



Green IT Company Profile – Infor



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June 2009

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Company Background

Business

In 2002 the founders of Infor saw a niche for middle market software, i.e. for offerings below those markets dominated by SAP and Oracle. For the last seven years the company has been developing and acquiring software products for this market with a focus on functionality, short implementation times, flexible buying options and global support.

Infor now claims to be the world's third largest business software company. It has a range of solutions across a variety of sectors, including customer relationship management, enterprise resource planning, financial management, enterprise asset management, product lifecycle management and supply chain management. Infor now has 70,000 customers, 30-40,000 of whom are manufacturers and distributors, although the company still tries to service a broad range of industries.

Revenue is around \$2.2bn for financial year ended May 2008, of which 40% is from the Americas, 40% from Europe and 20% from the rest of the world. The company now has 125 offices in 34 countries employing around 8,500 people.

Ownership and Management

Infor began life as Agilisys, but over the last seven years has had a strategy of acquisition to build business. Among the familiar names acquired along the way were Systems Union, SSA Global, Baan, Datastream, Mapics and Infinium Software.

The company is backed by two California-based private equity firms who have been co-investors in a number of software company transactions:

- Golden Gate Capital is the primary investor. It has \$9bn in capital under management and invests in buyouts and growth equity investments across a variety of industries. The Infor acquisition is described as a 'public-to-private' transaction and a 'build-up/consolidation' investment.
- Parallax Capital Partners and its partners have invested over \$150m of capital acquiring 12 companies and now has a portfolio generating over \$1bn of annual revenues. It invests in companies with revenues of between \$5 and \$500m.

Infor's board comprises:

- Jim Schaper - Chairman & CEO since Infor's creation.
- Prescott Ashe - Managing Director, Golden Gate Capital
- David Dominik - Managing Director, Golden Gate Capital

Approach to Green IT

As a private company, Infor is better able to pursue the green IT market than some other vendors more closely driven by financial reporting. The company believes that going green is

a business imperative in the long term and so is prepared to invest in servicing the market. In the current climate the pressure is not going away, but the response is more pragmatic. The company sees opportunities for many companies to reduce costs as well as exploit new markets for low-carbon products.

For Infor the opportunity is to:

- Create pathway for Infor customers to pursue their green strategies
- Develop applications that mitigate risk and exploit business opportunities
- Develop partnerships to create value-added services for its customers

Internal Actions/ Product and Service Greening

To date the company's approach has been very outward looking to support its customers' green strategies, with no correlation between external offerings and internal policy. Nor does Infor belong to any IT lobbying groups or IT-related initiatives such as the Global e-Sustainability Initiative (GeSI)

However, the company has acknowledged the importance of publishing its own internal green strategy and will share aspects such as emissions measurements at the office level which could be achieved with its own EAM solution

The company maintains it already does a lot, with the focus on sustainability with business benefits, such as the move to electronic distribution of marketing collateral and equipping the offices and individuals with video conferencing and web-conferencing facilities to reduce the dependency on travel. For three years the company has had a virtual global 'Sales Kick-Off' rather than the traditional get together and its internal 'Infor University' provides remote, on-demand, workforce training.

Market Offerings

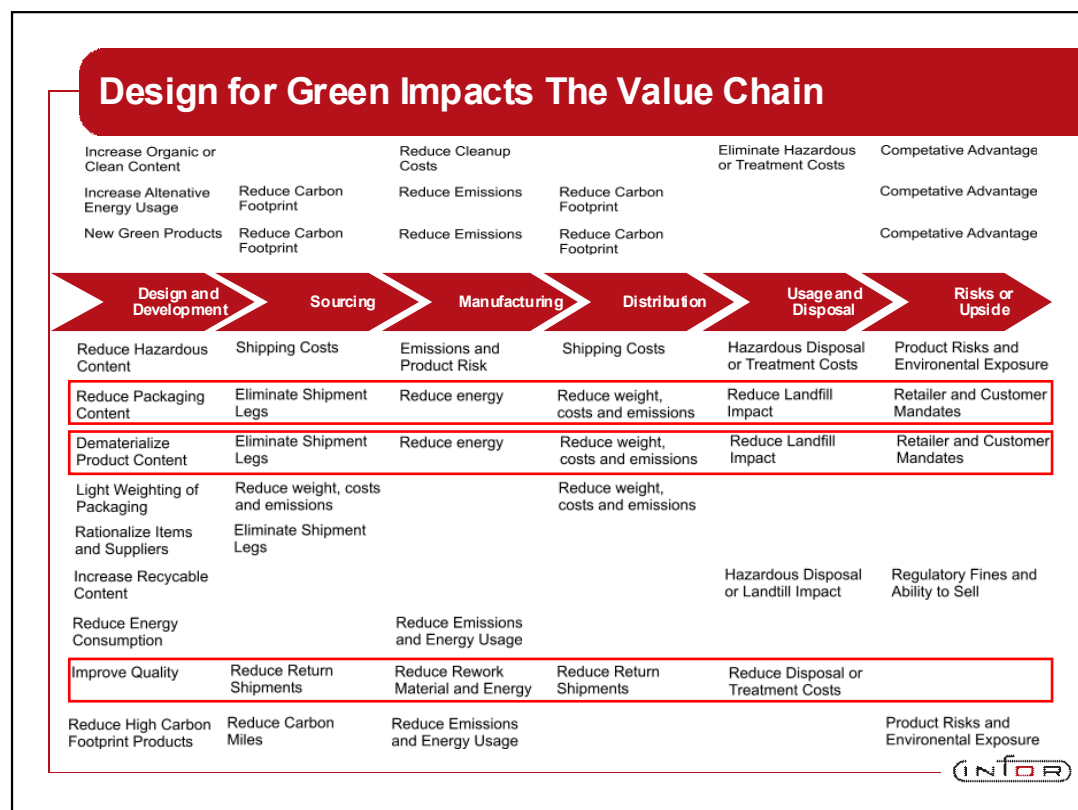
Infor has identified four areas of focus for green solutions; energy efficiency, carbon management, compliance and process improvement. Within these focus areas two solutions are already available, developed in the last 18 months. These are:

- EAM (Enterprise Asset Management) Asset Sustainability Edition. Released in April 2008 in the US, in Q3 2008 it came to Europe. EAM monitors maintainable assets such as machines, motors, heating and ventilation equipment, etc, anything which uses large amounts of energy and hence contributes to emissions. As well as the traditional focus on the usage, repair and replacement of the asset, the new solution also addresses the potential energy use of assets and can hence tune maintenance and replacement requirements to minimise energy use and reduce emissions. Infor claims this can result in energy usage reductions of 6-20%.
- SCM (Supply Chain Management) Network Design. Released in July 2008, the software can calculate emissions for various transport modes and types and allows various what-ifs around designing the supply chain, highlighting impacts in cost, time, emissions, etc.

Area	Opportunities	Solutions
Energy Efficiency	Maintenance Program Management: Factoring asset operating performance (Energy consumption) into maintenance strategy and activities	Infor EAM Asset Sustainability Edition
Carbon Management	Optimizing supply chain networks for service, operational cost and carbon Minimizing transport miles, costs and emissions through transportation optimization Reducing manufacturing costs, waste and emissions through optimized production operations	Infor SCM Network Design Infor SCM Transportation Planning Infor SCM Manufacturing Planning & Scheduling
Compliance	Carbon accounting/MRV/trading systems: Development of reports supporting GRI initiatives Design products for sustainability and compliance.	Infor Financial Management Infor Performance Management Infor Product Lifecycle Management
Process Improvement	Policy enforcement Reduced paper flow, supplier compliance	Infor Expense Management Procurement

These are both new, alternative versions of existing products offered at a premium price. The differentiators in capability were enough to warrant the price premium, although over time the company accepts that they may become standard product features.

The EAM Sustainability Edition is available via an on-site license. The standard EAM solution is also available as an SaaS offering, but as yet there is no web-based Sustainable version, although there may well be in the future. The SCM product is a desktop application available to buy or lease.



The company also includes its PLM products under its green umbrella, not because they specifically address the market but rather that product lifecycle management, from design to disposal, is an essential part of sustainable manufacturing. It is promoted as part of Infor's green offerings, but not as a specifically green solution.

PLM is seen as a big opportunity, particularly where there are multiple product lines in multiple plants, where issues of weight, packaging restrictions, compliance, safety, scale, product performance, etc. all have to be balanced.

The other product areas for the green IT focus will see improvements to existing products to include sustainability features and benefits. The next big effort will be in the compliance area, which Infor sees as having a broader appeal across industries.

The company is creating alliances with systems integrators who are expected to wrap services around the products, particularly the Network Design offering, and it also sells through a channel partner programme. Customers can get the same sort of engagement either directly or via partners, but in what is an immature market users will often talk to their service suppliers first, hence the partnership approach. Infor is open to discussing partnerships and would like to be part of an ecosystem of Green suppliers.

One of the difficulties that Infor has encountered is that traditionally the company sells EAM to plant managers, but selling green solutions often falls into the remit of the environmental health officer, then the CFO (or the CEO in brand-focused companies). This is a challenge for Infor and its partners in selling the new products.

Strategy and Performance

Around 18 months ago Infor started work on adding green capabilities to its software. There was apparently no business plan that laid out the necessity or the anticipated return from investment, but the company believed it would be an inevitable market development and independent market research backed up the view.

Initially the expectation was that the EAM product might generate a new market for the company, but the early indications are that adding the green aspect has primarily become no more than another reason to buy from Infor. Asset management is not at the top of the list when IT investment comes round – it's a cost centre, rather than profit generator - but the sustainability version has made it more visible in the decision-making process.

So far (May 2009) around 22 sales of the sustainable version of EAM have been sold, so not enough for any detailed analysis. However, the view is that most of these sales would have gone to the standard EAM product if the sustainable version was not available. Around a quarter of sales have been to companies who specifically set out to buy a product that addressed green issues. Now, though, the company believes that U.S. government stimulus package for green projects, with over \$7bn in cumulative grants allocated for federal, state and local municipalities, could provide a boost to specific green sales.

The SCM Network Design product has achieved just two sales to service providers, but with each organisation deploying it in several different customer situations – it tends to be more of a services-led strategic engagement. The sustainability aspect gives the service provider something additional to talk about to clients and to build more extensive services around.

The products are being marketed around the world, with most interest coming from Northern Europe and the US (more for EAM than Network Design) partly as the result of recent high energy prices. Asia/Pacific is mostly driven by the Pacific market, with Australia leading due to its legislative regime.

The company has done its own research into industry sectors, which concluded that the leaders in going green were retail organisations, branded consumer products companies and life science companies. Those lagging behind are seen as wholesale/distribution and discrete manufacturing companies. Most uptake in the next 24 months is expected to come from the high technology sector, life sciences, retail and energy industries.

Asset Sustainability customers to date include Bentley College, a US higher education institute and various other companies in North America and Europe in manufacturing, the public sector, healthcare and energy/utilities. SCM Network Design customers include DHL, MIT, a US manufacturing company, and Linfox, a logistics company in Asia Pacific. Case studies are on Infor's web site at www.infor.com/goinggreen.

Infor sees strong imperatives for companies to go green; it believes there are higher margins and better stock market valuations for companies with green portfolios. Also, companies will increasingly dictate environmental standards to suppliers, as Wal-Mart is already doing. Infor's strategy is to establish the company as the leader in enterprise sustainability solutions

Other programmes underway include:

- Compliance and Reporting – support for global legislative requirements. A product is expected to be available in the next 12 months. Early design has started, prompted by gathering pace in the market, with legislation starting to appear in 2010. It is a market that is seen as being largely driven by policy push, rather than user demand
- Enterprise sustainability – dashboards; quantifying, reporting and identifying opportunities for enterprise sustainability

Comment

Infor is certainly up with, if not ahead of, the market with its green product development, one of the advantages of being a private company with financial backing. It has invested early and leads some of its enterprise market competitors in developing new solutions.

The good part is that the new products command premium prices. The down side is that the focus for sales has moved away from traditional roles, such as plant managers, to environmental health officers and CFOs. It's a challenge for Infor, but then that goes with the territory and something all suppliers will have to deal with.

The company already has products, but it also needs to stake its claim on the market in order to reap the benefits. The mid-market may be slower to adopt greener solutions – there will be more pressure and legislation aimed at the enterprise market – but medium and small companies will not escape in the long term and represent a substantial opportunity. A web-based EAM solution would enhance the product benefits to this market and software as a service would be the best approach for future offerings. The company's partnerships approach is certainly an effective way to establish a market position.

The concern is that Infor has, to date, been reluctant to talk about its own efforts in going green – there is little or nothing on the company’s web site, for example. The company has simply been supplying the tools which help customers minimise the environmental impact of existing operations, so it's not like they're providing environmental advice, as some IT services suppliers appear to be doing. Nevertheless, the solutions would have more weight if they were backed by a more visible green commitment from the company itself. This is an aspect that Infor understands needs to be addressed - the sooner the better. Joining industry groups around common initiatives would also increase the company’s green visibility.

Recent Blog Coverage:

15-01-09 **Infor's green solutions**

<http://www.thegreenitreview.com/2009/01/infors-green-tools.html>

13-01-09 **Association of Climate Change Officers**

<http://www.thegreenitreview.com/2009/01/association-of-climate-change-officers.html>

About The Green IT Report (TGIR)

The Green IT Report is an independent market research and consulting company that reports on the impact of environmental issues in general and global warming in particular on the ICT market.

We provide information on the risks and opportunities that climate change represents to IT markets and players around the world. We help IT players, their customers and investors with their Green IT strategy through planning, development, implementation and support.

The programme is run by Pete Foster, a long-standing industry analyst. During his career Pete has worked with several IT research companies including IDC, Holway and Ovum. In 2002 he set up PAC's UK operation before returning to his own research organisation and creating The Green IT Report.

The Green IT Report publishes:

- Profiles of companies active in the Green ICT sector examining both their own internal efforts to be more environmentally friendly and the offerings to help clients become greener.
- Briefing papers providing essential updates on important issues in the market, such as pending legislation, solutions development or a vertical sector focus
- Short reports which take a closer, more strategic and opinionated look at aspects of the Green IT sector and how they will impact the market and players in the longer term. Reports are designed to help vendors maximise their green IT opportunities.

Underpinning all the publications is the daily news and comment web site which monitors, reports and comments on activities in the market and announcements by players. For more information see

www.thegreenitreport.com

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