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Archie Black, CEO of SPS Commerce, said that the company's software-as-a-service model is well-suited to the economic slowdown.

Penny pinchers, at your service

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STAFF WRITER

The "SPS" in SPS Commerce once stood for "St. Paul Software," a nod to the Minneapolis tech firm's former headquarters city. These days it might as well stand for "steadily progressing sales" or "Slowdown? Pshaw."

In the middle of a recession that's been wickedly tough on companies in all sectors, SPS Commerce is keeping up a revenue growth rate of 30 percent — it's on track for \$45 million this year, with another 30 percent increase on tap next year.

RECESSION BUSTER

Companies succeeding in the economic downturn.

SPS COMMERCE

City: **Minneapolis**
CEO: **Archie Black**
Business: **Software development**
Founded: **1999**
Revenue: **About \$45 million**
Employees: **300**
Web: **spscommerce.com**

Hiring, too, is still going strong. In the past six weeks the company has boosted its 300 staff by 6 percent.

Officials at SPS say the reason for the growth is clear. The firm, which develops supply-chain

SPS Commerce enjoys fast growth as users warm up to new software model

management software for companies such as Minneapolis-based Target Corp., Maplewood-based 3M Co. and hundreds of others, is well-positioned to succeed in a tough economy.

"If you look at a typical retailer, they are not opening new stores. They are bringing down inventory, they want to bring down costs and make things more efficient, and our software helps them do that," said SPS President and CEO Archie Black.

SPS helps companies pinch their pennies by providing its software via a service model (typically called software-as-a-service, or SaaS), which can be cheaper than traditional software due to the lower capital investment and total cost of ownership, a plus in an economy where companies have less money to invest.

Black said SaaS includes a form of electronic data interchange that offers an integrated Web-based system over traditional on-premise "tool-based" solutions where the company is offered document and entry templates to print or enter data to send back to the user, which is considerably more work to implement.

"[Competitors] have installed a base that is highly profitable so it's very difficult for them to introduce a lower-priced, easy-to-use software," said Richard Davis, managing director of software research with New York-based Needham & Co. "SPS is the leader of the next generation of software users."

SPS also has recently expanded its services by integrating international manufacturers into their systems.

"It's not just the entrepreneur and Target anymore; now you need to add the product manufacturer, which could very well be in China," Black said, adding that it's just as important for the entrepreneurs to be connected to their manufacturers as their retailers.

"We've got the best product, the biggest reach and the best business team, that's why we are the leading provider."

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