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Gartner Says Worldwide Supply Chain Management Software Market Grew 7.1 Per Cent to Reach \$8.3 Billion in 2012

Key Issues Facing the SCM Market to Be Discussed at Gartner Supply Chain Executive Conference 2013, 21-23 May, in Phoenix; 12-13 August, in Melbourne; and 23-24 September, in London

STAMFORD, Conn., May 20, 2013 — Despite economic challenges, the worldwide supply chain management (SCM) software market grew 7.1 per cent to \$8.3 billion in 2012. During 2012, IT budget decision makers remained highly cautious overall, but supply chain investments kept their priority status and moved forward.

"While IT budget scrutiny and global economic conditions are moving cost reduction back to a main business driver, supply chain remains a key source of competitive advantage in driving business growth objectives," said Chad Eschinger, research vice president at Gartner. "North America and Western Europe continue to be the prime consumers of SCM software, with nearly 77 percent of market revenue. However, Western European growth slowed and Asia/Pacific continued to experience robust growth, reflecting a shift toward investment in technology in emerging-market manufacturing centres."

SAP retained its No. 1 market share position in SCM in 2012, with an 11.6 per cent increase in US dollars (see Table 1). SAP held 20.8 per cent of the market and reached \$1.7 billion in software revenue. SAP has been the market share leader within the aggregated supply chain market for more than a decade. Second-place Oracle had another good year in its supply chain business, growing 12.1 per cent and reaching \$1.5 billion in revenue during 2012. JDA Software retained the third spot in 2012, exhibiting strong new sales and increased average sales price through most of the year.

Table 1
Top Five SCM Software Vendors by Total Software Revenue, Worldwide 2012 (Millions of Dollars)

Company	2012 Revenue	2012 Market Share (%)	2011 Revenue	2011 Market Share (%)	2011-2012 Growth (%)
SAP	1,721.2	20.8	1,542.8	19.9	11.6
Oracle	1,453.3	17.5	1,296.9	16.7	12.1
JDA Software	426.0	5.1	430.4	5.6	-1.0
Ariba*	319.2	3.8	366.9	4.7	-13.0
Manhattan Associates	160.1	1.9	141.5	1.8	13.2
Others	4,216.0	50.9	3,114.5	51.3	20.4
Total	8,295.8	100.0	6,893.0	100.0	7.1

*Ariba's estimates represent nine months of business operations before its acquisition by SAP.

Note: Gartner's methodology, which converts U.S. dollars from euro-based income statements for software sold during 2012 globally, has reduced 2012 growth for vendors reporting in non-U.S. dollars.
Source: Gartner (May 2013)

In a highly fragmented market, the top five SCM software vendors maintained their status quo over smaller competitors in 2012, accounting for nearly 50 per cent of revenue. This consistency in share occurred, despite the market consolidations that happened in 2012 — the most significant of which was SAP acquiring Ariba in October. The other major acquisition took place in December 2012 between RedPrairie and JDA Software, creating the largest supply-chain-focused vendor and further consolidating the top of the market.

Software as a service (SaaS) SCM offerings showed above-market growth (13 per cent in 2012), while perpetual new licenses experienced slower growth of 3.5 per cent, as organisations focused on fast implementation at a lower upfront cost.

Additional information is available in the Gartner report "Market Share Analysis: Supply Chain Management Software, Worldwide, 2012." The report is available on Gartner's web site at <http://www.gartner.com/resId=2482418>.

About Gartner Supply Chain Executive Conference

Analysts are discussing the future direction of the supply chain industry at the Gartner Supply Chain Executive Conference. The US event is taking place now through 23 May at the JW Marriott Desert Ridge Resort and Spa in Phoenix. For more information about the conference, please visit <http://www.gartner.com/technology/summits/na/supply-chain/>. Media can register to attend by contacting janessa.rivera@gartner.com.

The Gartner Supply Chain Executive Conference 2013 will also be held 12-13 August at the Grand Hyatt Melbourne. For additional information about this conference, please visit <http://www.gartner.com/technology/summits/apac/supply-chain/>. Media can register to attend by contacting susan.moore@gartner.com.

The Gartner Supply Chain Executive Conference 2013 will also be held 23-24 September at the Lancaster London. For additional information about this conference, please visit <http://www.gartner.com/technology/summits/emea/supply-chain/>. Media can register to attend by contacting laurence.goasduff@gartner.com.

Additional information from the events will be shared on Twitter at http://twitter.com/Gartner_inc and using #Gartnerscc.

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