

## **Smaller Vendors can Still Provide Relevant Business Systems**

### **Part One: Event Summary**

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- 1. Event Summary**
- 2. Relevant History**
- 3. Value Packs for SMBs**

#### **Event Summary**

In our relatively recent article about the still ongoing consolidation in the market (see [What Does Vendor Consolidation Mean To The End User?](#)), we mentioned that the market will not stop short at the eventual Big Few or so many leading largest vendors. Namely, we expect the market for application software to further segregate into two tiers. The first group will be a limited number of very large vendors, while the second group will be a large number of small, highly focused vendors. The latter's business model will be focusing on a relatively small, tightly defined market with specific requirements that cannot be met with more generic products. These specialists, boutique or niche vendors (whereby neither of these terms is meant in a derogatory manner) will compete by having in-depth product functions and intimate knowledge of their market place or by offering services (content or location wise) not available from the Big Few or large independent service providers.

**Relevant Business Systems**, ([www.relevant.com](http://www.relevant.com)), a privately-held San Ramon, CA-based provider of *enterprise resource planning* (ERP) solutions that helps mid-size and large *aerospace and defense* (A&D), *engineer-to-order* (ETO), contract manufacturing, *maintenance repair and overhaul* (MRO), and like project-oriented manufacturing companies to improve their business might be a true example of a focused niche vendor. Relevant, which has a focus in the above closely related markets, has thus recently captured a significant market and mindshare in the segment, particularly given that several US-based ETO-like companies have thereby decided to partner with the vendor by selecting the flagship **Relevant ERP** (formerly **Integrated Financial & Manufacturing Control System [INFIMACS II]**) system. Most recently, on January 5, **New Wave Research** announced it has completed implementation of Relevant Business System's enterprise software.

New Wave Research is a fifteen-year-old, privately held firm that manufactures and services laser-based systems for the microelectronics and analytical instrumentation industries. The company operates several divisions, has plants in California and Montana, and is in the process of integrating operations in Europe and Asia. New Wave's business model especially called for advanced functionality in forecasting and inventory management, since the company operates both manufacturing and after sales or service businesses. Part numbers and requirements overlap, but usage rates are independent. Thus, Relevant's *materials resource planning* (MRP) module works within the framework of project control to provide New Wave with a tool that segregates requirements for its manufacturing and service operations by forecasting and planning to two separate "global projects". Also, New Wave's products are 80 percent standard and 20 percent custom-made, whereby final products are configured- or engineered-to-order on dimensions such as laser wavelength, voltage, etc. Thus, New Wave uses Relevant's Model Configurator capabilities to create orders for stock and custom products, starting right at order entry, and is now discussing plans to integrate forecasting and *master production schedule* (MPS) with the configuration process.

Further, on November 17, Relevant announced that **Dexter Research**, a Dexter, MI-based supplier of heat, light, and toxicity sensors to the automotive, medical, industrial, consumer, and military markets, has purchased Relevant's ERP software. After a thorough search, Dexter reportedly chose the Relevant's solution because of its ability to deliver superior *customer relationship management* (CRM) and inventory tracking capabilities.

Namely, the custom sensor market has extremely long sales cycles, with sales taking from three to six years to mature, making excellent customer tracking and service, from the initial request for samples and engineering input, through delivery of the final product crucial to Dexter. In addition, because sensors are often components of higher-level component products, Dexter is often at arm's length from the eventual end user and it consequently wanted a system that would enable more sophisticated targeting based on a better understanding of where the sensors are deployed. To that end, the Relevant software tracks disparate customer communication threads, so that the Customer Service department knows exactly what was communicated by Technical Support, even though there might be an interval of several years between the conversations. It should also enable Dexter to better identify end users.

Also recently, on October 29, Relevant announced that **Ionatron, Inc.**, a security solutions start-up company developing laser-guided directed energy technology has chosen to implement Relevant's ERP software in its Tucson, AZ, Albuquerque, NM, and the Stennis Space Center, MS facilities.

After a thorough competitive review, Ionatron reportedly chose Relevant's Enterprise Software based on three key attributes:

1. Relevant's ability to seamlessly integrate and support facilities that are separately geared towards design and engineering or manufacturing. Namely, as it will be described in more detail later on, Relevant's multidivision capability that supports divisions with diverse geographies or entirely different operational environments on a single Relevant installation. The software enables separate financial statements, different costing models, and varying operational structures, all within the same database capable of rolling up to a single consolidated view.
2. Relevant's proven business and software acumen in the defense industries. Again, as it will be described in much more detail later on, for project-oriented companies, the centerpiece of Relevant's ERP system is the module for *work breakdown structure* (WBS), which increases the functionality of project control by enabling more accurate cost tracking at the project level and providing key reporting for earned value management; and
3. Sound customer service.

Some other also recent customers with similar needs and rationale for selecting Relevant would be:

- **PennSummit Tubular LLC**, a design and ETO manufacturer (an American Institute of Steel Construction [AISC] and International Standards Organization [ISO] 9001-2000 qualified fabrication facility) of steel poles for the nation's wireless communications, electric utility, and lighting industries, located in West Hazelton, PA.
- **Lockheed Martin Aeronautics Company**, which selected Relevant's **Illustrated Parts Breakdown (IPB)** database system as the standard across all Lockheed facilities, including Ft. Worth, TX, Marietta, GA, and Palmdale, CA. As a matter of interest, Relevant's IPB module (to be explained in more detail later on) was originally developed based on requirements provided by Palmdale's **Skunkworks** facility, where Relevant software has been in use since 1992, and which is world-renowned for its rapid prototyping capabilities as demonstrated in such projects as the **F117 Stealth Fighter**, the **U-2**, and most recently, the **F-35 JSF (Joint Strike Fighter)**.

- **McGinnis Incorporated**, a full-service marine company specializing in marine structure MRO, which is headquartered in South Point, OH, and with additional facilities in Burlington, Haverhill, Wheelersburg, and Cincinnati, OH. The company is focused on providing repair and full marine services to barge operators along the Ohio River. Along with structural MRO services, McGinnis also provides a full line of marine services that include harbor service, dry-dock and topside repairs, mid-stream fueling, and fleeting.
- **M.H. Eby**, a *configure-to-order* (CTO) manufacturer of livestock trailers and truck bodies, which is a multiplant entity headquartered in Blue Ball, PA with an additional manufacturing facility in Jefferson, OH.

The above additions to the roster of around 250 customers might bolster the vendor's indisputably low profile (and a sort of a "best kept secret" status) despite a solid track record in a deliberately selected segment.

### Relevant History

Relevant is a slightly over twenty-one years old enterprise solution provider co-founded in 1983 by Patrick Garrehy, current President and CEO, who is also a veteran of several defense industry firms prior to the Relevant's inception. The company's other founders or system architects all too have deep experience in the A&D sector, which has lead to the delivery of software with capabilities in special niches within both project and non-project market segments, but with focus on A&D, ETO, contract manufacturing, and MRO customers, whose aggressive project management is the key to profitability.

Although starting with only a handful of germane modules back in 1983, the software was nonetheless built for the broad market from day one. Namely, by working closely with its first customers, Relevant would continue to incessantly enhance the product. Yet, unlike with most applications vendors, until very recently, Relevant would not consolidate the product enhancements into a formal major product release schedule. Instead, as new functionality would be incrementally added to the product, customers would have immediate access to the upgrades. Given the breadth of the product's scope nowadays, 2004 nevertheless saw the instituting of major product releases, so that the Relevant ERP product is currently in its **4.1** release, with release **5.0** expected some time in 2005.

Also, full functionality was built into the basic system, whereby it is crucial to note that the project management capability was not added on (as typical by a vast majority of peer products), but has always been an integral, core built-in module. The vendor has thus carefully devised its product to address a broad gamut of manufacturing processes for project- or ETO-based companies of all sizes—from small job shops to the Fortune 500 companies (e.g., Lockheed Martin or **Solectron**). Consequently, Relevant capabilities can handle multifaceted, multi-facility and multicompany project or non project-based requirements of prospective manufacturing customers (as one can apply project tracking for activities that require strict control or bypass project tracking for those that do not require this amount of stringent control).

The product provides extensive interplant capabilities for complex organizations throughout all modules. That is to say, multiple divisions can exist in a single company, and multiple companies can exist in a single business entity, whereby each division contains its own inventory, cost, supply, and demand records. Engineering, sales, and purchasing operations can be centralized and decentralized concurrently, while forecasting, master scheduling, and *material requirement planning* (MRP) can function separately for each division (or across divisions) for interplant requirements. Financial statements will then show the financial condition of each company, as well as any combination of companies within the business entity.

Scalability is also inherent, built into the product architecture, whereby “turn on” switches increase functionality as the customer’s growth changes its requirements. Since Relevant had developed its modular architecture from scratch, it would not have to rewrite its software in order to meet increased demands as customers grew and expanded their operations, since new modules could rather relatively easily be added to the system. On the other hand, through its modular architecture, Relevant delivers “large company” functionality to *small-to-medium businesses* (SMB) as well, given that functionality was built-in and “hidden”, only to be activated when needed rather than to burden the product with an unnecessary so-called “software bloat” (for more information, see [What's Wrong With Application Software? Businesses Really Are Unique—One Size Can Never Fit All](#)). For this reason, the more powerful solutions of larger vendors that cater to dozens of other markets in addition to the Relevant’s ones are typically much more rigid and not easily digestible by customers, at least in the lower-end of the market.

## Value Packs for SMBs

Furthermore, *value packs*, all-inclusive prepackaged offerings of software, professional services, training, and implementation that aim at allowing small to midsize firms to implement software with the sophisticated functionality usually afforded only by their larger competitors, also tend to make software affordable for SMB customers. In this way, Relevant's customers should know in advance exactly what the new implemented system is going to cost, while lease financing is also available to those companies wishing to lock into one low monthly payment.

One example would be the relatively recently released *Defense Manufacturers Value Pack (DMVP)*, whose deep functionality, particularly its fully integrated Project Control and *Work Breakdown Structure (WBS)* modules, should also enable small and midsize firms to aggressively manage long term projects and to satisfy government requirements for *earned value management (EVM)*, which will all be explained shortly. The Value Pack suite provides defense manufacturers with a full complement of modules for engineering (i.e., design engineering, production engineering, engineering change control, and estimating and quoting), materials management (i.e., MRP, lot and serial control, and inventory control), manufacturing (i.e., shop floor control, project control, and work order management), purchasing (i.e., purchasing and vendor *request for quote* [RFQ] management), costing (i.e., WBS), and finance (i.e., accounts receivable [AR], accounts payable [AP], and general ledger [GL]).

Further, the also relatively new *Aviation Value Pack* suite includes modules addressing *sales order management (SOM)* and quoting and estimating, production engineering, inventory control, purchasing and receiving, MRP, manufacturing cost, financials, RFQ management and control, and upload programs. Of critical interest to aerospace firms competing in the market's second tier, the suite also includes modules for:

- Lot and Serial Control, which provides for automated full lot and serial number traceability through the material's system.
- Project Control, which tracks costed transactions by project and details project status on-line at any point in the life cycle of the project.
- Design Engineering, which is a "sandbox" for preproduction design efforts that remains invisible to the system (and free from the constraints of manufacturing document control) until the product and associated item masters are copied over for production.

- Engineering Change Control, which enforces discipline and management control over modifications to bill of materials (BOM) and shop floor routings.

Last but not least, Relevant also recently announced the release of its new software ***Value Pack for Federal Aviation Administration (FAA) Repair Centers and MRO Facilities***, which was specifically designed for those SMBs that are looking for an affordable entry-level software package that will meet their business requirements. The Value Pack enables the management of both repair and manufacturing processes in one common system and includes MRO, Production Engineering, Inventory Control, Lot and Serial Control, Purchasing and Sales Order Management, Manufacturing Cost Control, and Financial modules.

### **Technological Direction**

As for its product's technological direction in the future, mid 2004, Relevant announced its decision to use **Sun Microsystems'** Java 2 Enterprise Edition (J2EE) environment for future product development. Relevant believes the choice of J2EE provides an optimal fit with its product offering and more closely matches the needs of its customers across a broad range of requirements. As an *independent software vendor* (ISV), Relevant's choice of J2EE over **Microsoft .NET** was reportedly based not only on what worked best for its internal product development but also on the needs of a diverse customer base. Like most ISVs, Relevant wanted the best overall platform for its product offering both in terms of performance and marketability, which, translated into features that meant that critical to both audiences were

- Platform independence and acceptance in the target market and in the software industry in general—many of Relevant's customers have server standards dictating the platform enterprise applications may be deployed on. In addition, Relevant's target customers range from small to midsize (defined by the vendor as 20 to 100 users) to large (200 to over 1000 users), whereby smaller customers often prefer the **Microsoft Windows** server platform, while larger multinationals gravitate towards UNIX. The availability of UNIX operating systems provides increased uptime and reliability for Relevant's customers and the applications are built to scale in order to meet the needs of Relevant's larger and rapidly growing enterprise class customers. Given .NET is restricted to Windows, on the critical criteria of acceptance in the target market, J2EE, which allows a single application to be deployed in multiple environments, was deemed far less restrictive. Thus, J2EE will allow Relevant to write a single application deployable in multiple environments. Otherwise, both .NET and J2EE are well accepted by the software industry.

- Scalability—Relevant’s enterprise software equally addresses the requirements of sites supporting as few as thirty or as many as several thousand users. Given that the typical installed life span of an ERP system is eight to ten years, this is a key product advantage. Relevant wanted to ensure that its choice of underlying technology would preserve and enhance its product’s ability to gracefully scale to growing customers’ needs. While .NET is considered to have a slight advantage in smaller environments, analysts and users alike consider J2EE to currently be the only real choice in environments with over 300 users. This has weighed heavily in Relevant’s considerations, which thus concluded a choice of J2EE was definitely preferable on this measure.
- Product Performance—a strong, feature-rich enterprise product is particularly critical to the project-oriented businesses Relevant serves. While .NET has the richer *user interface* (UI), J2EE provides the stronger back-end needed for Relevant’s server side-focused development. Access to the underlying technology, the ability to handle high volume transactions and many built-in features such as session management, fail-over, load balancing, and application integration make J2EE a more robust and suitable technology for Relevant’s enterprise software.
- Ease of Development and Robustness—with a good product-specific *integrated development environment* (IDE) and plug-ins, Relevant believed its customer base would be able to develop easily with either .NET or J2EE. For its own development, however, Relevant found J2EE to be far stronger on the server side, where most of the development is done. In addition, J2EE afforded the additional benefit of allowing a developer access to more of the underlying technology. Although .NET’s many built-ins decrease the necessity for third-party tools, ample availability of tools and plug-ins for J2EE minimize this advantage. Relevant found .NET to be less robust for complex application development. In addition, the .NET platform was judged more prone to viruses and worms.
- Costs—neither solution has significant infrastructure management costs. Resources are abundant for both platforms, although highly skilled resources might be easier to find on the J2EE platform due to its maturity, albeit .NET resources offset Java’s availability superiority with a slight cost advantage.

In the end, virtually all key Relevant’s stakeholders found it fairly easy to select J2EE for the overall ERP development architecture. As an ERP developer marketing to companies ranging from mid-size manufacturers to large scale multinational enterprises, platform independence, increased product portability, and scalability

were the key issues. By selecting J2EE, Relevant believes it has ensured that its applications would be deployable on a variety of platforms, enabling its customers to support Relevant's application on the platform that they were most familiar and comfortable with.

For more information on J2EE versus .NET see [\*Understand J2EE And .NET Environments Before You Choose.\*](#)