MANUFACTURERS OF E-MARKETPLACE SOLUTIONS

Juan Pablo Vargas Casaseca
eMarket Services Spain

www.emarketservices.com

September 2005
Introduction

Information and communication technologies (ICT) wield considerable power for promoting economic development and growth. They are capable of driving innovation and improving productivity, reducing transaction costs and providing instant access to the world’s knowledge base. In recent years these advantages have resulted in a considerable increase in the take-up of ICTs by companies as well as increasingly larger numbers of firms that are using these technologies to automate their administrative and internal production processes, their client relationships and to manage their supply, logistics and distribution chains. It is therefore hardly surprising that growth in international trade of ICT related goods and services has outperformed trade in general.

Under these circumstances, the labour employed by manufacturers of corporate IT solutions and applications is fundamental, especially in companies that specialise in designing and implementing e-procurement tools. The principle manufacturers of these solutions are listed below, and have been selected based on their market share and profitability (Gartner Group, 2002 and Forrester, 2004).

Manufacturers of corporate e-procurement applications

Ariba (www.ariba.com)

Ariba is one of the “pure players”, because it specialises almost exclusively in e-procurement and marketplace solutions. It evolved from an e-procurement model into a combined model, incorporating electronic markets through its acquisition of Tradex in 1999. It subsequently returned to an e-procurement focussed strategy.

The company was established in 1996 and is based in California. It is estimated that its applications are used by 30% of companies in the Fortune 500, including firms such as ABN Amro Bank, Chevron, BMW and Unilever. As mentioned above, the company also sells development tools and services focussed on electronic markets.

From 1998 to nearly 2000 it grew significantly due to the lack of competition in this market, but this changed with the entry of the large application manufacturers.

Its core marketplace product is Ariba Buyer, which allows the use of sales functions such as auctions, reverse auctions, requests for proposals, etc.

In recent years the company has established agreements with the sector’s leading companies and they count Microsoft, Accenture, American Express, Bearing Point, IBM, Deloitte and Cap Gemini among their partners. It is interesting to note that the company name is derived from the Spanish word “arriba”.

Commerce One (www.commerceone.com)

Commerce One is another of the “pure players”. This American company defines itself as a leader in the provision of applications and services for operating in the B2B environment. More than 500 clients currently use its e-procurement software. However, when the internet bubble burst the firm was severely affected and in 2001 it had to reduce its workforce by 56%, principally in the services, marketing and sales areas.

Its core products Commerce One Buy and Commerce One Source do not offer excessively sophisticated functionality, but they are well positioned to meet the requirements of
companies with limited financial resources that want to automate the entire purchasing process, from acquisition to payment.

Their clients include large multinationals such as Boeing, Deutsche Telekom, Eastman Chemical and Schlumberger, among others.

**Clarus (www.claruscorp.com)**

This North American firm was founded in 1992 and began operating in the e-procurement market following several mergers. It currently has 70 clients around the world which manage their processes via three principal products: *Clarus Auctions* (auction and reverse auction functions), *Clarus e-Procurement* (general e-procurement) and *Clarus Settlement* (payment methods). Its most important users are Burlington Northern Santa Fe Corp., Cinergy, Comcast Corp., AvidXchange, Gjensidige NOR, MasterCard International, MetLife, Parsons Brinckerhoff, Perot Systems and Wachovia.

Clarus was recently presented with the “E-Commerce Solution of the Year” award by Microsoft (for its services portal ClarusNet).

**i2 RightWorks (www.i2.com)**

This Dallas (Texas) based company was established in 1988 and currently boasts more than 900 clients from diverse sectors such as automotive, pharmaceutical, metals, paper, distribution and telecommunications. Users of i2 solutions include Louis Vuitton, House of Fraser, ON Semiconductor and Tyco.

The company also provides consultancy services which account for 30% of its sales.

In 2002, i2 broadened its e-marketplaces business through partnerships with Ariba and IBM, although these were dissolved a year later when the company acquired RightWorks, an e-procurement solutions provider. The Texan firm has recently emerged from a difficult patch in which it was forced to cut its workforce by 25% and announced further cuts of 1,000 jobs.

The company is focussed on designing corporate electronic solutions and tools in general, although the firm has supplemented this offering by investing and acquiring other companies to offer an extensive range e-procurement and e-market products. For electronic markets, their catalogue application *Aspect Development*, and *RightWorks*, an e-procurement and RFP (request for proposals) tool are both outstanding. Both of them incorporate the *i2 SRM* (Supplier Relationship Management) solution.

**Oracle (www.oracle.com)**

The Californian company is the second largest vendor of independent software in the world, behind Microsoft. Large multinationals such as Dell, Master Card International and Egnatia Bank (and 98 of the Fortune 100) manage their information using tools from Oracle. With gross annual revenues in excess of $9.4 billion, the firm’s star products continue to be databases, development tools and data management applications. Nevertheless, the company also offer ASP purchasing solutions (Application Service Providers) through its range of online businesses.

In 2002, Oracle joined forces with its great rival Commerce One to supply software to Covisint, a venture to create a huge marketplace uniting General Motors, Ford Motor and Daimler Chrysler. The electronic market finally closed in 2003 due to various problems with different suppliers as well as excessive and unrealisable expectations.
In relation to e-procurement, the company developed the **Oracle Self Service Purchasing** tool. It complemented the **Oracle iSupplier Portal** which facilitates communication with suppliers via a private portal. For e-marketplaces, Oracle developed a solution called **Oracle Exchange**. It is offered in ASP only from the USA because of its business model and maintenance and/or product stability. Nevertheless, the firm occasionally authorises other companies to do their own installations.

**SAP ([www.sap.com](http://www.sap.com))**

Founded in 1972 in Walldorf (Germany), SAP has more than 12 million users worldwide in 26,500 companies. It employs approximately 32,000 people and more than 80% of its sales are currently made outside of Germany. It has set up alliances with more than 1,500 partners in 150 countries including Commerce One, Inc., Yahoo!, and the consultancy firms Accenture Ltd., Cap Gemini, Ernst & Young and PwC Consulting, among others.

SAP’s business has traditionally been sales, consultancy and maintenance of ERP packages. In relation to exchange infrastructures, in May 2000 it established the SAP Markets subsidiary, which produces extended solutions for sales and purchasing, as well as integrating these solutions with related business services. Its main headquarters are in Palo Alto, California. It also has offices in St. Leon-Rot (Germany) and Singapore. In July 2000, SAP acquired 10% of Commerce One and signed an agreement to jointly develop marketplace solutions (MarketSet) as well as a joint sales strategy. The alliance barely lasted two years and in 2002 both companies decided to abandon the venture.

**Sun Microsystems ([www.sun.com/software](http://www.sun.com/software))**

Founded in 1982, Sun Microsystems is an information technology company located in Santa Clara, Silicon Valley (California) manufacturing semiconductors and software.

Its principal products are servers and workstations for **SPARC** processors, **SunOS** and **Solaris** operating systems, **NFS**, **Java** (1995) programming language and, jointly with AT&T, the standardisation of **UNIX System V Release 4**.

In relation to e-procurement solutions, it created the subsidiary **iPlanet** and in 2000 in a joint venture with AOL Time Warner, the multinational also launched **iPlanet BuyerXpert**, an application highly suited to companies that wish to automate the basic purchasing processes in which a large number of purchasers participate. This software includes various functionality designed to facilitate purchasing and sales, marketing activities, invoice issuance, additional management tools and logistics.

**MRO ([www.mro.com](http://www.mro.com))**

MRO has more than 5,000 clients around the world and currently has strategic alliances with system integration firms such as IBM and AT Kearny. In 2004 it signed a new agreement with i2 Right Works, considered to be one of the leaders in e-procurement solutions.

In the field of e-procurement, its most important application is **MÁXIMO Buyer Solution**, a tool designed for companies from specific industrial sectors with highly specific purchasing requirements. Following this product, the company has rolled out an extensive catalogue of additional tools to complement it.