



Aspect provides a client briefing post ION acquisition

Blog Post By Commodity Technology Advisory August 2, 2018

Appears on CTRM Center

<https://www.ctrmcenter.com/blog/vendor-news-blog/aspect-provides-a-client-briefing-post-ion-acquisition/>

Earlier this year, ION sent shock waves through the E/CTRM community as it announced the acquisition of both Aspect Enterprise Solutions and then OpenLink. While merger & acquisitions in the E/CTRM space are nothing new, having a history as long as the software category itself, the move by ION surprised many. It was no secret that its acquisition of Triple Point, the second largest vendor in the space at the time of the deal in 2015, had not gone at all well, and as a result, Triple Point virtually disappeared overnight. Additionally, the deal reinforced for many the notion that ION had a reputation for a certain way of doing business. So, in the wake of the latest deals, and despite early reassurances from Aspect in particular, we continued to hear of disquiet from many sources.

In the last couple of weeks, both OpenLink and Aspect have provided updates to customers on how the acquisitions are going. We were not privy to the OpenLink call, but we were invited to listen in on the Aspect webinar that took place July 25th. Aspect's CEO, Steve Hughes spent more than 45-minutes going through many facets of the acquisition and provided some insights as to the future of the newly acquired business, and by extension, the operating model of ION. What we heard was very consistent with the briefing he had kindly afforded us more or less directly after the acquisition and should provide a large degree of reassurance to Aspects customers.

ION is a global business with over 4,000 employees in more than 40 locations around the world. It has grown, in part, via acquisition under the direction of CEO Andrea Pignataro, and cites its mission as being to automate through innovation. On the call, Mr. Hughes noted the company is an entrepreneurial enterprise with 'world-class, standard and consistent processes' and pursues a multi-brand strategy along the lines of a hotel holding company or an automaker. It wants to keep customers for life – even if they switch brands within the family of brands that is ION. As Mr. Hughes pointed out, it has a long-term view of the business, a multi-brand, customer choice philosophy, and a visionary leader. He also reiterated that ION is committed to the conservation of the Aspect business plan and paid a "good price" to the benefit of Aspect's shareholders. On the other side of the value equation, he said ION chose Aspect because of its 18-year history of multi-tenanted, cloud delivery, growth trajectory, disciplined team and ability to disrupt. From the Aspect perspective, the deal affords their product and sales team access to a number of other solutions in areas like Treasury, shipping and more.

Mr. Hughes – while noting that the issues related to the Triple Point acquisition have been addressed and the company has returned to the market – stressed that ION had learned from the experience and that these lessons were being applied in the handling of both the Aspect and OpenLink acquisitions.

The three brands will also form the Energy and Commodities division of ION with an executive team comprised of the groups three CEO's who will help coordinate, reorganize and optimize

the division going forward. Plainly, while each business will run independently according to its own business plan, there are certain efficiencies of scale to be had by moving certain functions to corporate level, including any number of administrative functions. For Aspect, it appears to be business as usual, except it can supplement what it does with some of the other ION offerings.

It also appears that Aspect is performing extremely well, having had a record 2017 and seeing first half growth of more than 27% (comparable to over 50% in a regular perpetual licensing business model). Mr. Hughes noted the sales pipeline is very robust and is currently at a record high. Aspect has also moved beyond the realm of small or regional commodity industry customers and is now competing routinely for top tier business, and has won several notable industry names in recent years...along with a boardroom full of industry awards.

Our take of the session was that it was a very useful affirmation and reconfirmation that the Aspect management team and strategy is still very much in place. With these most recent acquisitions, and with Triple Point again active in the market, it's clear that ION is committed to building a significant presence in the commodities side of the industry. In all of these things, time is always the factor – and as they say, time heals. That said, we believe the market does need perhaps a bit more communication from ION directly going forward – something that Mr. Hughes alluded to throughout the call – and our expectation is that there will be more briefings of this nature going forward and, reading between the lines, perhaps more acquisitions.