GT Nexus and Infor

**Thesis**

ERP software helps manufacturing companies plan, schedule, orchestrate, and monitor shop floor production inside the walls of the enterprise. The continued shift toward outsourcing and expansion to new global markets to meet multi-regional consumer demand moves the shop floor outside of the OEMs’ ERP system to other partners. OEMs, brand owners, and their supply chain partners all need visibility on production status, and inventory in transit or at rest, so they can allocate incoming shipments to customers, distribution centers, and retail outlets with the goal of minimizing inventory buffer in the chain.

The GT Nexus network connects global companies to their partners, both onshore and offshore, and provides real-time visibility on order and shipment status, so brand owners can optimize their supply chain for greater agility, faster turns, and lower costs. That connectivity is accomplished by integrating the GT Nexus network directly into the back-office systems of the enterprise (including accounts payable, ERP, warehouse management, and order management systems) and then doing the same on the other end with the suppliers, many of which are Infor® customers.

This is not the same as managing a traditional supply chain and receiving raw material or sub-assemblies for final assembly in a brand-owned plant. Instead, the production schedule is now managed by third parties, which creates a need for multi-enterprise order management and coordination—in effect, a business network.
The key features of the platform

■ Procure to pay shares and manages the master record of the order across multiple suppliers. Everyone can see the same copy of the order and all its subsequent changes. 90% of all orders change (style, quantity, ship to locations—based on change demand), so keeping all parties informed is a key requirement.

■ GT Nexus transmits the order and subsequent changes from the brand owners to the contractor. GT Nexus also helps the contractor schedule freight and then transmits in transit status from the third-party logistics providers back to the brand owner. In addition, GT Nexus prints the labels on the boxes to meet each brand owner’s specific requirements for shipping receipts.

■ The brand owner needs to know where the products are in transit and the contractor needs to know when they’ve been received, since that triggers settlement and payment. GT Nexus transmits that data to both parties and initiates bank instructions for payment at settlement time. The settlement is done by netting accounts at the bank, and GT Nexus gets paid by taking some basis points of the settlement transaction. So, the payment is integrated with the transaction network.

■ This distributed order management across enterprises is designed to automate the necessary communications between partners to orchestrate complex, long running orders with a high volume of changes, messages, and required services. Those service types include:

  - Purchase Order Receipt and Change Management
  - Order Balance Tracking
  - Order Status Inquiry
  - Standard and Custom Reporting
  - Invoice Creation/e-Invoicing
  - Automated Data Compliance (N-way Matching)
  - Custom Invoice Creation
  - Additional EDI Document Maintenance
  - Real-time Order Inquiry by Customer
  - Advanced Ship Notices
  - Pre- and Post-Export Financing and Factoring

■ GT Nexus’ customer concentration is in retail apparel and footwear and manufacturing. The industries that need this network are the ones that outsource manufacturing aggressively. Apparel industry margins are low, with a labor driven manufacturing process.
Offshore manufacturing generates a need for multi-modal scheduling and transportation management, which is part of the network. Agents interact with the network to verify shipments and add bills of lading and customs documents. The bulk of the suppliers on the network are in offshore markets and the brand owners are in the US and Europe.

- One of GT Nexus’ key advantages is that all major ocean carriers are already connected to the platform, and actively supporting other platform customers. To schedule ocean-bound shipments in the US, GT Nexus is the dominant platform; it has integrations to all the carriers and no one else has the critical mass. Even 3PLs like UPS rely on GT Nexus for that. GT Nexus’ ocean-carrier relationships are long standing, proven and hard to duplicate. GT Nexus also has added air transportation, and recently added ground trucking in the US. Customers would like a single platform for all shipping needs and this is potentially the first complete multimodal transportation management platform. GT Nexus formed a Shipper Council, which is a group of executives from very large importers and exporters who came together because they all share GT Nexus as their international supply chain technology platform. The Shipper Council participants come from a cadre of companies that have over $1 trillion in revenues, and move over 5 million TEUs (twenty foot equivalents) of ocean freight annually.

- The apparel and footwear contractors on the GT Nexus network overlap with Infor’s mid-market offshore manufacturing customers. These are cost conscious, low margin manufacturing companies that need complex functionality, but cannot afford traditional on-premise systems. The same is true for brand-owned factories in these offshore locations. Infor M3 has traditionally done well in this market.

- GT Nexus is a single instance, true cloud service. Unlike other networks, it has a single code base for all customers, with a single view of the order across the value chain.

- GT Nexus has a single canonical map for orders and contractors on the network, which means that suppliers join the network once and can talk to all buyers with a single connection. That is not the case with other networks where suppliers have to build unique integrations for each buyer or log into different buyer portals.

Synergies

1. Infor creates ERP applications with deep industry features to build products inside the walls of the enterprise. GT Nexus is an ERP system for outside of the enterprise, when a third party is building the product. Order visibility in a multi-enterprise production network is what originally drove the need for the network. The idea is to enrich that visibility with earlier stage production data.

2. Infor could take that order visibility further up the chain to sales, marketing, quoting, and merchandise planning. These are processes that indicate demand before there is actually an order.
This is valuable information for sales and operations planning (S&OP)—a key Infor product segment. This data can be shared with suppliers for more accurate capacity planning.

3. GT Nexus is moving into pick, pack, and ship status inside the factory, and light inventory management. Infor is already a major supplier of warehouse management systems and could more comprehensively provide inventory status with higher fidelity data. Infor warehouse management applications could become another service in the GT Nexus network.

4. The GT Nexus network is for direct procurement. Infor and GT Nexus could create the first network that encompasses both indirect (the Ariba market) and direct procurement. Procurement professionals want one network for both. Infor has the workflow, catalog management, and punch-out technology, but not the network. GT Nexus has the network and on-boarding technology to add additional suppliers, but no front-end workflow for procurement. Our applications and their network are complementary.

5. GT Nexus could be a catalyst for moving more manufacturing customers to the cloud. Infor could embed the GT Nexus network into its ERP applications to eliminate integration tasks. Gartner has described the “extended enterprise” with “embedded integration,” which is the original concept Infor began to target four years ago. Pre-wiring Infor applications with network and collaboration services would be a differentiator. Suppliers on the GT Nexus network would have motivation to go with an Infor ERP system, and to let Infor be responsible for network integration.

6. Infor has leading products that manage the components, raw materials, and configurations that make up a final product—the Bill of Materials. Infor PLM (product life cycle management) documents all components of the BOM. Those components change often and can be configured differently with Infor CPQ (configure price quote). Manufacturing needs this information to know what to produce and how. Infor could help all constituencies gain access to the current BOM, so that what is designed and specified is actually what is built and shipped.

7. Infor customers with heterogeneous ERP systems across their enterprises sometimes decide to consolidate to a single ERP solution to get more accurate information on orders and shipments. That’s an expensive decision. GT Nexus can provide that single view of the order across ERP systems, without that high-risk consolidation. The deconstruction of the monolithic ERP suite to more modular services is a trend already underway; helping customers implement that architecture, eliminating the need for a large consolidation, and staying with a distributed, purpose-built ERP system is to Infor’s advantage.
8. Many companies are employing a “two-tier ERP” strategy, as defined by Gartner. The idea is to not duplicate the expensive infrastructure at all remote locations where a company may have less IT expertise and smaller operations. Infor and GT Nexus would have a good value proposition for these OEMs: Let Infor handle your remote locations and your suppliers, and put them all on a single network with a standard ERP system for complete network visibility.

9. Functions and data within GT Nexus are available via REST APIs (application programming interfaces). Hook & Loop and other development organizations can develop applications and analytics that leverage that data and co-mingle it with other production processes and data.

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