Corporate Transaction Notification: Plex Systems

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Plex Systems’ acquisition of Kors Engineering adds plant floor connectivity and manufacturing process automation software to Plex’s multitenant cloud ERP/MES. Supply chain technology leaders evaluating Plex Systems (in the Magic Quadrant for Manufacturing Execution Systems) should know the impacts.

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This content is part of a larger body of research on this topic.
Magic Quadrant for Manufacturing Execution Systems

Key Background

On 24 February 2021, Plex Systems, a provider of cloud-delivered smart manufacturing solutions, acquired Kors Engineering, a provider of plant floor connectivity and manufacturing process automation software.

Kors was a longtime partner of Plex Systems. Kors’ MACH2 product offering provides on-premises plant-floor connectivity, production dashboards and manufacturing process automation for Plex’s applications. The combined solution extends the Plex cloud-native Smart Manufacturing Platform, giving manufacturers the combination of a multitenant cloud MES/IoT solution and on-premises machine connectivity, manufacturing process automation and plant control. At the time of the acquisition, Kors Engineering had 16 employees and a joint customer base with Plex of approximately 200 companies.

Considerations for Technology and Service Selection

This research is intended to provide relevant contextual information to help you consider and prepare for potential future risk or advantage. It is not a reevaluation of providers, but rather an update based on publicly available information at a certain point in time. Because the results of corporate reorganizations typically change and evolve over time, Gartner analysts will continue to monitor these changes. The next annual update of the Magic Quadrant will reflect the potential impact(s) that we determine the corporate reorganization may have on provider positions.
We encourage you to use this perspective in conjunction with the existing Magic Quadrant as you consider initial resources for provider evaluations and decision-making. As you assess your unique business and technical requirements, always supplement this research with scheduled analyst inquiries to help you and begin to gain insight on further developments, before making any decision.

Prepare for Potential Impacts of the Acquisition

Potential Impacts or Risks to Customers:

- Platform consolidation or migration toward a single platform, primarily within a market segment
- Limitations on choice of process automation platforms
- Changes to the solution licensing strategy based on the inclusion of on-premises hardware and software
- Vendor lock-in driven by solution makeup

Steps to Take:

1. Keep close tabs on the vendor product and pricing/licensing roadmap, and track that the vendor is meeting its communicated release dates with committed product features.

2. Ensure that the acquiring vendor has a credible growth plan for the acquired capabilities to support its global client base.

3. Insist on regular solution roadmap updates to understand convergence and innovation between core product and acquired capabilities.

Market-Level Analysis

This transaction is significant because it marks the first time that a multitenant cloud provider of manufacturing execution systems has acquired an on-premises manufacturing process automation capability.

The MES market has been trending toward cloud adoption with many of the vendors in this space making piecemeal shifts of their technology to cloud hyperscalers (mostly dashboards, reports and/or analytics). Others have taken the “virtualization” route, moving the entire monolithic suite to a cloud provider en mass. Gartner predicts that the future of MES is predominantly cloud-native solutions with just enough on-premises capability (likely edge devices) to keep the factory/plant operating in case of network outage.

The trend toward MES in the cloud has accelerated as edge technology matures and as demand for “work from anywhere” solutions has increased (see Cloud Computing in Manufacturing Is Foundational...
Today and the Requirement to Operate in the Future). The market has been further impacted by the incursions of IIoT platform vendors providing “lite MES” capability that is often cloud-based.

The large majority of the MES vendor community is moving toward a total replatforming of their solutions to microservices-based approaches with containerized applications supported by low code/no code application capability. Gartner has noted that these architectural changes can take two to five years to complete.

Manufacturers that are in the market for full MES capability on a modern platform have had the dilemma of choosing between cloud-native offerings with minimal manufacturing process automation capabilities or proven on-premises MES systems on aging platforms.

This transaction, though small in size, does represent the first example of a single vendor cloud-native MES system with on-premises manufacturing process automation capability. Supply chain technology leaders responsible for manufacturing operations technology should take note.

Provider-Level Analysis

In the short term, the acquisition should have little impact for current users of Plex Systems or Kors Engineering MACH2. The partnership has deep roots, and there are a healthy number of Plex customers that have leveraged the connection between Plex and Kors to deploy MACH2 within their infrastructure enabling plant-floor connectivity, production dashboards and manufacturing process automation. There should also be additional functionality sharing between Plex and Kors as the integration progresses.

The market factors that will impact this new combined entity are numerous:

- Kors MACH2 functionality provides a more robust entry for Plex into high volume, continuous process manufacturing environments that would have been more of a challenge in the past.
- There is growing demand for hybrid cloud MES (cloud-native applications coupled with on-premises edge technology), which plays into the strength of this offering.
- Plex's strategy is growth, both in new industry verticals and new geographies.

There are questions yet to be answered. As demand for hybrid cloud MES grows, and Plex advances in new industries and geographies, how scalable is the Kors Engineering offering? How effectively can it be deployed and supported globally, and how quickly can Plex staff up to meet this growing demand?

The Plex-Kors relationship has existed for some time and the achievements of approximately 200 customers speak for themselves, but knowledge management in scaling from a 16-person company to a global service force can be a daunting task. The opportunity is there, but so is the challenge.

Recommended by the Authors
Magic Quadrant for Manufacturing Execution Systems

Cloud Computing in Manufacturing Is Foundational Today and the Requirement to Operate in the Future

Understand the Need for Supply Chain Execution and Manufacturing Operations Management

Convergence

Make Smart Manufacturing Work by Knowing These Benefits and Challenges

How to Plan for and Respond to a Strategic Vendor's Merger, Acquisition, or Divestiture