com has done. After all, that is Infor's business model and the foundation of its success.

About Quocirca

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With world-wide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organisations. Its analyst team is made up of real-world practitioners with first hand experience of ITC delivery who continuously research and track the industry and its real usage in the markets.

Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption – the personal and political aspects of an organisation’s environment and the pressures of the need for demonstrable business value in any implementation. This capability to uncover and report back on the end-user perceptions in the market enables Quocirca to advise on the realities of technology adoption, not the promises.

Quocirca research is always pragmatic, business orientated and conducted in the context of the bigger picture. ITC has the ability to transform businesses and the processes that drive them, but often fails to do so. Quocirca’s mission is to help organisations improve their success rate in process enablement through better levels of understanding and the adoption of the correct technologies at the correct time.

Quocirca has a pro-active primary research programme, regularly surveying users, purchasers and resellers of ITC products and services on emerging, evolving and maturing technologies. Over time, Quocirca has built a picture of long term investment trends, providing invaluable information for the whole of the ITC community.

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