

IDC MarketScape

IDC MarketScape: Worldwide Enterprise Labeling Application 2018 Vendor Assessment

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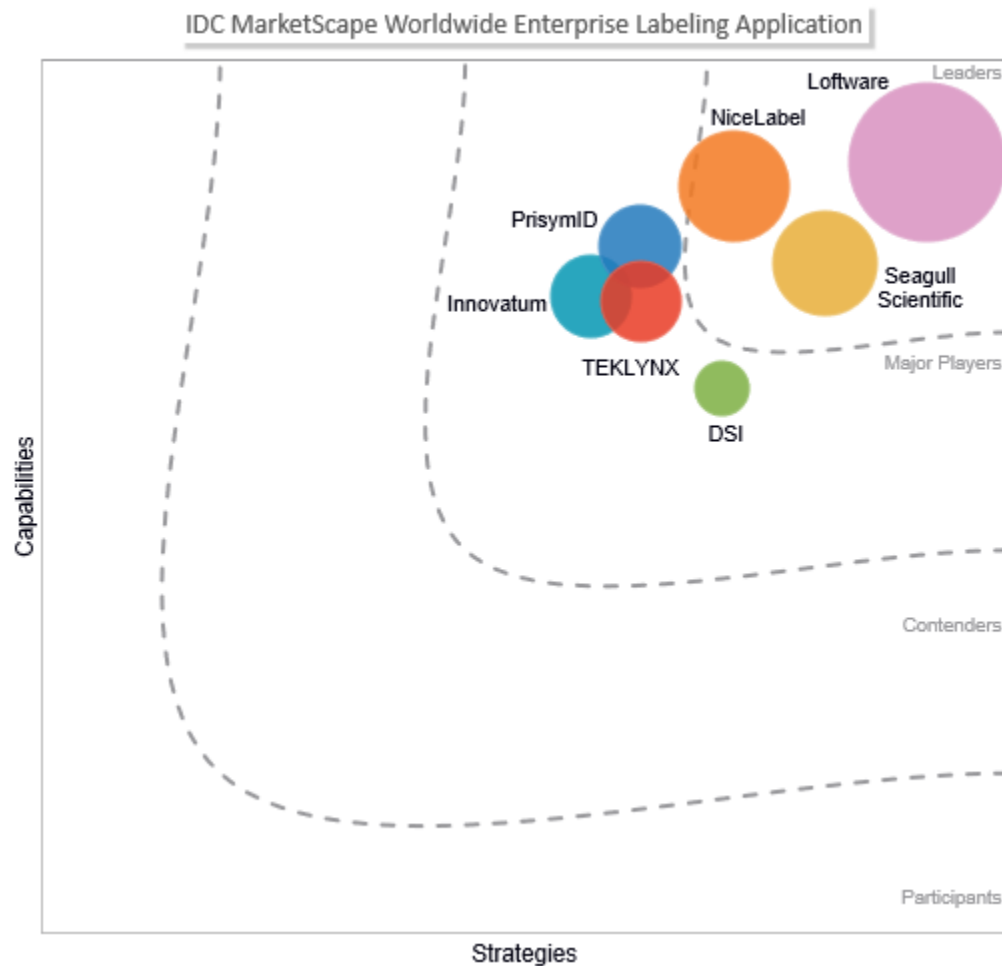
Amy Machado

THIS IDC MARKETSCAPE EXCERPT FEATURES: SOFTWARE

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Enterprise Labeling Application Vendor Assessment



Source: IDC, 2018

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Enterprise Labeling Application 2018 Vendor Assessment (Doc # US44227918e). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

This IDC document represents the vendor assessment model called IDC MarketScape. This research is a quantitative and qualitative assessment of the characteristics that explain a vendor's success in the enterprise labeling application marketplace and help assess current and anticipated performance in the marketplace. This document assesses the capability and business strategy of seven key vendors competing in the enterprise labeling application market. This evaluation is based on a comprehensive framework and set of parameters expected to be most conducive to success in providing an effective and efficient approach to enterprise labeling both in the short term and in the long term. Key findings include:

- IDC Manufacturing Insights defines enterprise labeling applications as software applications that enable users to create and manage labels used across business processes and enable the user to create alignment between labeling, data, and related enterprise applications.
- Each vendor included in this IDC MarketScape (DSI, Innovatum, Loftware, NiceLabel, PrismoID, Seagull Scientific, and TEKLYNX) develops and provides enterprise labeling applications that are widely used in the market.
- Of the seven vendors included in this document, Innovatum, Loftware, NiceLabel, PrismoID, Seagull Scientific, and TEKLYNX focus exclusively on delivering enterprise labeling applications and related documentation management.
- Of the seven vendors included in this document, only DSI competes with a broader range of applications focused on supply chain management, with enterprise labeling as one element of the broader portfolio of applications offered.
- The criteria used in the IDC MarketScape for enterprise labeling application (and resulting position in Figure 1) are across dual dimensions of strategy (future plans and where the vendor is headed) and capability (where the vendor is today in terms of capabilities). Each of the elements within strategy and capability is then assigned a weighting based on the relative importance of each criterion in the opinion of IDC Manufacturing Insights and feedback from manufacturing and retail users.
- This IDC MarketScape is a starting point for companies that are considering enterprise labeling applications. The vendors included represent a "short list" – a way to winnow down the long list of application providers, both big and small, that exist in the marketplace. It does not replace the due diligence that companies must then do to evaluate which vendor is the right fit for their particular needs and circumstances.

IDC MARKETSCOPE VENDOR INCLUSION CRITERIA

Enterprise labeling applications provide much more value than label design and management. This technology serves as a mechanism to create alignment across business processes through the effective use of labeling and the data represented on these labels. For companies competing on the global stage, enterprise labeling applications provide a mechanism to deliver compliance in global markets to ensure a seamless flow of product and information across the supply chain. Labeling requirements have increasingly become more complex, as data requirements increase, compliance requirements and regulations shift, and supply chain operations increasingly rely on labeling as a source of traceability.

Enterprise labeling in general includes vendors that supply printing hardware, paper products, and the focus of this document, the vendors that produce enterprise labeling applications. The market for this technology is a bit concentrated with the bulk of the market being owned by a handful of vendors, with other smaller vendors rounding out the competitive landscape. The intent of this IDC MarketScape is to focus on those notable vendors with significant market share and/or a compelling offering in the space with a sound strategy for future growth. Each of the seven vendors evaluated in this document meet this requirement.

ADVICE FOR TECHNOLOGY BUYERS

Enterprise labeling is a necessary element in doing business in today's environment. All businesses that make and sell any product or material must have the capacity to produce labels that contain critical data about the product and/or material. Indeed, labeling plays a critical role in supply chain management as the information contained on labels typically aligns to other business systems and can aid in the track and trace objectives of the modern supply chain. In addition, regulatory- and compliance-related requirements are often represented on product labels. Companies doing business across borders will typically require some degree of data representing the lineage of product and other requisite data identifying its appropriateness to be distributed within a particular market. Enterprise labeling applications go beyond simply designing and enabling the printing of labels, the technology has become a mechanism to drive supply chain efficiency as well as quality assurance and compliance through the alignment of labeling and other enterprise applications. For companies looking to purchase, replace, or extend the capabilities of their enterprise labeling applications, IDC offers the following guidance:

- Consider enterprise labeling as an extension of your supply chain application architecture as it is an element in enabling efficient supply chain operations.
- Enterprise labeling plays a significant role in regulatory compliance; when designing your enterprise labeling strategy, ensure that you have developed a strategy to leverage your labeling application as to drive global compliance.
- Consider the data. Labels are designed to contain critical information about materials, products, and processes. When establishing an enterprise labeling strategy, or looking to enhance current capabilities, be sure to consider labeling in the context of data management and look for a vendor that shares such a vision.
- Cloud has helped drive evolution of enterprise labeling applications. The need to create alignment across a distributed, and often global, enterprises has been met with the emergence and subsequent growth of cloud-based applications. Cloud-driven applications can enable organizations to create a unified network and enable business process execution between

dispersed facilities while helping centralize data management. Enterprise labeling applications today are available for on-premise, cloud, and hybrid deployment approaches. Work with the vendors in the space to identify and build out the best deployment strategy to meet the requirements of your business.

- Flexibility and customizations are important, but many vendors have worked to simplify the process of label development and label data management. As much as possible, leverage the out-of-the-box capabilities of the labeling applications to minimize complexity within your processes.
- Different industries have different requirements and nuances related to enterprise labeling. Look for vendors that have deep industry expertise, related to your industry, and have built this expertise into their enterprise labeling applications.
- Work with enterprise labeling application vendors that meet your needs. During the process of vendor selection for enterprise labeling applications, seek out vendors that both meet the needs of your business today and have a future strategy that aligns well to your future vision.
- Talk with vendor references. Engage in discussions with references that have undergone similar efforts and leveraged the enterprise labeling application vendors you are considering. Through discussions with companies that have undergone similar projects, you can both learn from their experiences and also get a good sense of what it will be like working with prospective vendors.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

Loftware

Loftware is a Leader in the 2018 IDC MarketScape for enterprise labeling application.

Loftware is a front runner, in terms of revenue, in the enterprise labeling market. The company was founded in 1986 and is headquartered in Portsmouth, New Hampshire. The company is focused on the market for enterprise labeling and recently added artwork management capabilities to its portfolio via its acquisition of Gap Systems in March 2018. The company employs over 200 people worldwide with a global footprint including offices in the United States, the United Kingdom, Germany, Singapore, and China. Loftware is privately held, was acquired by private equity firm Riverside Partners in 2014, and has been growing and profitable for 30 years.

Loftware's flagship enterprise labeling product is marketed and sold under the name Loftware Spectrum (its current version is Loftware Spectrum 3.5), is built to support the enterprise labeling requirements across industry verticals, and can be deployed on-premise, in the cloud, or as a managed service. Loftware supports its enterprise labeling products with a wide range of related services designed to support the end-to-end customer life cycle from planning to post go-live support and everything in between. Overall, Loftware has over 5,000 enterprise labeling clients, with deployments in over 100 countries, and the user interface is localized in 10 languages while printing of labels can support all languages. Loftware has a well-rounded distribution of customers across vertical markets, although its top verticals (manufacturing, high tech, medical device, and pharmaceuticals) account for 50% of customer deployments. The remainder of industries are rather evenly distributed. To support the industry-specific requirements of medical device manufacturing, pharmaceuticals, and

chemicals, Loftware does offer industry-specific versions of Loftware Spectrum with features designed specifically for these industries. Loftware utilizes a multifaceted approach to sales and delivery with 85% of sales coming direct, 10% coming through VAR/distributors, and 5% coming from systems integrators and other partners.

Loftware has a robust and comprehensive labeling application that is well suited to the label design, print, and management requirements across all industries. Loftware's enterprise labeling software seamlessly integrates with business application vendors SAP, Oracle, and other enterprise applications to produce mission-critical barcode labels, documents, and RFID Smart tags across the supply chain. Loftware's design, native print, and built-in business rules functionality drives top-line revenue, increases customer satisfaction, and maximizes supply chain efficiency for customers. Loftware's Enterprise Labeling Solutions and best practices enable the company's customers to meet their customer-specific and regulatory requirements with speed and agility.

Strengths

The ability to support the wide range of customer, regulatory, and regional requirements across industries is a core strength for Loftware. In addition, its industry-specific offerings for highly regulated industries help the company showcase its long-standing expertise in the enterprise labeling market while being able to showcase competency in the most complex of industries. Finally, Loftware views enterprise labeling as an extension of the supply chain and positions its products and messaging in way that resonates with enterprise buyers.

Challenges

Scale is the biggest challenge that exists for Loftware. It is the biggest vendor in the space and is operating a global business with customers across 100 countries with over 200 employees. Many companies operating in the enterprise application space do so with deep teams for support and client engagement. Large-scale customers expect a high level of personalized service, which is challenging when doing the volume of business that Loftware is doing with a small staff, relative to other enterprise application vendors such as SAP, Oracle, and Microsoft. That said, Loftware is the largest vendor explicitly focused on enterprise labeling by revenue and head count.

Consider Loftware When

Across industries and geographies, any company looking for an enterprise labeling application can consider Loftware as a viable option. The company has deep experience in enterprise labeling and has a strong portfolio of successful global deployments across many industries.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

Each of the seven vendors evaluated for this IDC MarketScape have robust enterprise labeling functionality with the capacity to deliver labeling, data management, and integration with relevant business systems. All of the vendors evaluated ended up in the Leaders or Major Players segments due to the ability to meet the core requirement of having the capacity to deliver enterprise labeling capabilities demanded by the market today. While there remain differences among the competitors, IDC Manufacturing Insights would feel comfortable recommending any of these companies for companies looking to deploy enterprise labeling capabilities.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

Enterprise labeling seeks to create alignment between business processes and labeling and data requirements. Leading supply chains today are looking at enterprise labeling as a mechanism to drive supply chain efficiencies by creating a linkage between business processes, business applications, and data requirements. Enterprise labeling delivers capabilities including label design, alignment to business processes and workflows, ability to print and manage labels, capture data relative to business processes through labeling requirement, and adherence to regulatory compliance requirements. The technology available today in enterprise labeling is being designed with a slant toward supply chain management. Labels and barcodes contain a massive amount of information about material, product, and process that is instrumental in driving supply chain execution.

LEARN MORE

Related Research

- *IDC FutureScape: Worldwide Imaging, Printing, and Document Solutions 2018 Predictions* (IDC #US43152617, October 2017)
- *IDC FutureScape: Worldwide Supply Chain 2018 Predictions* (IDC #US43146317, October 2017)
- *Market Analysis Perspective: U.S. Digital Production Printing Hardware, 2017* (IDC #US41992717, September 2017)

- *Business Strategy: Closing the Loop – Alignment and Integration Between Supply Chain Execution and Supply Chain Planning* (IDC #US41729916, September 2016)

Synopsis

This IDC Manufacturing Insights report uses the IDC MarketScape model to provide an assessment of a number of providers participating in the worldwide enterprise labeling application market. The IDC MarketScape is an evaluation based on a comprehensive framework and a set of parameters that assesses providers relative to one another and to those factors expected to be most conducive to success in a given market during both the short term and the long term.

"Enterprise labeling is often overlooked in terms of the end-to-end value that it can deliver for an organization," says Amy Machado, research manager at IDC. "These applications can provide alignment between business processes and the various business applications. An effective enterprise labeling strategy, in today's market, can even be considered as a key component in enterprise data management."

About IDC

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