IDC MarketScape

IDC MarketScape: Worldwide Point-of-Sale Software in Large Enterprise Retail Apparel and Softlines 2017 Vendor Assessment

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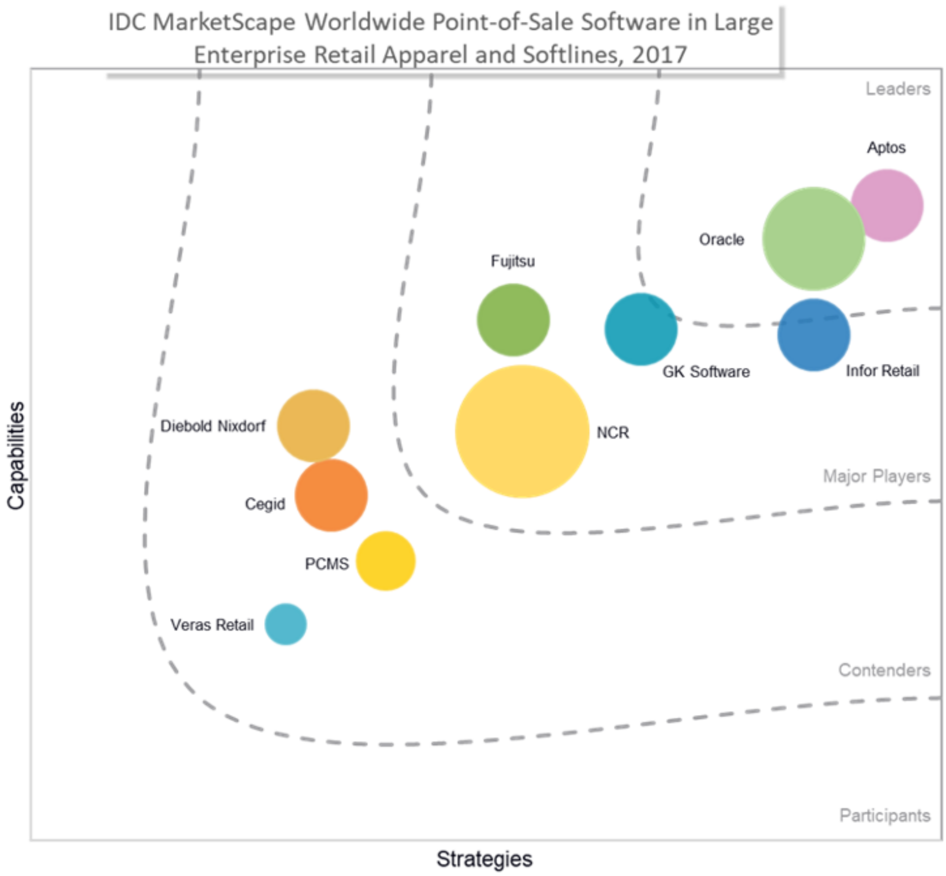
THIS IDC MARKETSCAPE EXCERPT FEATURES APTOS

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Point-of-Sale Software in Large Enterprise Retail Apparel and Softlines Vendor Assessment



Source: IDC, 2017

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

IN THIS EXCERPT

The content for this excerpt was taken directly IDC MarketScape: Worldwide Point-of-Sale Software in Large Enterprise Retail Apparel and Softlines 2017 Vendor Assessment (Doc #US42709817). 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

A key challenge for retailers is how to quickly improve their in-store engagement with consumers that have become increasingly demanding and digitally equipped over the past few years. With the rise of hypercompetitiveness in the retail sector, delivering a differentiating immersive experience has become the obsessive focus of retailers that want to not only stay in business but thrive and prosper. At the center of the store systems that can impact this is the point of sale (POS), or, as some are increasingly referring to it, the point of service.

POS systems have, in fact, been at the top of the list of the hardware and software IT investments that stores have been making for at least the past two years, according to IDC's research. Spend on POS software is forecast by IDC to grow – across all retail sectors at a compound annual growth rate (CAGR) of 4.5% (see Table 1).

TABLE 1

Worldwide POS Software Spending by Retail Sectors, 2015-2020 ($M)

	2015	2016	2017	2018	2019	2020	2015–2020 CAGR (%)
Apparel and accessory stores	386.2	412.0	426.0	456.0	477.8	501.8	5.4
Food stores	1,217.4	1,264.5	1,330.9	1,415.1	1,482.4	1,558.0	5.1
General merchandise (dept. stores)	1,297.2	1,342.7	1,403.9	1,486.4	1,539.5	1,610.7	4.4
Drug, convenience stores, and hardlines	978.3	1,013.8	1,058.0	1,101.8	1,139.6	1,194.6	4.1
Eating and drinking	269.6	276.5	290.0	301.0	314.3	325.4	3.8
All other*	577.5	596.7	618.4	647.5	676.2	701.2	4.0
Total	4,726.1	4,906.2	5,127.2	5,407.7	5,629.9	5,891.8	4.5

TABLE 1

Worldwide POS Software Spending by Retail Sectors, 2015–2020 ($M)

	2015	2016	2017	2018	2019	2020	2015–2020 CAGR (%)

*Automotive dealers, catalog and mail order, and miscellaneous retail

Note: For more information, see *Pivot Table: Worldwide Retail IT Spending Guide, Version 1, 2015-2020* (IDC #US42775316, June 2017).

Source: IDC, 2017

With consumers' expectations constantly on the rise, however, for better, more seamless, and more immersive retail experiences in the store, online, and on their mobile devices, the omni-channel commerce demands on retailers continue to grow. Even the most basic omni-channel commerce scenario, click and collect, continues to challenge retailers, with widespread anecdotes of higher-than-acceptable failure rates — what the consumer considers to be table stakes, in terms of retail services available from stores. The frictionless, seamless, and immersive experience simply is not possible with disconnected, siloed systems, or an older legacy point-of-sale solution.

This study examines the landscape of point-of-sale vendors servicing large enterprises in the apparel and softlines retail sector, looking in particular at the omni-channel scenarios and capabilities that these vendors are delivering.

As an IDC Retail Insights colleague has noted, the consumers' previous best experience is their next, minimally acceptable experience. Stores could not have anticipated the pressure that the new omni-channel commerce environment would put on the life cycle of the POS system, and as the opportunities and expectations for omni-channel commerce grow, POS software solutions are having to rapidly develop and deliver the omni-channel scenarios and capabilities that customers are expecting.

To assess how well POS software vendors are adapting their solutions to offer these new scenarios, IDC is undertaking an extended research effort to look at specific retail sectors.

Highlights from our research:

- IDC has segmented the research into several retail sectors that have common characteristics that lend themselves to common POS assessment.
- Focus is on specific omni-scenario capabilities or functions, and omni-channel experience of adjacent solutions or functions, rather than on POS software features/functions overall.
- The research is necessarily focusing on the POS software vendors that have established the most significant presence and impact on the market. In a fragmented market in which hundreds of vendors are participating across the retail sectors, criteria for inclusion were difficult to establish with as much rigor as usual.
- This research focuses on vendors offering omni-channel POS software solutions that fit our inclusion criteria. IDC Retail Insights elected to assess together vendors offering a best-of-

breed POS software solution with software vendors offering a POS solution within a unified commerce or omni-channel retail suite. At the risk of presenting vendors with widely varying capabilities, this keeps the strict focus on omni-channel POS capabilities that is the objective of this document.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

For inclusion in this research, POS software vendors should have an established reputation offering POS software solutions in the retail industry, offer an enterprise-grade omni-channel POS software solution with omni-channel commerce and omni-channel capabilities and functions, and design and be able to scale for deployment across a retail enterprise with demonstrable significant success in the large enterprise apparel and softlines retail sector.

Apparel and Softlines

IDC defines the apparel and accessories retail segment as including retail stores primarily engaged in selling new clothing, shoes, hats, underwear, and related articles for personal wear and adornment. "Softlines" includes retailers selling textiles, linens, pillows, towels, gloves and hats, handbags, and similar goods.

Special Note

IDC Retail Insights is, by necessity, addressing POS software in retail apparel and softlines in two complementary documents:

- *Worldwide Point-of-Sale Software in Large Enterprise Retail Apparel and Softlines 2017 Vendor Assessment*

  "Large enterprise" denotes POS software vendors targeting "tier 1" retailers (as each respective vendor defines "tier 1") and where a significant preponderance of their 2016 deals came from.
- *Worldwide Point-of-Sale Software in Midsize and SMB Enterprise Retail Apparel and Softlines 2017 Vendor Assessment* (forthcoming)

  "Midsize and SMB enterprise" denotes POS software vendors indicating either a focused targeting of retailers below "tier 1" (as they defined "tier 1") or where a significant preponderance of their 2016 deals occurred.

The POS software vendors have been segmented into each of these documents in alignment with where vendors indicated their "sweet spot" target is, their competitive positioning, and the retail tiers where a significant proportion of their 2016 deals have occurred.

The large/midsize and SMB enterprise segmentation is intended to optimize the assessment of the POS software vendors in retail apparel and softlines for the reader, not to serve as a prequalification/disqualification selection criteria for retailers.

There are POS software vendors in the forthcoming midsize and SMB enterprise document that also target tier 1, that can demonstrate scalability for tier 1 retailers, and that may have referenceable wins from tier 1 apparel and softlines retailers. (POS software vendors under consideration for inclusion in the midsize and SMB enterprise document include Celerant Technology, MultiDev [ChainDrive], Jesta I.S., KWI, Lightspeed, Mi9 Retail, OneView Commerce, ShopKeep, Springboard Retail, and Vend.)

Ten vendors are included and evaluated in this retail apparel and softlines POS software for large enterprises study:

- Aptos Inc.
- Cegid
- Diebold Nixdorf Inc.
- Fujitsu Ltd.
- GK Software AG
- Infor Retail
- NCR Corp.
- Oracle
- PCMS Group Ltd.
- Veras Retail

Note: Oracle completed the acquisition of NetSuite in November 2016. Because of the particular respective POS offerings of Oracle (Xstore) and NetSuite (NetSuite SuiteCommerce InStore), IDC will be presenting each of the two vendors with their own respective assessments and entries. Because of the particular criteria for inclusion in this IDC MarketScape for "large enterprise," NetSuite's offerings are not included in this large enterprise document.

ADVICE FOR TECHNOLOGY BUYERS

From vendor briefings, submitted RFI responses, customer reference calls, and our ongoing research and analysis on business, industry, and software segments, IDC Retail Insights offers some guidance and recommendations for retailers for embarking on a POS software solution initiative:

- Ask your vendor whether and how your POS software solution will deliver a common cross-channel real-time view of customer, shopping cart, and inventory, and whether and how this is a native capability available out of the box, requires integration to vendor applications or third-party applications, or is custom developed. This is the basic requirement, and essence, of omni-channel commerce.
- Retailers should ask their POS software vendors for POS software technical and functional time-phased road maps and ask what omni-channel POS use cases they have developed that their POS solution can deliver out of the box.
- If multidevice is important to you, ask whether the POS software provider provides one single solution out of the box that works on register, tablet, and other device formats.
- Given the centrality of the POS to the store, many retailers will want to particularly probe the currency of the technology stack, when the solution was last re-architected, the POS vendor's ecosystem strategy, and how the integration process with partners is structured.
- Assess the relative value propositions for you of a best-of-breed omni-channel commerce-enabled point of sale versus a unified commerce or omni-channel commerce platform. Sorting through this after your "point of sale" initiative is well under way could lead to unanticipated scope creep.
- Retailers embarking on a POS software initiative should understand their customer journeys and their approach to experiential retail to make the best POS software solution decision.

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.

Aptos

Aptos is positioned as a Leader in this IDC MarketScape for apparel and softlines POS.

Aptos (formerly Epicor Retail Solutions) is a software solutions provider with headquarters in Atlanta, Georgia. Founded in 1972, Aptos emerged from Epicor as a separate entity in mid-2015. The company is private, with 1,100 employees. Aptos' sweet spots are apparel, footwear, and specialty retailers in the main with revenue of $100 million to $10 billion. Most of Aptos' largest retailers run the company's POS applications, and many run additional applications including analytics, CRM, clienteling, merchandising, WMS, enterprise selling/order management, and sales audit. Aptos Store, Aptos' solution, deployed at more than 300 brands, in more than 100,000 stores, and in 40 countries, accounts for more than 60% of Aptos' revenue from POS software. Aptos claims nearly 45 years of experience with apparel retailers, with a particular apparel and softlines focus in the apparel, footwear, and specialty apparel segments. Apparel customers include retailers and brands such as Billabong, Michael Kors, SuperGroup, and Tommy Bahama.

Aptos has one and only one POS solution, Aptos Store, which was formerly the Epicor Retail Store Solution that developed from Epicor's acquisitions of CRS Retail Systems (2005) and NSB Retail Systems (2007). The solution includes seven modules (CRM integration, cash management, promo tool, mobile, email receipt, returns management, and orders and services).

With integrations between Aptos Store and Aptos Enterprise Order Management (part of the ShopVisible acquisition in 2015), Aptos delivers more omni-channel commerce capability, in the form of one view of products, one view of customers, and one view of orders, all of which are updated in real time. Aptos has detailed 41 omni-channel commerce use cases that the Aptos Store suite supports as of August 2017. Integration to Aptos' CRM module means that Aptos Store can present the store associate near-real-time visibility to customer activity across channels, promotions, and deals; loyalty status and rewards; and a time-based customer activity history that allows for accurate fulfillment and returns management. Customizing the POS user interface could be easier; this requires going into an application development tool, AppBuilder, and using this tool requires some training.

Aptos is working on improving its capabilities in promotions to allow for better cross-channel visibility to promotions and better offer redemption. While Aptos' move to a microservices-based platform will alleviate the need to have all of the company's solutions on a common data model, the different architectures within the retail suite makes integration more difficult for retailers. Aptos is developing a unified commerce platform in which there is a single, shared microservice for each domain (e.g., tax, pricing, and inventory) rather than a single monolithic data model. These microservices are shared across the product suite and will augment/enhance capabilities in the existing Aptos Store solution.

Aptos is making steady progress in expanding its global scale and support, with the objective of supporting 48 countries in POS by the end of 2018, up from 38 countries in 2017 (and 27 countries in 2016). Customers will say that Aptos has already come a long way in the two years that Noel Goggin has headed up Aptos (upon its spinout from Epicor). Aptos' maturation, in just two short years as an independent company, to a vendor capable of supporting tier 1 retailers, is timely, as retailers are looking for a POS vendor that brings a balance of organizational scale with agility. Aptos' development of omni-channel POS use cases demonstrates the company's commitment to omni-channel commerce. Aptos is counting on a renewed focus on research and innovation, building out its platform approach, and further developing its partners (that will take on an increasing number of Aptos' POS deployments) to increase its scale and business targeting the top tiers of retailers. While Aptos needs to continue to scale its capabilities, one of Aptos' key strengths is its overall attention to execution in POS solution capabilities, innovation, go-to-market execution, and customer focus.

Strengths

Aptos distinguishes itself with differentiating execution across several areas: differentiating customer focus ("Engage Customers Differently"); singular commerce platform for retailers; and development of more than 40 omni-channel POS use cases.

Aptos' Project Accelerate will provide preconfigured full-functioning, pre-integrated solutions (Store 6.4, CRM, Audit and Operations Management, Secure Data Management, and Enterprise Order Management [EOM]) with sample project templates, configuration plans, and defined use cases to speed up the implementation for retailers.

Challenges

Aptos Store and Aptos Mobile Store, Aptos Enterprise Order Management, and Aptos CRM and Aptos Clienteling do not share a common data model, and Aptos' move to a microservices-based platform to provide integration is a multiyear journey; Aptos retail customers will need to know about time-phased road maps and details on what this means for their retail environments.

Aptos' user interface needs to be more easily configurable, without having to go into an application development tool that requires specialized training.

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 this IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

Vendor footprint and market impact, represented by the size of the bubble, is based on IDC Retail Insights' estimates of each vendor's total POS software revenue (all retail sectors).

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

This study evaluates the omni-channel commerce strategies and capabilities of the leading POS software vendors in the apparel and softlines retail sector. Given the fragmentation of the POS solution market, this study has had to focus on the most prominent POS solution vendors in the market –

vendors with established/significant market presence addressing omni-channel commerce with enterprise-grade POS solutions designed for the multistore environment.

With a focus on the omni-channel commerce capabilities, this study is not intended to deliver an exhaustive evaluation of legacy and traditional POS solutions' features and functions nor is this study looking at POS terminals, hardware, and accessories.

To the extent possible, this study looks at the POS software solution and the evolving omni-channel scenarios that apparel and softlines retailers are looking to deploy. Because some of the capabilities are enabled by adjacent order management systems, CRM solutions, and payments engines and gateways, the study has explored capabilities enabled by these areas and the native capabilities that POS software vendors are offering or integrations vendors have developed to deliver these omni-channel scenarios.

The study's RFI instrument solicited vendor responses about their capabilities in the areas of:

- Technical capabilities
- Integration
- Customer (record/engagement)
- Product
- Transaction management
- Fulfillment

Vendors supplemented their RFI responses with vendor briefings and were asked to provide at least two customer references in the apparel and softlines retail sector.

LEARN MORE

Related Research

- *Pivot Table: Worldwide Retail IT Spending Guide, Version 1, 2016-2021* (IDC #US43217915, November 2017)
- *IDC FutureScape: Worldwide Retail 2018 Predictions* (IDC #US42404617, October 2017)
- *IDC FutureScape: Worldwide Payments 2018 Predictions* (IDC #US41798817, October 2017)
- *At NCR Synergy 2017, the Promise of More Synergy to Come* (IDC #US43040517, September 2017)
- *Infor Inforum 2017: The Engagement Economy Meets the Fulfillment Economy in the Age of Networked Intelligence* (IDC #US43064816, September 2017)
- *Transforming to Thrive – How Retailers Are Organizing to Succeed in Digital Transformation* (IDC #US42809217, June 2017)
- *IDC PlanScape: Digital Transformation of Omni-Channel Commerce for Retail* (IDC #US40840617, June 2017)
- *Aptos Engage 2017 – Singular Commerce and Seamless Experiences "Better Together" with Innovation* (IDC #US42818717, June 2017)
- *Oracle Industry Connect 2017 – Oracle as Relationship and Innovation Enabler in Retail* (IDC #US42409317, May 2017)

- *IDC MarketScape: Worldwide Retail Omni-Channel Commerce Platform 2017 Vendor Assessment* (IDC #US41453016, April 2017)
- *A 2017 NRF Big Show Review Through a Retail Digital Transformation Lens* (IDC #US42389416, March 2017)
- *IDC PlanScape: The 3rd Generation of eCommerce* (IDC #US42174616, January 2017)
- *Perspective: NCR's Retail ONE — Modernizing Commerce and Supply Chain for the Future of Retail* (IDC #US41995116, December 2016)
- *Perspective: Cybersecurity in the Retail Industry Is More than EMV* (IDC #US41813216, September 2016)
- *Perspective: The U.S. EMV Migration — Behind the Rough Start* (IDC #US41565416, July 2016)
- *IDC MaturityScape: Digital Transformation in Retail 1.0* (IDC #US40169816, June 2016)

Synopsis

This IDC study evaluates point-of-sale (POS) software vendors offering their solutions to large enterprise retail apparel and softlines retailers. The research examines how point-of-sale vendors are developing their solutions to respond to demanding omni-channel commerce requirements of retailers — and expectations of consumers. As the omni-channel ante goes up, to address the needs and wants of today's consumer, retailers are having to deploy point-of-sale solutions that can deliver the seamless, frictionless cross-channel customer experience that today's consumers expect. This IDC MarketScape assesses the vendor landscape by examining point-of-sale software vendors' capabilities against a broad list of omni-channel scenarios and capabilities in the areas of technical capabilities, integration, customer (record/engagement), product, transaction management, and fulfillment. This IDC MarketScape is one of a series of planned IDC MarketScapes for the apparel and softlines retail sector, with a follow-on document addressing midsize and SMB (small to midsize business) enterprise retail apparel and softlines retailers. Since there is not a strict segmentation of "large enterprise" and "midsize and SMB" enterprise point-of-sale vendors, IDC Retail Insights recommends that readers read both documents for a comprehensive view of the point-of-sale software vendors serving the retail apparel and softlines sector.

"Our research provides a comprehensive look at the point-of-sale software vendor landscape from a fresh perspective. With the omni-channel commerce retail environment changing so rapidly, to respond to the rapidly escalating expectations of consumers in this hypercompetitive industry, the point of sale continues to be the central nervous system for the store trying to deliver a differentiating, immersive customer experience," said Robert Eastman, research manager, IDC's Point of Sale (Worldwide Retail Technology Strategies service in IDC Retail Insights). "This research should serve to highlight the vendors with omni-channel commerce-enabled offerings in the apparel and softlines sector, and which vendors are leading in their POS innovation."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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