

Visiprise Buy Will Assist SAP in Assembling 'Perfect Plant'

Andrew Hughes

SAP's planned acquisition of Visiprise adds a vital component to SAP's "Perfect Plant" strategy. If SAP's manufacturing execution system overcomes challenges, it could potentially become a compelling single-vendor solution.

NEWS ANALYSIS

Event

On 17 June 2008, SAP announced that it plans to acquire Visiprise, a privately held software company based in Alpharetta, Georgia. Visiprise has been SAP's primary partner for manufacturing execution systems (MESs) in discrete manufacturing. Terms of the deal were not disclosed.

Analysis

This planned acquisition could help to clarify and strengthen SAP's manufacturing strategy. The deal would complete a trilogy of manufacturing operations management (MOM) acquisitions by SAP that started with Lighthammer (now Manufacturing Intelligence and Integration) in 2005, followed by Factory Logic (Lean Planning and Operations) in 2006. The deal also confirms that SAP intends to move aggressively into plant operations.

Including Visiprise among SAP's own "Perfect Plant" offerings rather than as a partner offering will help SAP customers choose between SAP and other MOM offerings. However, SAP still must work to convince its discrete manufacturing customers that the SAP MES will benefit them more than offerings available from small independent players and large control companies. More-complex manufacturers that seek to exploit the increased integration of product life cycle management (PLM) with manufacturing operations are likely to continue to favor the PLM vendors and their MOM partners. Less-complex manufacturers that are not yet considering the integration of PLM with MOM are the most likely to benefit from the deeper integration between MOM and ERP potentially delivered by SAP's acquisition of Visiprise.

SAP partners with other MOM vendors to address different industry verticals. As SAP integrates the Visiprise offering and expands its capabilities, the benefits offered by its ecosystem of partners will become less clear. Current SAP customers in process and batch industries are unlikely to be affected by the acquisition.

RECOMMENDATIONS

- **SAP discrete manufacturing customers:** If you are seeking a MOM solution, evaluate the SAP offering. Keep in mind that you need not obtain all your functionality from your ERP vendor. Add SAP to your shortlist and follow the selection process in a balanced and unbiased fashion.
- **Visiprise customers that are not SAP customers:** Consider your future investments carefully. SAP is unlikely to take as much interest in customers using competing ERP systems. You are not likely to benefit from the potential integration delivered by this acquisition. If your commitment to Visiprise is not substantial, consider other vendors.

RECOMMENDED READING

- "Visiprise on SAP Brings Benefits but Needs a Clear Message" — In 2007, Gartner said that SAP's move to partner with Visiprise would help clarify SAP's product positioning.
By Andrew Hughes

- "SAP Reinforces Business Process Focus for Manufacturers" — The main emphasis in SAP's Insider Event in February 2008 was addressing end-to-end business processes.
By Peter Bambridge and Andrew Hughes

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