

FROST & SULLIVAN

APTEAN

2022 PRODUCT LEADER

*NORTH AMERICAN ERP
SOFTWARE FOR THE FOOD
AND BEVERAGE INDUSTRY*

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Aptean excels in many of the criteria in the food and beverage ERP space.

AWARD CRITERIA	
<i>Product Portfolio Attributes</i>	<i>Business Impact</i>
Match to Needs	Financial Performance
Reliability and Quality	Customer Acquisition
Product/Service Value	Operational Efficiency
Positioning	Growth Potential
Design	Human Capital

Food and beverage (F&B) industry subsegments include bakery, beverages, animal food, fresh produce, flavors, and spices. Each subsegment focuses on delivering the highest quality products and deals with

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specific production, manufacturing, distribution, and operational challenges. Therefore, they require F&B industry-specific enterprise resource planning (ERP) software solutions and specialized tools for traceability, recipe management, quality control, and forecasting, to name a few. General and horizontal ERP solutions will not suffice to address specific requirements.

Formed in 2012, Aptean provides mission-critical, industry-specific, and scalable ERP and supply chain management software solutions to vertical markets to meet customers’ unique needs. It offers a strong ERP solution built on the Microsoft Business Central & Finance and Operations platforms and an integrated ecosystem for the F&B industry. Aptean’s F&B ERP provides the functionalities that customers in this industry generally expect, such as finance and operations; supply chain planning; sales and marketing; and trade, inventory, warehouse, and production management. What sets Aptean apart and allows it to be successful in this market is that the company tailors its product portfolio for the F&B industry and provides several unique F&B-specific aspects that customers demand in the software.

Match to Needs, Positioning, and Design

Trade management in the food industry is unique because other industries do not have spoilage. Since their products are not perishable, these industries manage their commissions differently. In the F&B industry, contracts with commodity providers could be based on several factors such as fixed contracts based on quantity, start and end dates, commitments and pricing, and whether the contract includes spoilage and freight. Aptean's trade management module in the ERP software seamlessly handles complex trade agreements (with suppliers and customers by including promotions and rebates in the product price to get the product into stores) common in the F&B industry. Aptean is successful because it understands how F&B companies operate.

Customers in the protein market segments buy cases of products with various random weights, which Aptean's ERP software tracks, both from an inventory and a cost perspective. In addition, the grower accounting component in Aptean's F&B ERP allows its customers to work with growers, receive products from the field, take them into a facility, and process them.

With full backward and forward traceability and lot management, Aptean provides insights into its customers and its customers' customers, answering questions such as where a product originates, who is the grower, which field does it come from, which facility processed it, how was it transported, and which distribution center handled it. The food industry focuses on lots in terms of attributes, such as color, quality, and expiration date of a specific lot that needs tracking. This determines if the user should utilize the raw material in a particular production process and sell the final product to a specific customer set. For instance, some customers do not want food from Mexico and want only products from the United States. All these insights on lot management are standard in Aptean's product.

Aptean's Integrated Ecosystem: Aptean also offers business application add-ons that focus on F&B, such as overall equipment effectiveness (OEE), product lifecycle management (PLM), transportation management, manufacturing execution system (MES), enterprise asset management (EAM), product quality management, customer relationship management (CRM), and shipping. Transportation management is useful for many Aptean customers with fleet management, direct store delivery, or proof of delivery requirements. PLM is for customers with research and development (R&D) divisions that need to produce private nutritional labeling and related packaging material. OEE allows customers to integrate with the factory side and machines. These surrounding solutions are available as standalone solutions as well.

The company also offers business solutions such as e-commerce, electronic data interchange (EDI), and business intelligence (BI), which are pre-connected and dependent on the Aptean ERP software. These solutions add value by providing an excellent experience for business-to-business and business-to-consumer (B2C) customers. EDI is critical for any F&B company as electronic transactions are necessary to get into Whole Foods and Costco stores, among others. Its BI provides close to 500 KPIs out-of-the-box (OOTB), specific for F&B industry customers to meet their unique and granular reporting requirements. For example, Aptean BI captures data on individual transactions and shipments and can break part of the revenue, growth margin, and sales transaction cost down to various cost components, such as transport and quality costs. This enables it to analyze the company's actual expenses and revenue and margin for a product type.

Aptean has a set of best practices across the company, including continuous investment in technology and product innovation to make industry-specific and purpose-built software. Aptean also acquires companies offering best-of-breed solutions, which it then integrates into its ecosystem. Therefore, Aptean's F&B industry specialization comes from extensive internal experience and acquisitions. The company's investment in F&B ERP includes the 2018 acquisition of JustFood as well as the later acquisitions of Linkfresh, Beck Consulting, DIN and Schouw Informatisering. Aptean also acquired companies and capabilities with strengths in EDI; PLM; transportation, routing, and scheduling; and shipping, enabling Aptean to offer a full range of solutions to its F&B customers.

Composable/Modular ERP Solution: Implementations can be cumbersome, complex, and time-consuming with heavy, legacy ERP solutions. Delivering an industry-specific ERP that is modular in design is the best way to address this. Aptean is currently developing its industry-leading solutions to be delivered via bundles of apps that enable critical functions. Aptean makes modules that it can deliver, install, and deploy individually. These modules also interact with one another and, because they are built as proprietary IP on top of a Microsoft platform, they bring the best of both highly specialized and more standard capabilities. Customers can deploy what they need when they need it more efficiently than in the past and, over time, go to the Microsoft website and extend the product with additional apps.

Competitive Differentiation: When customers bought ERP software from a vendor in the past, they still have to find and purchase transportation management and PLM systems from other vendors and experience the burden of integrating them. Frost & Sullivan finds Aptean unique in this aspect because its ERP integrates these surrounding solutions, which are all Aptean's products, either built from the ground-up or acquired. Examples include the e-commerce and e-payments functions that Aptean made and released earlier this year, integrated fully with its ERP, BI, and EAM. Frost & Sullivan applauds Aptean for providing a full enterprise suite specific to the F&B industry through this unique combination of its F&B ERP, business application add-ons, and business solutions.

Aptean's competitors have horizontal products and use direct sales or work with partners or value-added resellers (VARs) to get their products into a vertical. Although it may seem as though all vendors check the same boxes, such as trade and supply chain management and PLM, Aptean provides deep industry-specific functionality that is different from its competitors' offerings. Hence, when F&B companies approach Aptean for an ERP solution, it will sell the F&B ERP solution with industry expertise and everything around the ecosystem as necessary based on individual customer needs. Since Aptean focuses on delivering industry-specific solutions, its resource pool is also from the F&B industry. Therefore, an expert who focuses on a specific product and industry will help a particular customer derive value from the products that Aptean provides.

Financial Performance, Customer Acquisition, and Growth Potential

Aptean generates total revenues of over \$440 million in a year. The F&B industry is a vital vertical for the company. Aptean employs over 400 employees to support more than 1,000 F&B industry customers, including meat processors, fresh produce producers, bakeries, dairies, food manufacturers, distillers, and brewers.

Aptean's solutions allow F&B customers to deliver the highest quality products, enabling exceptional customer value. The company takes pride in being an organization that relentlessly focuses on solving customers' problems in the industries it serves. It also provides by-your-side expertise. While Aptean is a global company that implements best practices worldwide, it also has local resources within its customers' operating regions. This allows the vendor to leverage its global reach and expertise and remain close to customers to scale ERP implementations for their businesses and answer their questions about the industry.

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Conclusion

The F&B industry needs a unified, industry-specific ERP software solution and specialized tools to maximize profits and productivity and deliver the highest quality products. Aptean's F&B ERP successfully addresses this need. Grower accounting, trade management, full backward and forward traceability, and lot management are some of the F&B industry-specific components of its ERP. It also provides a full ecosystem such as business application add-ons and solutions specific to the F&B industry and addresses the end-to-end business processes for numerous F&B subsegments. Aptean's composable and modular ERP solution allows customers to add modules as necessary, enhancing customer value proposition. Customers find Aptean appealing as it understands how different F&B subsegments operate and provides by-your-side expertise. With its strong overall performance, Aptean earns Frost & Sullivan's 2022 North American Product Leadership Award in the ERP software for the F&B industry.

What You Need to Know about the Product Leadership Recognition

Frost & Sullivan's Product Leadership Award recognizes the company that offers a product or solution with attributes that deliver the best quality, reliability, and performance in the industry.

Best Practices Award Analysis

For the Product Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Product Portfolio Attributes

Match to Needs: Customer needs directly influence and inspire the product portfolio's design and positioning

Reliability and Quality: Products consistently meet or exceed customer expectations for performance and length of service

Product/Service Value: Products or services offer the best value for the price compared to similar market offerings

Positioning: Products serve a unique, unmet need that competitors cannot easily replicate

Design: Products feature innovative designs, enhancing both visual appeal and ease of use

Business Impact

Financial Performance: Strong overall financial performance is achieved in terms of revenues, revenue growth, operating margin, and other key financial metrics

Customer Acquisition: Customer-facing processes support efficient and consistent new customer acquisition while enhancing customer retention

Operational Efficiency: Company staff performs assigned tasks productively, quickly, and to a high-quality standard

Growth Potential: Growth is fostered by a strong customer focus that strengthens the brand and reinforces customer loyalty

Human Capital: Commitment to quality and to customers characterize the company culture, which in turn enhances employee morale and retention

