MOBILE, CLOUD, AND ANALYTICS SPARK GROWTH FOR VAI

In the ERP software business, you must be on your game to compete with the massive, meat-eating beasts that that have devoured huge portions of the market. VAI competes very well. Its combination of innovation and customer service propelled the company to 11 percent revenue growth in 2016, according to a company statement released last week. That's not bad at all for a relatively small fish swimming with the sharks.

VAI didn't buy its way into the ERP market like Oracle and Infor. Its growth is predominantly organic and its reputation is built on customer service. Its 30-year history and ERP DNA is tied to the IBM midrange computing platform. In recent years, it has invested in mobile, analytics, and cloud technologies, which is looking like a smart move. Of course, the big three ERP vendors (add SAP to the two noted above) have bigger investments in the same technologies, but that hasn't derailed VAI.

"VAI has continued its growth trajectory in part because our keen industry knowledge enables us to act on business trends and customer demands," says Bob Vormittag Sr., founder and CEO of VAI, in a press release. "We recognize that our customers not only need to keep up with industry demand, but stay ahead of it, and we ensure this happens through unparalleled customer service and custom ERP solutions. In 2016, we grew in revenue and company size, added additional alliance partners and hosted our biggest user conference to date. We expect to continue this growth and upward momentum in 2017."

Tapping into the cloud is working out well for VAI. During 2016 cloud revenue increased 96 percent. Kevin Beasley, VAI's CIO, says expectations for 2017 are for a similar increase. "Doubling the growth in cloud is not unusual. We've been doing that for a few years. Interest in cloud computing has been off-the-charts," he says.

With its cloud delivery model, VAI assumes responsibility for hardware set-up, hardware upgrading, maintenance, and supporting the applications.

"We added data capacity last year and are building more cloud capacity for 2017. The architecture is highly virtualized. We manage the cloud infrastructure – the hypervisors, the operating systems, the PTFs, and updates. There's no bare metal in cloud. Everything is virtualized. It can be picked up and moved within the data center or to other data centers," Beasley says.

Most of VAI's customers manage their own VAI applications.

"If it's a public company, they are absolutely managing their applications," he says. "They maintain IT staffs to do this. About 80 percent of the cloud customers want to manage the application

– the configuration and the day-to-day monitoring and maintenance. Existing VAI customers that have moved to the cloud operate as they did before, but without being responsible for the infrastructure."

VAI's S2K ERP in the cloud is also bringing net new business, Beasley says. Overall revenue from new business increased 36 percent in 2016, but the company did not reveal how much of that was attributed to its cloud delivery of hosted services.

"We have existing customers who want to go to the cloud and we see new business coming from our cloud capabilities. The cloud business is coming from a mix of smaller customers in many industries," Beasley says.

The food and beverage industry contributes approximately 40 percent to VAI revenues and is a market where the company is picking up new customers. In general, this segment is keeping its IT on premises. The preference for on-premises IT is shared by VAI's pharmaceutical clients. The pharmaceutical industry is dominated by a few large enterprises but is also populated by many smaller companies and some have turned to VAI for their ERP requirements.

VAI has created modules specifically for food and beverage companies and pharmaceutical companies. Those modules integrate with VAI's core ERP software called S2K Enterprise. Distribution, wholesale, and manufacturing, covering many industries, are strong markets for VAI. Retail, service, and rental are also important segments for VAI. These customers rely on the S2K and customizations to fit their individual requirements.

Mobile application development has been a key technology investment for VAI.

The company has developed mobile applications for order processing, proof of delivery, route sales, warehouse management, and customer relations management. These capabilities have been integrated into S2K Enterprise.

Sales forces are using mobile apps to track customer interactions and look up account and product information, consolidate day-to-day activities, and provide year-to-year sales comparisons. In the warehouse, mobile apps are improving efficiencies in receiving, picking and shipping. It's also created self-serve mobile apps that VAI customers can deploy so

their customers can place orders and make payments.

The pressure to quickly get more useful data into the hands of those who can gain competitive advantage is huge. Across the board, businesses have never been more data-driven than they are now. ERP software is a focal point for business intelligence and data analytics. It's a key to customer development, customer satisfaction, and, therefore, revenue, Beasley says. Businesses want to get better at collecting data, accessing data, and more effectively use data.

The addition of analytical capabilities has also been important to the S2K modernization efforts. Customers have asked for tools that provide analytics and VAI has delivered pre-configured dashboards that provide drill down visibility into sales and revenue. Beasley says the analytical software improves strategic decision-making regarding product performance, store performance, and ferreting out inefficient processes.

Analytics and mobile are two examples of technologies recently added to S2K and available to customers regardless of their specific vertical industries.

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To add other key technological features to its ERP in 2016, VAI partnered with Forward Thinking to provide an integrated GPS solution that enables S2K Enterprise customers to track vehicle and driver activity in real-time. A partnership with Exactor brought automated sales tax functionality to the S2K suite. And a collaboration with Zebra Technologies, resulted in the availability of S2K mobile apps for Android-equipped mobile and touch computers.

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