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Big Software Targets Mid-Market Fashion Companies

Will Smaller Tech Buyers Benefit?

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Even if you haven't shopped for IT solutions in some time, you have probably heard the latest marketing speak. Big software companies have the perfect solution for medium-size companies like yours! Of course, not all fashion companies are mid-sized. But most of you reading this likely fit into what these vendors like to call the 'midmarket' space.

Ask five different people how they define the midmarket and you will probably get six different answers. This is especially true if some of the respondents are large enterprise software vendors that are accustomed to serving Fortune 1000 companies. For example, one top ERP vendor considers companies with fewer than 2500 employees as midmarket, while a leading application software provider categorizes it as companies with 25 - 500 PC's. A more common definition of the apparel midmarket comprises companies with \$50 million to \$1 billion in annual revenue.

Of course, defining the mid-market is not the important issue. The real challenge is for big software companies to understand the technology needs of these smaller fashion businesses (also referred to as 'micro-verticals'). The business case for software varies not only due to company size, but also for specific market segments and according to the role that the company plays in the supply chain. Typically, midmarket companies have some professional IT management due to budget size and complexity, but do not have the luxury of large in-house IT staffs. In contrast to large companies, they must determine what applications they need as they grow. And more importantly, they seek integrated functionality from their software purchases where large companies often focus on integrating various technologies that are already in place.

Why all the fuss over the midmarket? This is clearly where the action is when it comes to ERP, PLM, and other enterprise technology today. With most of the big game all hunted out, some suppliers are looking to replace the large company revenue stream of the past by creating a volume market out of the midmarket space. While it's nice that everyone is finally paying attention to midmarket needs, some of the software offerings have me questioning if the real focus is on helping these companies or on driving software revenue and growth rates.

Even though the midmarket is dominated by smaller firms with smaller budgets, it appears to me that too much of the technology focus may be on low-cost, easy to implement solutions. (Does anyone really prefer to buy a high-cost, hard to implement chunk of software?) When I hear all the rhetoric about "template-driven", "pre-configured workflows", and "fixed scope based on industry best practices" software tools, it signals to me that some vendors are losing sight of the real reason they should be in the midmarket in the first place: it's the functionality stupid.

The mainstream of our industry is midmarket in size only, not in complexity or requirements – or savvy. Some traditional midmarket vendors shine when it comes to factors such as industry-specific functionality and low cost of ownership. But the clout and size of the big vendors is hard to overlook. How can mid-size buyers make the right choices? We offer the following advice: 1) Get professional help to avoid the mistake of diving into new systems without a project manager that has "done it before"; 2) Do not use software or hardware vendors to manage the project; 3) Educate yourself on software and IT management through articles, seminars, trade shows, etc.; 4) Carefully compare out-of-the-box capabilities and implementation time/costs of large and small software and service providers.

Productive Solutions, LLC is an Atlanta-based consulting firm providing actionable advice and measurable results through business strategy, enterprise consulting, and technology guidance services. Contact Rick Ludolph at r.ludolph@productivesol.com or visit the website at www.productivesol.com.