



PERSPECTIVE

Perspective: Continuing Growth for Plex Systems

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IN THIS PERSPECTIVE

This IDC Manufacturing Insights Perspective highlights Plex Systems' success to date and plans for investments in 2015 and beyond. It also discusses how the company's offerings and cloud delivery model appeals to manufacturers.

Plex Systems' growth continues with its cloud-based ERP and manufacturing operations software. The company ended 2014 with 400+ customers and 1,300 manufacturing facilities in 20+ countries and more than \$70 million in revenue. Like many software vendors that provide manufacturers with ERP capabilities, Plex also offers software functionality for more manufacturing-specific requirements related to production and managing product/work in process, such as advanced planning and scheduling, inventory/lot management, traceability, and quality. The software functionality is a combination of business management and manufacturing execution, with Plex's strongest customer segments in the make-to-order value chains – primarily in automotive and vehicles, followed closely by fabricated metal processing.

ERP Spending and the Cloud in Manufacturing

Manufacturers, like many other industries, are increasingly investing in software as a service (SaaS), relying on the cloud for an easier and more agile deployment approach. In fact, 43% of manufacturing respondents worldwide in IDC's 2014 *CloudView Survey* have adopted or will adopt ERP financial applications in the cloud, with the greatest current adoption being in the United States. Furthermore, IDC has forecast that the worldwide SaaS enterprise applications market is currently experiencing a compound annual growth rate of 17.6% from 2014 to 2018 across all industries. Our data shows that manufacturers continue to invest in ERP, on-premise, and cloud offerings. The reasons vary, but for many manufacturers, IT spending on ERP is motivated by:

- **Reimplementation:** Converting highly customized ERP implementations to more streamlined (and less customized) approaches, with manufacturers often considering alternative vendors in the transition
- **Rationalization:** Rationalizing a portfolio that includes substantial investments in core ERP and custom or point extensions and reviewing and selecting newer add-on options, often from the provider of the core ERP application
- **Modernization:** Upgrading ERP and related investments to newer releases with more modern infrastructures, including cloud, or at a minimum enabling future investments that rely on 3rd Platform technologies and architecture

Plex's Role and Ongoing Investments

Plex is in a good position for those manufacturers that are in the midst of any of the aforementioned investment strategies, considering that each approach varies – depending on the manufacturer's size

and profile, including where manufacturing plants are located and coming online and the number of existing vendors in the mix for ERP and MES. For example:

- **Reimplementation** – Plex becomes an alternative vendor for core ERP capabilities.
- **Rationalization** – Plex provides a manufacturing execution/intelligence platform.
- **Modernization** – Plex promotes its cloud deployment model and pricing structure.

With respect to the modernization perspective, Plex is promoting its native cloud architecture, which is multitenant with a single code base, as well as the fact that it has ERP for manufacturers (shop floor to top floor) and a 95%+ renewal rate on its subscriptions. Investments in 2014 include the introduction of an enterprise edition that added more finance and accounting capabilities and enables centralized sales management and purchasing, plus support for global manufacturers – with more languages, currencies, and financial regulations.

Some of the investments Plex is making are ones that you'd expect from a growing software vendor – like increasing packaged integrations and partner relationships, improving reporting and analytics and user experience, improving mobile capabilities, and reviewing its architecture, security, and datacenters to ensure ongoing scalability and performance across the globe. There's more to come in 2015 investments, especially for process and packaging, through support for lot attributes such as expiration. For discrete manufacturers, Plex is adding more depth in finite scheduling and attributes, as well as more MRP. Plex is also recognizing what manufacturers need going forward – things like increasing integration and automation with shop floor resources, including tools, machines, and wearables.

The manufacturing industry isn't necessarily moving to cloud overnight, and Plex can point to many examples of companies making a gradual transition, not just for greenfield IT opportunities. For example, Plex's customer American Axle & Manufacturing took 12 months to use Plex to replace point solutions in its plants to provide the company with real-time visibility and control at the shop floor level, but the manufacturer still relies on Oracle on-premise applications for its corporate ERP.

Guidance for Manufacturers

Knowing that many of Plex's customers will have mixed portfolios and want time to transition to cloud, Plex customers should expect to integrate to existing resources. Furthermore, Plex isn't a replacement for all enterprise applications; for example, one of Plex's larger customers has integrations from Plex to financial systems and supply chain execution and forecasting applications. Still, Plex does have some customers that have deliberately chosen to do as much as possible with Plex's offerings to simplify their approach to IT.

Plex will definitely appeal to small and midsize manufacturers that must operate with extremely lean IT organizations. One concern that some users may have is about Plex's multitenant architecture. It's the type of approach that appeals today to manufacturers that know they can influence future product development, are willing to be part of a group defining best practices, and have low to no expectations for customization. Finally, for manufacturers that are considering Plex, we suggest they evaluate today's capabilities and road map, including Plex's partner road map.

LEARN MORE

Related Research

- *Business Strategy: Worldwide Cloud Adoption in the Manufacturing Industry* (IDC Manufacturing Insights #MI255221, April 2015)
- *IDC FutureScape: Worldwide Manufacturing 2015 Predictions – Changing the Industry with Technology* (IDC #253305, December 2014)

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