

IFS ERP NORTH AMERICA

MANUFACTURING SOFTWARE REVIEW BY SHELDON NEEDLE



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Introduction

IFS was started in the early 1980's by 6 software engineers in Sweden, the company has since grown to be about 2600 employees, with revenues in the mid \$300 million range. The company is growing and profitable. There are over 2000 customers of IFS, with over 600,000 unique end-users. IFS sells around the world, available in 54 countries, with local support in those countries. Versions of IFS are available in 22 languages. There is a large North American headquarters office in Chicago, and several VARs that are business partners with IFS NA that are geographically focused.

The map below (see page 4) highlights the modular component offerings from IFS, which can be licensed for use on an "as needed" basis, so that users can start small and if their business matures and becomes more complicated over time, they can add more modules with different features and functions.

Modules Offered

IFS has modules in the following areas:

1. Accounting & Control
2. HR
3. Sales and Service
4. Engineering
5. Manufacturing
6. Distribution
7. Maintenance, and
8. Business Enablers

These have a lot of capability embedded into these modules, as represented by the following three examples. **IFS/Costing™** provides powerful support for analyzing where cost reductions can be made, Value Analysis, as well as support for

administering and planning cost reduction programs like Kaizen Costing. The powerful graphical tools provide advanced analysis such as break-even and optimal price based on elasticity. For product costing, users can work with an unlimited number of historical, current and future costs sets, with user defined buckets for materials, labor, machines and overheads. Order-based estimates, standard and actual, are created for each manufacturing order and variances are analyzed.

IFS/Costing™ supports various cost schemes, from traditional to activity-based costing. The powerful graphical tools provide advanced analysis such as break-even and optimal price based on elasticity. For product costing, users can work with an unlimited number of historical, current and future cost sets, with user-defined buckets for materials, labor, machines and overhead. Order-based estimates, standard and actual, are created for each manufacturing order, and variances are analyzed. There is also strong functionality for Kaizen costing and value engineering.

By way of further example, **IFS/Customer Orders™** effectively handles customer orders at one or more locations, including picking and distribution with user-defined order flows. IFS/Customer Orders suits both companies with single-site operations and diversified multi-site enterprises. Full multi-site interoperability and global sourcing are available without add-on components. Deliveries can be handled order based or consolidated in shipments. This is a fundamental component of the IFS Supply Chain Management (SCM) solution. Configure-to-order (CTO), multi-site, multi-level capability check, i.e. enhanced capable-to-promise (CTP), available-to-promise (ATP), and return material authorization (RMA) functionalities, are included. The component provides advanced pricing options for users business, e.g., extensive price list handling, customer agreements, and consolidated group accounts.



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IFS/Inventory™ streamlines users' entire inventory process. Extensive statistics functions are built into the system for detailed analysis. Multi-site environments are fully supported, and designated clients facilitate movement of goods between sites. IFS/Inventory enables full control over externally owned stock and project-related material. Through secure Web interfaces, the supplier can monitor and update stock balances and consumption for vendor-managed inventory (VMI). Also, all inventory valuation methods are supported in standard as well as advanced multi-level actual costing functionality, including detailed cost specifications and cost updates. Cross-sell, upgrade, and substitute choices are maintained, as are unit of measure conversion logic for purchasing, stocking, issue to WIP, and selling units of measure.

his direct rights and also any group rights for any groups he may belong to as well. The security can be locked down into a module, screen, field, read / write privilege configuration. As you would expect for a product running on a “heavy-duty” database like Oracle, there are audit trails on audit trails.

User Interface

IFS looks at this not so much as “look and feel” as “design and productivity”. A new Web based interface was introduced to the user base in 2008, and features many items designed to make navigation, workflow, and transaction processing easy and quick. The interface fully supports the expected personalization capabilities by user name.

Product Technology

The IFS applications run only on an Oracle database (10g). The underlying servers may be WINTEL, UNIX or LINUX. Multi-processor and clustered processor hardware approaches are supported. Strong interfaces to Windows Office provide for effective and easy data import and export. There is also a high level of transaction processing and information retrieval from the industrial strength Oracle database.

Partners

IFS has many business partners that can add to the IFS value proposition.

IFS’ strategic and technology partners include IBM, HP, Oracle, and Microsoft. There are also several business partners, extending the functionality of IFS into additional areas that may be needed by some but not all IFS customers. These business partners have gone through integration testing, to assure that their products and IFS

interface properly. The functionality of these partner vendors is not listed above in the module chart.

The following list is a partial list of the partners who extend the functionality of the IFS application suite. The depth and breadth of these partners speaks for itself.

- 360 Technologies develops solutions for the dynamic scheduling of field service engineers.
- Atrion International Inc provides a comprehensive range of advanced materials compliance solutions for the management and product stewardship of regulated materials.
- BI-Cycle company is dedicated to first class development and support of the Reliability Centered Maintenance (RCM) Analysis software BI-Cycle.
- Ides, Industrial Design Software AB, is marketing and developing a world-leading Dynamic Plant Repository (DPR) offering a unique support for the complete chain from EPC (Engineering Procurement Construction) to OO (Owner Operator).
- Pagero is a provider of electronic payment and invoice solutions.
- ProfitBase delivers a ready-to-use business performance information delivery platform with business system connectivity and a rapid configuration data warehouse that accelerates implementation and deployment of business intelligence solutions.
- QlikTech is a global leader in next-generation business intelligence solutions, offering in-memory analysis and reporting solutions for enterprise and individual customers.
- Radley Corporation provides innovative, fully integrated, automated data collection, EDI, and supply chain management solutions.

- ReadSoft products automatically captures information from documents, such as forms and invoices, and transfers the data into IFS Applications.
- SEEBURGER delivers complementary EDI solutions that fully exploit the potential business benefits and return on investment that customers can gain from market-leading business software systems.
- StreamServe provides an independent platform for the bi-directional exchange of critical business information in any channel or format.
- Xdin is the supplier of the Model Based Management method, implemented in the Business Modeler tool.
- Professional Planner Solutions are specialized on solutions and services for Corporate Performance Management (CPM) including budgeting, reporting, analysis, and consolidation
- A partial list of partners who extend the marketing reach of IFS into specialized industry segments follows. The depth and breadth of these partners also speaks for itself.
- ABB and IFS have signed a global agreement with respect to sales, implementation, integration and product development.
- BAE SYSTEMS and IFS have formed a 50–50 joint venture, IFS Defence, collaborating on the sale, implementation and product development of solutions for the defense industry worldwide.
- Lufthansa Consulting, an independent subsidiary of Lufthansa German Airlines, has provided services and solutions to the air transportation industry worldwide.

There are also channel partners, mostly organized on a geographic basis across countries or within the USA across regions, which allow IFS to focus marketing, product development and sales efforts to reach the largest amount of customers. Some of these partners include the 4 regionally focused VARs in the USA, where IFS NA tends to pursue prospective customers over \$100 million, and the 4 VARs support customer prospects under \$100 million in sales.

Pricing

IFS charges for license fees, some of which are “named users” based and some of which are “contemporaneous users” based, and annual maintenance. New hardware may also be required to support an implementation. The exact amount will vary, depending upon what modules get licensed and how many user seats you need, and the implementation and training consulting costs. Based upon competitive selections including IFS versus other competent mid-range ERP systems, (MS Dynamics AX, Sage X3, CDC Ross iRenaissance, others) IFS will be very competitive in their pricing. Be aware that many of these systems can cost between \$500K and \$1 million plus, but these are still way short of the multi-million costs associated with Oracle Applications or SAP.

Market Positioning

IFS looks at itself as a mid-range ERP system with a very high level of functionality across all of its modules, which serve to favorably distinguish IFS from other mid-range ERP systems. A recurring theme on the website is “Your short list just got longer” and has IFS being penciled onto a list comprised of Oracle Applications and SAP. IFS does not particularly target education, healthcare, or government, but for most other areas, that can take advantage of its numerous strengths, it may be a very good match.

Because it is modular, users only need buy what they actually need to buy. A Professional Services firm, which may not be the first thing to come to your mind when you think about IFS, could be a very comfortable fit, with the integrated financials; HRIS, CRM, BI and CPM functionality; document management, multi-level, multi-site project management, tracking and reporting capabilities; time and attendance and job cost, and interfaces to Primavera and MS Project for heavy duty project scheduling and earned value performance measurement. In the areas where IFS does focus marketing effort it has a very strong set of capabilities that compare favorably with much larger and much more expensive systems, such as Oracle Applications and SAP.

In the USA, there is a developing niche for IFS in VC funded start-ups, that believe that they will grow quickly once they start manufacturing, and wish to provide a strong IT and controls infrastructure for the firm, before out-of-control growth starts and problems spiral. These are companies that have outgrown their “starter” QuickBooks and Peachtree systems, do feel confident that they will grow rapidly for several years, feel that the investment is justified, and make the commitment. Firms in alternative energy, medical devices, bio-tech and life sciences, mixed mode manufacturing, and software have gone down this path, with very successful implementations achieved within a few months.

Pros and Cons

Pros

- IFS is a strong, independent player with global capabilities.
- IFS has a comprehensive product offering.
- The IFS/Applications’ state-of-the-art functionality.
- The IFS track record of technology innovation.

- IFS’ own global services capability.
- The IFS round-the-world comprehensive support.
- The IFS first class international customer community.
- IFS has truly deep functionality that is well integrated across numerous modules, but where a lesser number of modules still provides a fully functional set of capabilities across the implemented modules.
- IFS is considerably less expensive to implement or maintain than SAP or Oracle Applications (for a comparable set of modules) .
- IFS customers provide enthusiastic references, both concerning the functionality, productivity, and ease of use of the system, to the success of the implementation process, including set-up and configuration, training and documentation, to strong TCO considerations across the product life-cycle.
- If you are looking at any of the following Midsize or Large-size ERP systems, you may want to consider including IFS in your selection review process: [these are listed in no particular order] Oracle Applications, SAP (both mid-size and full-size product offerings, Lawson, JD Edwards, MS-Navision, MS-AX, , CDC Ross iRenaissance, TGI, Deltek CostPoint or Deltek GCS Premier, and others that you might judge to be competitors of the brands identified.
- Multi-site, multi-warehouse, multi-country, multi-currency, multi-language, local support, customization support available if you truly believe the business needs it, although this apparent need may be superseded by the embedded flexibility in the set-up and configuration options.
- Although the marketing focus is on manufacturing and asset intensive

industries, the solution works for industries such as professional services and distribution since the prospective ERP customer only needs to buy the modules that he intends to use.

Cons

- The package has a price comparable to other tier 1/tier 2 ERP systems, meaning \$500K or more for licenses, hardware, and consulting.
- Training is substantially based on the on-line help files, rather than a prepared set of dedicated training materials. This is both good and bad, in that it does force users to learn their way around the online help files. A good trainer can elaborate upon and extend the online help files with exercises for the users to practice when learning the system, to illustrate some fine points, and also provide an over-all context to look at the system from.
- Very intensive implementation, training cycle for most buyers of IFS due to its configuration capabilities and scope. IFS implementation resources are often stretched.
- Due to complexity of the system, there is lots of turnover in support and sales staff
- In the event that the online documentation training is insufficient, don't count on timely, responsive phone help.

About Sheldon Needle



A former CFO, consultant and software designer, Sheldon Needle has authored or co-authored more than 20 books on software selection and has contributed articles to major publications, including the Journal of Accountancy and Nation's Business. CTSGuides.com has the distinction of being the very first company to do hands-on, independent evaluations of software for the middle market.

Sheldon speaks with business owners and managers every day about software selection and makes personalized recommendations based on their needs and budget. He is widely known and respected throughout the business software community for his independence, integrity and expertise.

As part of registering for our free software selection kit, you receive a 15-minute consult with Sheldon. Sheldon understands financial and business issues and speaks your language.

He knows the leading software companies—how they compare, their strengths and weaknesses, where they fit into the market and which ones would be suitable for your business.



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