



RedPrairie Swoops Up StorePerform, Complements Workforce Management Footprint

Wednesday, December 13, 2006

Robert Garf, Christa Degnan Manning

On the heels of acquiring workforce management vendor **BlueCube Software**, **RedPrairie** is buying **StorePerform Technologies**, one of the leading retail task management software vendors. The acquisition will close in the next 20 to 30 days, but other terms of the deal were not disclosed. RedPrairie obtains the Workbench suite of software products and adds approximately 80 employees, including onshore and offshore developers, marketing, and sales resources. Srikant Vasani, StorePerform's founder and CEO, will remain with RedPrairie, providing business leadership to the Retail Productivity Division.

Workforce and task management continue to merge

The high priority retailers give to improving consistency in store execution has fueled investment in task management software that helps bridge the communication and process gap between corporate home-office directives and store-level execution. At the same time, retailers are investing in workforce management applications to better match labor demand with the most appropriate available resource. Both areas share a common goal: increase store productivity by ensuring employees are executing as efficiently as possible.

Retailers can gain incremental value when integrating key processes and data between workforce and task management applications. Obtaining this from a single vendor should lower implementation and training costs (see "Workforce and Task Management—Independent or Integrated?").

In an effort to capture market share by satisfying retailer demand for such integrated functionality, RedPrairie will use StorePerform's task management to complement the workforce management functionality acquired through its purchase of BlueCube earlier in the year. The plan is to have granular task requirements assigned to store associates integrated into the forecasting engine to more accurately reflect workforce demand and share common labor standards, employee hierarchy and credentials, and user interfaces across applications.

Positive move for RedPrairie clients and prospects

This is one of the more logical and beneficial retail software deals to have transpired in 2006. Combining workforce management and task management assets makes sense for RedPrairie, which now has an additional store operations product in its arsenal. It can use its installed base and marketing power to penetrate a relatively immature market. More importantly, though, the deal makes sense for the retail community, which should find tremendous value from procuring these complementary systems from a single vendor.

While retail clients and prospects will feel immediate positive effects from the expanded functional footprint, look for RedPrairie to target other areas of the extended supply chain, such as the distribution center and supplier community, as the software vendor looks to fulfill its consumer-driven, end-to-end vision. See "RedPrairie To Acquire BlueCube in Move To Expand Into Retail Stores" for more on RedPrairie's plans.

StorePerform clients should see improved service and development

StorePerform, founded in 2002, quickly gained traction in the retail marketplace after developing its task management application in concert with **Sears** and **BearingPoint**. Early clients included **Albertsons**, **Menards**, **Borders**, **Best Buy**, **Lowe's**, and **JCPenney**. Besides growing its client base, the software vendor also expanded its product portfolio to include Business Process Designer, Workload Optimizer, Process Scheduler, Task Manager, and Feedback Manager—all part of the Workbench suite.

After initial success, though, StorePerform struggled in sales execution, losing more than winning to chief rival **Reflexis**. It also faltered with its service and development, slipping on release deadlines. StorePerform had a solid product that solved an acute business problem, but like many other fast-growth software vendors, its infrastructure didn't mature at the same rate as its client and prospect needs. In a move to stabilize operational costs and gain development efficiencies, the company laid off approximately 20% of its workforce in July and consolidated application development in Bangalore, India.

With the acquisition, StorePerform clients should see improved service with a larger and more experienced support staff. RedPrairie also brings retailers a stronger and more regimented development process to ensure timely and quality releases. Retailers will also feel the positive impact from a global organization. Although it will take time to build out a local presence focused on service, support, and technology for StorePerform products, a global presence for international clients will be a nice bonus over time.

The competitive landscape heats up

Although BlueCube introduced a task management module in fall 2004, it never gained much traction. The

acquisition bolsters RedPrairie's task management functionality, making it a real contender in the marketplace. The company will continue to face stiff competition from Reflexis, which boasts more than 20 customers, and is hoping to gain market share with its newly introduced workforce management application, which has a broader suite of applications aimed at helping retailers improve employee productivity. **SAP** has opted to partner with Reflexis rather than develop this functionality internally.

Workforce management vendors **Tomax** and **Workplace Systems** are also positioned to compete with RedPrairie. Tomax has been aggressively pushing its task management application, and current clients are pleased with its workflow and usability. Workplace plans to release task management in 2Q07, but poor financial performance resulting from slow adoption of its workforce management application by U.S. retailers may slow development. **Kronos** and **Workbrain** have shied away from entering the task management space, although clients have asked for these capabilities to complement workforce management system usage.

Finally, don't count out **BEA** (with its High Performance Store Management product that it acquired from **Plumtree**) and **Microsoft** (through a partnership with **K2**), which provide viable alternative task management applications and are quietly winning deals.

Retailers should press RedPrairie on integration specifics

This acquisition proves that RedPrairie is serious about integrating data and processes between workforce and task management applications. The software company will continue to sell StorePerform's products independently, but retailers will see incremental value when combining with workforce management, so press RedPrairie on the following integration points (and timeline):

- Creating a single repository to capture, maintain, and update critical employee information, such as hierarchies, credentials, preferences, performance, and engineered industry labor standards.
- Feeding granular task insight into the forecasting engine, along with customer demand, to more accurately determine how much labor is needed.
- Sharing data between applications to view tasks by simply scrolling over each shift within the workforce management calendar, and access key performance indicators (KPIs) through a single dashboard.
- Establishing a single sign-on and unify interface and workflow to make it easier to access and use the applications.