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Supply Chain Digest Tech Note: Softeon is Among the Industry's Most Interesting Supply Chain Vendors, Has Unique Capabilities

Still largely under the radar, Softeon (Reston, VA, with offices in Europe and Peru) is a fascinating company with unique capabilities and excellent success stories. More companies in the broader market should become aware of the Softeon and its solution set.

The company started in the late 1990s, and has a nice list of customers (see below) but has just started to really break out in the last 2-3 years.

While its roots are in WMS and supply chain execution, the Softeon product suite has expanded rapidly from there. Applications include labor management, transportation management, parcel shipping, distributed order management, routing and scheduling, route accounting, demand planning, and other supply chain planning applications.

There is no question that Softeon has focused a lot more on product and technology rather than marketing, a reason it is still a relatively unknown name even among the consultant community, let alone the broader market.

That said, the company boasts a high end customer list, which includes Sears, Sony, indirectly Anheuser-Busch (explained below), the US Internal Revenue Service, Dietz & Watson, and leading global 3PLs DB Schenker and Ceva Logistics, among others. It is moving into the retail and dot com space with a major success at east coast jeweler Alex and Ani and what SCDigest has been told are several other live opportunities.

It has also developed a niche in distribution-intensive industries that manage their own deliveries/DSD, and more specifically within the beverage industry. After several successes at some of the largest beverage distributors in the US, such as Ben E. Keith, Softeon recently secured a spot as one of the two approved software vendors for Anheuser-Busch's US distributors, under a new program A-B is just rolling out.

In addition to its customer base of many well-known companies, Softeon has a substantial investment in R&D for a company of its sales size. Total employees are in the 300 range, with almost 200 working on product development.

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Softeon is also clearly a global provider, with a number of installations in Europe and a growing list of deployments in South America, supporting among other companies DB Schenker and Ceva on a worldwide basis.

True SOA Platform

The service-oriented architecture wave has it seems lost a bit of buzz of late, but Softeon presents an excellent example of how this technology approach can drive value. Softeon's entire product suite has been built on a true SOA-basis, meaning that at various levels the functionality (from entire modules to specific pieces of work in the system, such as get a freight rate) has been created as separate components that can easily be called by other parts of the system.

This has allowed Softeon to provide a great deal of flexibility to current and potential customers, and to deliver a tailored system to meet the specific needs of a given customer/site in a timeframe that is surely amongst the most rapid in the industry.

The system was built for web deployment from the beginning, and more recently the company has moved into true Cloud deployment for its entire suite, though traditional deployments are also available.

Interesting Products and Capabilities

Across the entire Softeon suite there are several interesting products and a large number of innovative/unique capabilities within given modules.

Within the core WMS, for example, SCDigest can cite several examples:

- The system can manage flow into automated systems in the sort of "waveless" manner that many in the industry have been advocating in recent years. The goal is to optimize not only picking productivity but efficiency of the automation system, either increasing total system throughput and/or potentially reducing the cost of the automation deployed. To date, these capabilities have been available largely through a few warehouse control system (WCS) providers. Softeon does it right inside the WMS. At Sony, for example, the Softeon WMS optimizes picking decisions in conjunction with looking at capacities and constraints of seven high speed sorters downstream that handle huge volumes of DVDs, CDs, etc.
- Softeon now supports voice-based operations in the DC directly on a variety of mobile platforms such as smart phones, with no other software or terminals required if a company wants to go that route.
- The Softeon WMS has a simulation capability that enables a company to pick, for example, a real given day's orders and other warehouse work, make configuration changes (say moving to task interleaving), and then play out that day and see the results in terms of productivity, costs and other issues. This is an excellent tool for evaluating the impact of potential changes in the DC or WMS in advance.

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- The Softeon approach to order picking and consolidation is unique. When orders are released, the WMS builds "pick routes" that capture the full path of each product from its storage location into a truck. It can then use this full lifecycle view to find opportunities for consolidation of work/movement. Other WMS systems are more "point-to-point" in their approach.

There are more WMS capabilities along these lines.

At a module level, Softeon's new WMS Cloud product takes a hybrid approach that to date is unique in the industry. The base product has modest level of functionality, appropriate for smaller/less complex facilities for which many companies are interested in a "lite" Cloud-based approach.

But that does not limit companies which need more advanced capabilities at the outset or over time. As discussed previously, since all the functionality has been componentized, additional capabilities (say kitting) can easily be added, all the way up to the full blown WMS. This means distribution operations from the simplest to the most complex can be managed through a single Cloud solution, across different companies or within a single company's diverse network.

Other products within the full Softeon suite are interesting/unique. Again, some examples include:

- Softeon's distributed order management (DOM) solution is clearly among the industry's most functional, with a very flexible rules engine supporting fulfillment paths and the tailoring of services to specific customers. Sony DADC, which now operates as a third-party fulfillment provider for entertainment media in addition to managing Sony's own titles, says it can now on-board new clients (over 40) and meet their unique fulfillment, inventory, labeling and other requirements in just a few days if not hours using the Softeon DOM and WMS.
- As part of its Transportation Management System, Softeon recently released a freight audit and payment module that allows companies to do a traditional three-way match, audit truckload, LTL and parcel bills, and identify overcharges from carriers. This could eliminate the need for third-party audit firms other than the staff or outsourcers needed to contact the carriers and secure the overcharges back.
- Softeon has developed very capable direct store delivery and route accounting software that is being used in the Anheuser-Busch network and beyond. That includes loading optimization of side-loaded trucks based on firm orders and forecasts for "opportunistic sales" – a tough problem to solve.
- The company's Agile Demand Planning system is a unique solution that optimizes a company's inventory levels and placement based on near-term forecasts derived in part from actual sales numbers. It provides a form of "demand sensing," but with great connection to supply chain optimization beyond just improving the short-term forecast.

Conversations with Softeon customers show a very high level of customer success and satisfaction, clearly we believe above industry norms.

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The company continues to crank out new solutions and capabilities with regularity, including a growing number of planning capabilities, and now has a substantial footprint across execution (its biggest area of focus), planning and procurement.

Deployment Success

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Part of this is due to its intense focus on software product quality, with again heavy investment in QA activities.

Softeon says that QA investment not only is a key to delivering successful implementations, but also to enable it to take on new customers or deployments on a fixed price basis, a rarity in any area of software these days. Only with the assurance of software quality can such fixed price commitments be made, says CEO Govind.

Customer Considerations

Customers considering Softeon should recognize that the lack of name recognition compared to the largest supply chain software providers may encounter questions relative to "who are these guys?" at the beginning of the process. Many of Softeon's best customers today started with those same questions.

The company to date has not done a lot of outreach to industry analysts or the consulting community, so the same issue may be encountered there, though Softeon says it is putting a much higher level of overall marketing effort as well as consultant and analyst engagement in 2014.

Softeon needs to work on its overall messaging, which for all its capabilities has not been well honed to date, sometimes leading to challenges easily explaining its full capabilities.

The Softeon TMS is not a full "network" TMS, though it has a number of very interesting capabilities and the company continues to expand its functionality, in interesting ways. To date, however, the market has shown modest interest at best in sourcing WMS with a full network-oriented TMS, so this is a minor consideration at best.

Summing It Up

In the last couple of years, Softeon has finally started to take its success to the next level. Notable to that point are the company's growing international deployments, its selection by Anheuser-Busch as one of two approved software providers for its distributor network, growing success in the 3PL market, and new deployments in the retail market.

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Many more companies than currently do should place Softeon on their evaluation lists for WMS and DOM, especially in distribution-intensive industries, and extra especially those doing DSD or in need of an integrated routing accounting solution. But to be clear, Softeon has solid support for most vertical sectors.

Softeon has been selling its planning solutions to date primarily to existing supply chain execution customers, but even here, some companies may want to include Softeon in the evaluation mix to understand some of its unique capabilities.

As we noted up front, Softeon is currently among the most interesting vendors in the supply chain software space. Its innovative capabilities and broad footprint are bolstered by its strong track record of customer satisfaction.
