



Coupa Buys Llamasoft, Connecting Spend with Demand and Supply Chain Planning Capabilities

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IDC's Quick Take

Coupa has announced the acquisition of Llamasoft – a provider of AI-powered supply chain design and planning solutions. The acquisition further extends Coupa's existing direct and supply chain capabilities for procurement, treasury, and legal operations by adding a myriad of demand and supply chain planning capabilities across network, inventory and transportation optimization, demand planning, supply chain planning, and sales and operations planning. These collapsed workflows will drive business resilience, digital innovation, and optimize results.

M&A Announcement Highlights

The announcement is a surprise within the procurement market, as it broadens is the first attempt at orchestrating procurement and supply chain reach to finally work together towards better business spend management and organization performance. The highlights of the announcement include:

- Llamasoft will extend Coupa's offerings for complex/direct spend and help customers make smarter decisions faster.
- Coupa will gain new supply chain capabilities such as:
 - Network, inventory, and transportation optimization
 - Demand and supply planning
 - Sales and operations planning
 - Low-code/no-code rapid app development

As IDC has observed with prior Coupa acquisitions, the company takes an approach of rapid unification of acquired team members and technology. We expect the same here and have confirmed that Coupa is planning to rapidly unify Llamasoft with Coupa to deliver supply chain planning capabilities as an integral part of their comprehensive Business Spend Management platform (BSM). The Coupa Community will now have access to more community intelligence data. The current design thinking is for the supply chain decisions to be sent to Coupa for the execution of spend – for example sourcing optimization and treasury visibility for cash forecasting. The output will be through Llamasoft with its use of rich data sets that will help organizations bring more accurate supply chain models even faster to their organizations. This means insights and automated scenarios to solve business problems, cost optimizations, and improved S & OP planning for organizations that were previously only focused on siloed activities

Coupa believes this combined entity will improve effectiveness and decision making with AI --powered monitoring that will optimize spend, more cost visibility for Treasurers, enhanced risk modeling (i.e.

supply chain lead time), synergistic processes for plan to source, and increased supply network collaboration. Coupa will also leverage the advanced no-code/low-code capabilities of LLamasoft to further extend Coupa's "as a platform" vision through the use of rapid app development by customers and external, complementary software vendor partners.

IDC's Point of View

The acquisition closes the gap for procurement and finance teams and the C-Suite to now have total spend visibility into indirect, direct, services and complex spend types – and have critical visibility to the cash and outlay impact immediately as supply chain decisions are made. The ability to connect procurement decisions with supply chain design and overall strategy means a more integrated planning capability and moves companies a step closer to resiliency and optimization. In this surprise but relevant move, Coupa is providing organizations greater visibility and agility through the connection of demand planning and supply chain.

The announcement is a surprise within the procurement and spend management market, opening a new level of competition for software vendors to bring direct materials and complex categories like transportation optimization into the mix. This move means more acquisitions of similar types may occur within the next several years by the technology vendors with products in ERP, procurement and supply chain. With IT Spending down in general, this is a great time for enterprise technology vendors to focus on innovation and mergers and acquisitions. Technology vendors focused in this regard will strengthen their offerings for the long term, bringing more clients to the fold and changing up the market. Innovation such as AI/machine learning, RPA , APIs , microservices and SaaS have changed up the software market, such that the opportunity for leveraging the LoB applications together to shift organizations to a more streamlined workflows and business processes sets the stage for a very different future enterprise.

Coupa will definitely gain a stronger foothold into the G2000 since a large portion of Llamasoft's clients are in the top tier. In addition, the deep domain expertise by Llamasoft means Coupa will now gain a strong foothold into many traditionally ERP, manufacturing and supply chain accounts, opening up the door to more clients.

This begs the question of what is next for Coupa? At some point, bringing on the rest of the Financial suite will ensure Coupa stays at the forefront in the new Business Spend Management (BSM) industry they have been working to create. Stay tuned as this appears to be just the beginning of the future for Coupa.

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