VAI CONFERENCE 2016 FOCUSES ON ROI AND VALUE

ANALYST

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THE BOTTOM LINE

At its recent user conference in New Orleans, VAI focused on extending its solutions to bring enterprise technologies to the midmarket. VAI Conference 2016 featured updates and additions to VAI's core products and services including S2K Enterprise, S2KAnalytics, and VAI's Cloud. With return on investment as the central tenant of VAI's message, Nucleus found the product enhancements consistent with the goals of delivering value to its customers.

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THE ANNOUNCEMENTS

At the conference keynote, VAI executives took the stage to discuss the latest product enhancements and where the company is investing to bring greater value to its customers. Some key announcements included:

- Improved services. VAI announced enhancements to several products geared toward more effectively engaging customers and suppliers. For example, S2K Sales Force customer relationship management (CRM) application is integrated with the back office and helps companies with sales analysis, order entry, and contact management. Additionally, S2K Enterprise Portal functions as both a business-to-business or business-to-customer "shopping cart" and online product catalog enabling omnichannel customer engagement. The Supplier Portal helps partners and suppliers take a more active role in supply chain management, giving suppliers visibility into purchase orders, shipments, order histories, invoices, and vendor performance. VAI's product advancements are geared towards giving customers greater end-to-end capabilities.

- S2K Enterprise Release 6.0. The culmination of converging technologies, S2K 6.0 is the latest enterprise resource planning (ERP) release from VAI and is available in a cloud or on-premise deployment. Mobile- and web clients built on HTML5, S2K 6.0 integrates business intelligence that intends to drive efficiencies. VAI sees its offering as bringing technologies to the midmarket that are normally reserved exclusively for enterprise customers. S2K Version 6.0 includes industry verticals for pharma and food customers and is set to become available in 2017.

- Push to the cloud. VAI discussed its cloud ERP offering, stressing the relative cost of maintaining an on-premise system relative to cloud. VAI's cloud capabilities are delivered via platform as a service (PaaS) with a high availability (HA) configuration. Thus, VAI is responsible for maintaining the infrastructure that runs licensed S2K applications. VAI said half of its new business is opting for the cloud, with 20 percent of its existing install base opting to move to the cloud now or in the near future.

VAI pointed to the security capabilities of the cloud as a significant part of the value proposition for the midmarket, with on-premise customers unable to keep pace with the investments VAI is making. This echoes Nucleus' prediction that the debate between on-premise and cloud security will effectively be put to bed within the next year (Nucleus Research, *Q194 – Nucleus Top Ten Predictions for 2017*, October 2016). Overall, Nucleus sees the advancements VAI is making to bring the cloud to manufacturers and distributors as positive steps towards delivering greater value to customers. With products that cover ERP, customer relationship management (CRM), e-commerce, mobile, and analytics, VAI is working to modernize the midmarket.

CUSTOMER REACTIONS

There were numerous customers and partners in attendance at VAI's user conference. Customers came prepared with questions about how to get more value out of their deployments. Nucleus spoke with several customers during the conference to hear about their experiences working with VAI and get their views on the product announcements and roadmap.

INDUSTRIAL SUPPLIER

One company that delivers a wide range of industrial supplies to customers discussed some of the difficulties it had with implementing. Having been running an old legacy system, the transition to VAI, combined with the complexity of the company's operations, required a large amount of internal change. For example, the

company houses 21,000 stock keeping units (SKUs) in its warehouse and uses VAI to better track item picking for order fulfillment. Transitioning the warehouse personnel to the new system for tracking and picking required change management, but ultimately made their jobs simpler and more efficient. The customer is looking forward to leveraging VAI's data analytics capabilities which it hopes to use to improve efficiencies and gain insights into its operations.

The customer said: *"Our implementation was complicated and difficult, but once we got up and running, it was like night and day. We have a platform for growth that has changed how we operate. There were adjustment pains, but we definitely have gotten value from the deployment."*

MANUFACTURING COMPANY

A manufacturing customer that makes made-to-order products was in the deployment phase with VAI. The customer was at the conference looking to knowledge share with other users about managing the changes that the business is trying to adopt. The company picked VAI for its ERP because the solution fits the size of the business and provides the flexibility it needs. With goals of shrinking inventory, better item tracking, and a faster order-to-cash process, the customer is optimistic even if the current stage of implementation is stressful.

The customer said: *"It is basically just me managing the project, so it is a lot of work. But it'll be worth it. We currently carry a huge backlog of product that sits in our warehouse for ages with no tracking. I'm hoping to get better visibility into what products we have available, which will save us time and money."*

MANUFACTURING COMPANY

A third customer builds key components for large machines and has seen the business grow by using VAI software. Despite increasing competition from companies that have outsourced their operations, the customer could continue running in part due to efficiencies gained from VAI. Although it had no plans to move to the cloud, the company was bullish on its ability to stay competitive.

The customer said: *"We've absolutely gotten a positive ROI on our deployment. VAI fits our business and our specialized use case. The solution has grown with us. We're here to learn more about the new capabilities that VAI is developing. We're excited about the new functionality in S2K Release 6.0."*

VAI'S STRATEGY

VAI's products cater primarily to midmarket manufacturing and distribution customers, which is a section of the industry that is ripe for a technology refresh. The suite of capabilities that S2K delivers means VAI does not need to invest in numerous industry verticals, making it able to address nearly any use case. Investments in mobile functionality, cloud, CRM, and end-to-end supplier-to-customer relationship and transaction management help build on VAI's extensive history in the ERP space. With half of new business looking to go to the cloud, VAI is making moves to increase the value proposition of its cloud by focusing on security and high availability. By focusing its messaging on return on investment, VAI is well positioned to resonate with the concerns of customers that are cost conscious due to the narrow margins of their sectors and are looking to update their aging technology to stay competitive.