Magic Quadrant for Procure-to-Pay Suites

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The procure-to-pay suite market is growing rapidly as organizations seek automation and innovation to control spend and improve supplier collaboration. Application leaders responsible for procurement should use this evaluation of 15 vendors to help in their vendor selection process.

Strategic Planning Assumptions

By 2025, over 50% of the global midmarket and large enterprises will have deployed procure-to-pay suites via a cloud delivery model.

By 2022, all major procure-to-pay software vendors will embed virtual assistants and chatbots for guided buying and self-service requests.

Market Definition/Description

This document was revised on 14 June 2018. The document you are viewing is the corrected version. For more information, see the Corrections (http://www.gartner.com/technology/about/policies/current_corrections.jsp) page on gartner.com.

The procure-to-pay (P2P) market is consolidating as vendors move to add new capabilities and customers through acquisition. A quarter of the vendors reviewed in the previous version of this Magic Quadrant were affected by M&A activity. P2P is currently in the "*Choice*" phase of the "IT Market Clock for Procurement and Sourcing Solutions, 2018," where the market typically moves from an adolescent status to early mainstream. This is the phase of highest demand growth, when supply options grow and prices fall at their fastest rate. P2P suites are projected to progress from the "*Choice*" to the "*Cost*" phase in two to five years. Clear market leaders have emerged, and vendors that are not able to gain traction outside their home regions or successfully sell solutions suites spanning both the procurement and payment process are being marginalized.

Gartner estimates that the overall market for P2P software (including both on-premises and cloud/SaaS solutions) reached $2.4 billion in 2017. We forecast it to grow to $3.2 billion by year-end 2020, with a CAGR of 10%. From a revenue share perspective, SaaS revenue has overtaken on-premises-based licensing and maintenance revenue. Vendors are pushing cloud adoption and buyers are embracing cloud due to quicker implementation, supplier onboarding, better supplier collaboration and quicker access to innovations and improvements (more information on the move to cloud is outlined in "Key Steps to Moving Your Procurement and Sourcing to the Cloud").

There are two notable trends within the P2P vendor base:

- Vendors are increasing their product portfolios through organic growth, M&A activity or partnerships to support the full source-to-settle (S2S) process.
- P2P vendors are moving further into supporting workflows for direct materials procurement, although their applications are not expected to replace the functionality found in ERP solutions.

P2P suite vendors are innovating. Examples of improvements, at varying stages of development across the vendor base, include:

- Real-time descriptive and diagnostic analytics
- Role-based dashboards
- Mobile access
- A business-to-consumer (B2C)-like experience to enhance overall user engagement and productivity
- Chatbots for common self-service requests
- Virtual employee assistants (VEAs) for guided buying
- Zero-touch UIs to support the mobile workforce
- APIs that partners can leverage to create a more comprehensive solution
- AI-supported item search functionality to increase the rate of "first-time match"
- Robotic process automation (RPA) for matching invoices to POs, updating catalogs and collating spend data across disparate ERP or expense tools.

More information on P2P technology developments is found in "2018 Strategic Roadmap for Automating the Procure-to-Pay Process" and "Start Preparing Now for the Impact of AI on Procurement."

P2P suites began as an extension of legacy ERP and accounting system purchasing modules in the 1990s. The early solutions were primarily on-premises, with few of the "ease of use" features enjoyed today. Most of the P2P suites covered in this Magic Quadrant are not offered by legacy ERP vendors. Vendors entered the market from different directions, including native development, acquisition, or expansion into a suite offering from roots in APIA, e-procurement, strategic sourcing or other business applications. 2015 was the first year we felt that the P2P market was mature enough to publish a Magic Quadrant.

This Magic Quadrant's scope reflects Gartner's definition of "postmodern ERP."

Gartner Definition: Postmodern ERP

A technology strategy that offers diverse options for automating and linking administrative and operational business capabilities, with levels of integration that balance the benefits of vendor-delivered integration against customers' requirements for flexibility and agility.

More information on postmodern ERP is available in "2018 Strategic Roadmap for Postmodern EPR."

Therefore, this Magic Quadrant features two types of vendors:

- *Vendors developing, selling and marketing a single, integrated solution with a single user experience (UX), data model and code base*. These vendors each receive a single dot in the Magic Quadrant graphic.
- *Vendors developing, selling and marketing multiple, distinct products*. These products have workflow integrations, use vendor-supported integration technologies and are positioned as components of a "solution" rather than as stand-alone products in the vendors' portfolios. These vendors also receive a single dot in the Magic Quadrant graphic. We have incorporated any user feedback on these relevant products' integration into their vendors' scores for the "product/service" criterion under Ability to Execute. We have considered the degree of market suitability of the portfolio in our assessment of the "market understanding" and "offering (product) strategy" criteria under Completeness of Vision.

P2P suites are sets of integrated solutions with processes that may be called "transactional" or "operational" procurement. They have automated workflows to request, procure, receive and pay for goods and services across an enterprise. P2P suites are marketed as suitable solutions for processing, at a basic level, all the various types of spend — for indirect goods, direct goods and services. P2P suites optimize the purchasing process, resulting in improved financial controls, process compliance, cost savings/avoidance and reduced/mitigated risk. P2P suites deliver four primary capabilities:

- **E-purchasing functionality** to give casual users — employees who are not procurement professionals — a self-service solution for requisitioning and ordering goods and services through the use of catalogs, e-forms or free-text orders. The requisition is routed for approval through a predefined rule-based workflow. Once approved, the requisition is converted to one or more POs and then transmitted to the supplier(s) by email, autofax, portal, electronic data interchange (EDI) or XML integrations. The final step in the workflow is receipt, which can be via desktop or dock.
- **Access to catalog content** to allow requisitioners to "shop" for needed goods and services and place them in their cart. Solution functionality includes access to a marketplace or punch-out access (cXML) to third-party catalogs.
- **E-invoicing** for the exchange and storage of legally valid invoices in electronic format among trading partners. Functionality includes one or more means for suppliers to get invoices in an electronic format to the buyer, including EDI, punch-out, supplier self-service PO flip, CSV file upload and print drivers. Invoice acceptance status and remittance details are available to suppliers on a self-service basis through portal functionality.
- **Accounts payable invoice automation (APIA)** to process incoming invoices through rule-based matching against POs; or when no PO is issued, by routing the invoice for approval and account coding. APIA tools manage exceptions arising from transportation costs or other fees (for example, taxes) that may not be represented on the PO, or in cases where the cost or quantity received doesn't match the preapproved PO (see "Make APIA Part of Procure-to-Pay to Maximize Procurement Efficiencies" for more information on this topic).

P2P vendors may offer products with various extended P2P functions, including:

- Budget management
- Contingent workforce tracking and/or statement of work (SOW) service procurement
- Dynamic discounting and/or supply chain finance (SCF)
- Inventory management
- Supplier information management (SIM) and/or supplier registration
- Travel and expense (T&E) management

Magic Quadrant

Figure 1. Magic Quadrant for Procure-to-Pay Suites

Source: Gartner (May 2018)

Vendor Strengths and Cautions

Basware

Basware (https://www.basware.com/) was founded in 1985 with a focus on finance and accounts payable automation. It has 1,881 employees and is headquartered in Espoo, Finland, with 20 additional offices across North America, Europe and Asia/Pacific. Basware has been publicly traded on the Nasdaq OMX Helsinki Stock Exchange since 2000. Basware reports that it has over 2,500 customer organizations using its P2P solutions. In 2016 it acquired Verian, a leading U.S.-based cloud P2P provider, and integrated the company's product and operations.

Basware Purchase to Pay is an extensive suite capable of supporting direct and indirect spend categories. The Basware network includes paid and zero-cost options for suppliers. The solution has some contingent workforce and SOW governance capabilities. Basware is a strong invoice automation solution for global organizations and shared-service centers. It is currently processing fully compliant e-invoices itself in 43 countries and 12 additional countries using partners. The UI is available in 24 languages, and technical support in eight languages.

Basware's preferred delivery mode is multitenant cloud. It also offers single-tenant cloud, on-premises and hybrid solution delivery. Basware does most of its own implementations but also uses partners including CGI, Capgemini, IBM, Ricoh, Tessi and Tata Consultancy Services (TCS). Other available modules include dynamic discounting, supply chain financing and T&E management. Basware partners with Scanmarket for source-to-contract (S2C) functionality for clients seeking a full S2S solution.

Basware remains in the Leaders quadrant based on its strong market understanding, vertical industry strategy, product offering and customer experience (CX). Basware is well-suited for multinational organizations moving to digital procurement and seeking to automate invoice processing.

Strengths

- In the reference customer survey, Basware received the highest score for global deployment suitability of all vendors in this Magic Quadrant. This is attributed to its multilingual teams in multiple countries for supplier onboarding, and its extensive set of sales and consulting offices around the world.
- Basware tied for first across all the vendor customer reference surveys for ease of deployment, and ranked second for its overall product offering.
- Basware had the highest score of all the vendor reference customer surveys for ease of integration using standard APIs and tools. It offers packaged integrations for importing POs from POS, Kanban and MRP systems.
- Basware offers one of the most extensive global e-invoicing networks, and is a pioneer in the open B2B network approach.

Cautions

- Basware received low customer reference survey scores for its SIM capabilities.
- Basware ranked below average among reference customers for satisfaction with its guided buying experience.
- None of the surveyed reference customers used Basware for dynamic discounting.
- Basware received below-average customer reference survey scores for its openness to product enhancement ideas and for providing opportunities to share best practices with other customers. The vendor stated that it has added customer councils and user groups to help shape product roadmaps.

Comarch

Comarch (http://comarch.com/) is a multimarket IT business solution provider that was established in 1993. It has over 5,300 employees and is headquartered in Kraków, Poland, with 90 additional offices across the Americas, Asia/Pacific, Europe and the Middle East. Comarch has been publicly traded on the Warsaw Stock Exchange since 1999. The vendor reports that it has over 500 customer organizations using its P2P solutions.

Comarch Procure-to-Pay is a full suite with its combination of e-procurement and accounts payable automation capabilities to support direct and indirect spend categories. Comarch charges supplier fees for transactions and catalog setups. It is currently processing fully compliant e-invoices itself in 16 countries and in 40 additional countries using partners. The UI is available in 14 languages, and technical support in 11 languages. Comarch participates in the European E-Invoicing Service Providers Association (EESPA) and is working to become a Pan-European Public Procurement Online (PEPPOL) access point.

Comarch offers on-premises, multitenant cloud, single-tenant cloud and hybrid solution service delivery modes. It does most of its own implementations. It has related products for B2B e-commerce, contract management, dynamic discounting, e-sourcing, master data management, supply chain finance, SIM and T&E management.

Comarch is a new entrant in this year's Magic Quadrant and is positioned in the Niche Players quadrant, based on its European focus and customer reference scores. Comarch's P2P solution is a good choice for customers already using its ERP or one of its many other IT products and services.

Strengths

- Most reference customers identified Comarch's ability to tailor its P2P solution to meet their needs as a primary reason for selecting the vendor.
- Comarch received strong reference customer scores for its ability to speed up invoice processing and increase savings by improving contract compliance.
- Reference customers cited that they were very satisfied with Comarch's product pricing and overall business model.
- Comarch was rated well by reference customers for its account management, technical support and upgrade experience.

Cautions

- Comarch has low brand recognition outside of Europe and in the procurement space in general for its P2P solution. All reference customers except one were based in Europe.
- Reference customers gave low satisfaction scores for the platform's mobile applications and for Comarch's guided buying experience.
- Comarch's P2P solution does not provide any functionality for managing SOW service governance or contingent workforce procurement.
- Reference customers scored Comarch low for providing opportunities to share best practices with other customers.

Coupa

Coupa (https://coupa.com/) was founded in 2006 as a unified cloud-based spend management solution. It has 1,000 employees and is headquartered in San Mateo, California, U.S., with 25 additional offices across North America, Europe, Asia/Pacific and Latin America. The vendor has been publicly traded on the Nasdaq since 2016. Coupa reports that it has over 700 customers. It acquired multiple companies in 2017 to enhance its product portfolio, including Spend360 (AI-based spend data classification), Riskopy (third-party supplier risk data aggregation), Trade Extensions (advanced sourcing optimization), Deep Relevance (AI-based fraud detection engine) and Simeno (cross-catalog search and advanced catalog management).

Coupa's cloud platform for business spend is an integrated suite used by customers mostly to manage indirect spend categories. Some customers use Coupa for invoicing of direct materials. Coupa does not charge supplier fees to transact or interact with buyers. Its solution supports some contingent workforce tracking and SOW service governance. It can process fully compliant e-invoices in 38 countries. The UI is available in 22 languages, and customers can modify the onscreen language down to field-level metadata. Technical support is available in six languages.

Coupa delivers its platform only as a multitenant cloud solution. It has an established AWS GovCloud environment to meet ITAR requirements for government and defense industry clients, and an established HIPAA environment to meet HIPAA requirements for healthcare clients. Most Coupa deals are implemented with the vendor's many partners, which include Accenture, Deloitte, KPMG, PwC and The Shelby Group. Coupa provides a full S2S solution. It has additional modules for budgeting, contract management, dynamic discounting, e-sourcing, inventory, sourcing optimization, spend analysis, SIM, supplier risk management and T&E management.

Coupa remains in the Leaders quadrant due to its strong innovation and deep market understanding, as well as positive upgrade experience, account management and peer user group quality. Coupa was the second most discussed vendor during Gartner client inquiries in 2017. Coupa is well-suited for organizations seeking a P2P solution with innovation and strong ease of use.

Strengths

- Coupa had the highest reference customer score of all the Magic Quadrant vendors for innovation and for offering solutions that meet evolving customer needs in creative ways.
- Most Coupa reference customers cited the suite's ease of use as a key factor that influenced their selecting the vendor.
- Coupa had the highest reference customer satisfaction score of all the vendor surveys for solution availability, which included the length of and notice for scheduled downtime.
- Coupa had the second-highest reference customer rating for its ability to deliver at or below expected implementation and upgrade costs.

Cautions

- Coupa's M&A activity will challenge its goal of integrating its solutions into a unified spend platform. Coupa stated it has embedded some acquired products into its solutions and will include more unification in its next three releases.
- Reference customers scored Coupa's SOW management capabilities below the Magic Quadrant vendor average. To address this, Coupa has released Services Maestro to manage complex services spend. (The SOW management reference customer feedback is not reflective of Services Maestro users.)

- Coupa ranked below average among reference customers for satisfaction with its third-party system integrators (SIs). Coupa stated it revamped its partner certification training and added a new chief customer officer whose responsibilities include acting as a liaison with its SI partners.

- Coupa had the lowest rating of all the vendor reference customer surveys for the ability to import purchase orders from a POS, Kanban or MRP system.

Determine

Determine (https://www.determine.com/) is the culmination of three companies: Selectica, a contract life cycle management provider founded in 1996; b-pack, a P2P provider founded in 2000; and Iasta, a sourcing suite provider founded in 2000. The combined entity was rebranded as Determine in 2015. Determine has 160 employees and is headquartered in Carmel, Indiana, U.S., with additional offices in Europe, the U.K. and the U.S. The vendor is publicly traded on the Nasdaq Stock Market. Determine reports that it has over 90 customer organizations using its P2P solutions on the Determine Cloud Platform.

Determine's P2P suite is capable of supporting direct and indirect spend. It does not charge supplier fees to transact or interact with its suite. It has contingent workforce management and SOW service governance functionality. It can process fully compliant e-invoices in 91 countries either itself or using partners. The UI is available in 18 languages, and technical support in two languages.

Determine's delivery mode for new customers is multitenant cloud. Legacy customers with single-tenant cloud or on-premises solutions are migrating to the Determine Cloud Platform. Determine does its own implementations and also uses partners such as A.T. Kearney, Deloitte, EY, KPMG, HBR Consulting, Protiviti and PwC. Determine provides a full S2S solution, with additional modules for asset management, contract management, dynamic discounting, e-sourcing, financial management, inventory management, spend analysis, SIM, supplier risk management and T&E management. Dynamic discounting is available through partnerships with Tradeshift and Taulia.

Determine remains in the Niche Players quadrant. Its innovations, product offering, business model and uneven customer satisfaction ratings for sales execution and customer experience did not warrant a quadrant change. Determine is well-suited for customers needing a flexible S2S solution.

Strengths

- Over half of Determine's reference customers cited the ability to tailor the solution to their needs as a key factor influencing their selecting the vendor.

- Determine ranked in the top quartile among all the vendor reference customer scores for satisfaction with its third-party SIs.

- Most of Determine's reference customers stated that their experience with the vendor and its P2P solution had improved over the past year.

- Reference customers scored Determine above the Magic Quadrant vendor average for satisfaction with the navigation and data flow between modules of its P2P suite solution.

Cautions

- Only a small minority of all the vendors' reference customers surveyed for this Magic Quadrant identified Determine as a vendor they had considered during their P2P solution selection process.
- Determine's reference customers rated the vendor below average for its ability to "plug into" an established community where many of their suppliers already transact.
- Determine had the lowest overall reference customer satisfaction rating of all the vendor surveys for its performance during the supplier evaluation and contract negotiation process.
- Reference customers rated Determine's service and support as below the average for this Magic Quadrant.

GEP

GEP (http://gep.com/) was founded in 1999 as a procurement and supply chain outsourcing and consulting practice. It has 2,800 employees and is headquartered in Clark, New Jersey, U.S., with eight additional offices in Asia, Europe and Latin America. GEP reports that it has fewer than 100 customers using its P2P solutions. GEP is a private company that maintains separate internal organizations for procurement software and BPO.

SMART by GEP is a single, unified source-to-pay software platform built on a universal data model, which ensures that all activity is connected across the entire end-to-end process. The solution can support some direct procurement workflows, but the majority of customers are using it to manage indirect spend categories. This solution does not track contingent worker time or expenses, but does have SOW service governance capabilities. GEP is currently processing fully compliant e-invoices itself in 23 countries. The UI is available in 13 languages, and technical support is available in English only.

GEP delivers the platform only as a multitenant cloud solution, running on the Microsoft Azure cloud platform. GEP conducts most of its own implementations with support from Microsoft Azure. It does not charge suppliers any fees. It provides a full S2S solution with additional modules for contract management, e-sourcing, savings tracking, spend analysis, supplier management and T&E management.

GEP moved from the Challengers to the Visionaries quadrant based on improvements in Completeness of Vision with its analytics, intelligent workflows and geographic strategy. Execution has been variable. GEP is a good choice for organizations seeking a fully integrated S2S solution.

Strengths

- Reference customers rated GEP above the all-vendor average in this Magic Quadrant for its ability to improve procurement productivity by delivering detailed spend insight.
- Just over half of GEP reference customers stated that the P2P suite's functionality influenced their decision during vendor selection.
- GEP reference customers were satisfied that the P2P suite has the modules they need.
- GEP received above-average ratings from reference customers for its service and support, relative to the rest of the vendors in this Magic Quadrant.

Cautions

- GEP had a below-average reference customer satisfaction score for the value the product provides for the money spent.
- Reference customers rated GEP below average for overall implementation experience and for ease of integration using standard APIs and tools.
- GEP was rated below average by reference customers for users' ability to change solution configurations and add new workflows without external help.
- GEP had the lowest of all the vendors' overall reference customer satisfaction scores for the ability to process no-PO invoices for approval and account coding.

Ivalua

Ivalua (http://www.ivalua.com/) was founded in France in 2000 and released its sourcing module in 2001, followed by spend analysis in 2004 and P2P in 2006. It has 330 employees and headquarters in both Paris, France and Redwood City, California, U.S., with 14 additional offices across North America, Europe, Asia/Pacific and Latin America. Ivalua is privately held and venture-capital-funded. In April 2017 it raised $70 million growth equity minority funding from KKR. Ivalua reports that it has over 100 customer organizations using its P2P solutions. It acquired Directworks in late 2017 to enhance its direct materials procurement for manufacturing industries.

Ivalua offers a natively integrated suite capable of supporting direct and indirect spend categories. Ivalua does not have a traditional supplier network, but instead uses one-to-many portals and syncs data between them. It does not charge suppliers any fees to transact or interact with buyer customers. The solution supports contingent worker tracking and SOW management. It is currently processing fully compliant e-invoices in 47 countries. The UI is available in 14 languages, and technical support in seven languages.

Ivalua's preferred delivery mode is single-tenant cloud, but it also offers on-premises as well. The majority of its deals are implemented with one of its many partners, which include Accenture, CGI, Consus, Deloitte, KPMG, Nitor, PwC and The Shelby Group. Ivalua provides a full S2S solution with additional modules for contract life cycle management, dynamic discounting, e-sourcing, spend analysis, supplier compliance and risk management, and T&E management.

Ivalua remains in the Visionaries quadrant based on its strong product strategy, business model and vertical industry strategy. Execution has been variable. Ivalua is a good choice for simple and complex organizations seeking a natively integrated S2S solution.

Strengths

- Key reasons cited by reference customers for selecting Ivalua included its solution's broader integrated product offering and TCO.
- Reference customers gave Ivalua an above-average rating for its requisitioned inventory capabilities, relative to all vendors in this Magic Quadrant.
- Over half of its customer references use the Ivalua solution as the supplier master system of record.
- Ivalua had the highest reference customer satisfaction rating of all the vendor surveys for its capital expenditure functionality.

Cautions

- Surveyed customers scored Ivalua below average for its services and support. Ivalua has added new chief customer officer and customer success manager roles to help improve these areas.
- Ivalua received relatively low scores from reference customers for time to value and its ability to deliver on time and within budget for implementations and upgrades.
- Ivalua uses a supplier portal instead of a supplier network. Reference customers rated the vendor below average for the ability to "plug into" an established community where many of their suppliers already transact.
- Ivalua had the lowest reference customer scores of all the vendors in this Magic Quadrant for account management and timely communications.

JAGGAER

JAGGAER (http://jaggaer.com/) was founded in 1995 as SciQuest, a procurement solution targeting higher education, public sector and healthcare. Its solution now covers all major industry vertical sectors. The vendor is headquartered in Morrisville, North Carolina, U.S., and has 20 other offices across Asia, Europe, the Middle East, the U.K. and the U.S. In 2016 SciQuest was acquired by the private equity firm Accel-KKR and in early 2017 rebranded itself as JAGGAER. It acquired S2S vendors POOL4TOOL and BravoSolution, which it rebranded as JAGGAER Direct and JAGGAER Advantage, respectively, in 2017. These solutions were not evaluated in this Magic Quadrant because they did not meet the qualification criteria prior to their acquisition.

JAGGAER offers a full P2P suite, with its combination of e-procurement, accounts payable automation and e-invoicing products capable of supporting primarily indirect spend categories (although JAGGAER Direct offers functionality for directs). It is currently processing fully compliant e-invoices in seven countries, and in Chile through a partner. The UI is available in 10 languages, and technical support in 15 languages.

All the vendor's solutions are delivered exclusively as multitenant cloud. It does not charge any supplier fees. Its solution supports contingent workforce procurement and service governance. It conducts some of its own implementations and also uses partners, including Consilio, The Hackett Group, Huron, PwC, RiseNow and WNS-Denali. JAGGAER provides a full S2S solution with additional modules for contract management, e-sourcing, inventory, savings management, sourcing optimization, spend analysis, supplier management and T&E management.

JAGGAER is placed in the Leaders quadrant due to its strong product offering and vertical industry strategy. It is a good choice for organizations seeking a P2P solution with solid analytics functionally that can expanded into a full S2S solution.

Strengths

- JAGGAER's core belief is that a one-size-fits-all solution won't meet all customer needs. It created vertical-specific "bundles" and invested in building out new vertical-specific capabilities.
- Relative to all the vendors in this Magic Quadrant, JAGGAER received an above-average reference customer rating for delivering its solution at or below expected implementation and upgrade costs.

- JAGGAER had a much higher-than-average score from reference customers for allowing them to "plug into" an established community where many of their suppliers already transact.
- Usability of JAGGAER's suite was cited as a strength on multiple reference customer calls.

Cautions

- Most of JAGGAER's reference customers were from higher education and based in North America. The vendor has demonstrated new customer wins across multiple industries, however.
- JAGGAER had the lowest reference customer score for its openness to product enhancements of all the vendors in this Magic Quadrant. It has added Customer Advisory Boards and User Groups to help address this.
- JAGGAER's solution includes a chatbot, voice browser and some integration of AI, but Gartner considers several of the innovations it has presented to be already available in the leading vendors.
- Several of JAGGAER's reference customers stated that their experience with the vendor and its P2P solution had gotten worse over the past year. The vendor stated that it conducted reorganization activity that affected some customer sales teams.

OpusCapita

OpusCapita (http://www.opuscapita.com/) was founded in 1984 with a focus on digitalizing paper and automating payments. It has over 400 employees and is headquartered in Helsinki, Finland, with 13 additional offices in Australia, Europe and North America. OpusCapita is a subsidiary of Posti Group, a public limited company in Finland that provides postal services, logistics and financial process automation. OpusCapita reports having over 500 customer organizations using its P2P solutions. In 2016 it purchased jCatalog Software, which appeared in this Magic Quadrant the year before that. In 2017 it divested its Finance and Accounting Outsourcing (FAO) business and acquired Swiss e-invoicing portal Billexco to strengthen its buyer-supplier network and expand its geographical reach.

OpusCapita provides solid solutions supporting operational procurement and accounts payable automation as well as payments and cash management options. Its P2P solution has some functionality for tracking contingent workers and SOW management. It is currently processing fully compliant e-invoices in 31 countries. The UI is delivered standard in six languages with language packages available for 30 additional languages. Technical support is available in seven languages. The vendor participates in the European E-Invoicing Service Providers Association (EESPA) and is a Pan-European Public Procurement Online (PEPPOL) access point.

OpusCapita's preferred delivery mode is multitenant cloud, but it also offers single-tenant cloud and hybrid solution delivery. It conducts its own implementations globally. It does not charge suppliers any fees to transact or interact with buyer customers. It has other available S2S products including catalog syndication, dynamic discounting, product information management, SIM, sourcing, spend analysis and supply chain finance. T&E management is provided through a partnership with Xpenditure.

OpusCapita is a new entrant positioned in the Niche Players quadrant, based on its geographical strategy and customer ratings of its products and services. Its largest client base is in Europe. It is a good choice for organizations in retail, construction, manufacturing, healthcare and asset-heavy industries.

Strengths

- OpusCapita offers payment and cash management capabilities to complement its P2P suite. Reference customers highly rated OpusCapita's ability to tailor the product to their needs.
- A good majority of OpusCapita's reference customers cited innovation and price as primary reasons for selecting the vendor.
- OpusCapita offers strong catalog management and ordering functionality with a modern user experience.
- OpusCapita has a well-represented customer base and domain knowledge in asset-intensive industries where maintenance, repair and operations procurement processes are required.

Cautions

- Most of OpusCapita's clients are based in Europe, and the vendor has low brand recognition outside this region.
- Reference customers scored OpusCapita below the Magic Quadrant survey averages for account management, timely communication and technical support.
- None of OpusCapita's reference customers used the vendor for dynamic discounting.
- Reference customers scored OpusCapita below the Magic Quadrant survey average for being able to plug into an established community where their suppliers already transact.

Oracle

Oracle (https://www.oracle.com/) was founded in 1977 and has a broad offering of enterprise software and hardware. It has over 138,000 employees and is headquartered in Redwood City, California, U.S., with additional offices in over 145 countries. Oracle has been publicly traded on the NYSE since 1986.

Oracle Procurement Cloud Release 13 is part of the Oracle ERP Cloud product family. The vendor reports that it has over 1,200 customer organizations using its cloud P2P solution. (Oracle E-Business Suite and Oracle PeopleSoft P2P solutions are not included in this evaluation because they did not meet the inclusion criteria.) Its Procurement Cloud suite is capable of supporting direct and indirect spend categories. It is currently processing fully compliant e-invoices itself in 13 countries, but Oracle did not provide information on partners used in other countries. The UI is available in 26 languages, and technical support in 29 languages.

Oracle Procurement Cloud is available only through Oracle Public Cloud. Oracle does not charge suppliers any transaction fees. The P2P suite has other modules available for dynamic discounting and T&E management. Oracle also provides an integrated S2S suite that includes supplier qualification management, sourcing, procurement contracts and financials, as well as broader integrations with other Oracle applications including ERP, SCM, HCM and CX.

Oracle is positioned in the Challengers quadrant due to its strong product offering and global strategy. Oracle Procurement Cloud is a good choice for Oracle Financials Cloud and ERP customers.

Strengths

- Oracle has a well-established global presence and a wide array of partners. Reference customers scored it above the Magic Quadrant survey average for satisfaction with its SI partners and the suite's suitability for global deployment.
- Most reference customers cited broadness and integration of the product followed by delivery model and TCO as key reasons for selecting Oracle.
- Oracle scored above average in reference customer satisfaction for its ability to deliver at or below expected implementation and upgrade cost.
- Reference customers scored Oracle above average in satisfaction using the P2P solution for direct, indirect and services procurement.

Cautions

- Some reference customers migrating to Oracle Procurement Cloud from an Oracle on-premises solution noted less maturity and functionality in the cloud platform.
- Oracle Procurement Cloud does not currently provide invoice archiving capabilities, either itself or through a partner.
- Reference customers gave below-average satisfaction ratings to Oracle's mobile, chatbot and voice browser capabilities. (The reference customer feedback was received prior to an Oracle update in February 2018 that includes updates for mobile access to punch-out catalogs and noncatalog requests.)
- Oracle Procurement Cloud does not have any functionality for managing contingent workers. Organizations must purchase Oracle HCM to attain this functionality.

Perfect Commerce

Perfect Commerce (http://perfect.com/) was founded in 1994 with a focus on spend management. It has 300 employees and is headquartered in Newport News, Virginia, U.S., with five additional offices in Europe, the Philippines and the U.K. It reports having 200 customers. In 2017 PROACTIS acquired Perfect Commerce in a reverse takeover, and appointed Perfect Commerce's chief executive and president as CEO of the merged group.

Perfect Commerce PerfectProcure is a broad, industry-agnostic platform with the depth to support the needs of the public-sector and oil and gas industries. It is capable of supporting direct and indirect spend categories. The vendor is currently processing fully compliant e-invoices itself in 37 countries and using a third party for digital signatures on invoices. The solution includes some contingent worker tracking and SOW management capabilities. The UI is available in 18 languages, and technical support in eight languages.

Perfect Commerce's service delivery modes are single-tenant and multitenant cloud. It conducts most of its own implementations in North America and Western Europe, but for some it relies on partners including IBM, KPMG, Infosys, Civic Initiatives and Instant Systems. Perfect Commerce does not charge supplier fees apart from what it deems to be value-added premium-level services. It provides a full S2S solution with additional modules for contract management, e-sourcing, spend analysis and T&E management.

Perfect Commerce remains in the Niche Players quadrant based on its geographic focus, innovation and CX. It is a good choice for large businesses in the government and manufacturing sectors in North America and Western Europe.

Note: We evaluated Perfect Commerce separately from PROACTIS because the two company solutions are sold separately and not fully integrated.

Strengths

- Perfect Commerce had the highest reference customer score of all the vendors in this Magic Quadrant for overall vendor experience, with high scores for openness to product enhancement ideas and time to value.
- Reference customers cited the ability to tailor the solutions to their needs and TCO as key reasons for selecting Perfect Commerce.
- Reference customers gave Perfect Commerce the second-highest score of all the vendor surveys for the usefulness of its P2P suite upgrades.
- Perfect Commerce had the highest reference customer score for how it handles the overall implementation experience.

Cautions

- Reference customers were primarily using the Perfect Commerce tool for e-procurement in a single region or country, and had not implemented e-invoicing.
- Perfect Commerce's solution is often used in conjunction with other tools to support all workstreams. It had the highest percentage of reference clients stating that the P2P suite does not digitize all spending, direct, indirect, services and utilities.
- Reference customers gave Perfect Commerce the lowest score of the Magic Quadrant vendors for the quality of its peer user community.
- Perfect Commerce's geographic focus is primarily Western Europe and North America.

PROACTIS

PROACTIS (http://www.proactis.com/) was founded in 1996 with a focus on spend management. It has 230 employees and is headquartered in Wetherby, U.K. It has eight additional offices in the U.K., the U.S., the Netherlands and Australia. It has been publicly traded on the London Stock Exchange since 2006. PROACTIS reports that it has over 800 total customer organizations, of which over 400 use its P2P solutions. In 2017 it acquired Perfect Commerce in a reverse takeover, and appointed the Perfect Commerce chief executive and president as CEO of the merged group.

PROACTIS Purchase-to-Pay is capable of fully supporting indirect spend categories and providing limited support for direct spend categories. The vendor is currently processing fully compliant e-invoices in the U.K. The UI is available in nine languages, and technical support in English only.

The vendor's service delivery modes include on-premises, single-tenant cloud, multitenant cloud and hybrid. PROACTIS conducts its own implementations in Europe, North America and the Nordics. Implementations in Asia/Pacific and Latin America are conducted through one of its partners, which include SSI, UXC Eclipse and TransProcure. PROACTIS charges no supplier fees apart from service fees for value-added applications. It provides a full S2S solution with additional modules for catalog management, contract management, e-invoicing, employee expenses, sourcing, spend analysis, supplier management and supplier network. It offers invoice capture as a managed service, proprietary technology and a hybrid offering.

PROACTIS remains in the Niche Players quadrant based on its geographic focus and marketing execution. It is a good choice for medium and large businesses in the services, retail and government sectors in the U.K., Europe and North America.

Note: We evaluated PROACTIS separately from Perfect Commerce because the two company solutions are sold separately and not fully integrated.

Strengths

- PROACTIS received high reference customer scores for its solution's ease of use.
- PROACTIS received the highest reference customer rating of all the vendors in this Magic Quadrant for satisfaction with its service and support.
- Most of those surveyed identified the ability of PROACTIS to tailor the P2P solution to meet their needs as a primary reason for selecting the vendor.
- PROACTIS was well-rated by reference customers for their implementation and upgrade experiences.

Cautions

- PROACTIS has strong brand recognition in the U.K. and Europe, where most of its reference customers were based. Its brand recognition in other regions is low.
- Reference customers scored PROACTIS' functionality for supplier self-service invoice status checking (invoice acceptance, schedule for payment) as below average.
- PROACTIS' P2P solution does not provide any functionality for managing SOW service governance or contingent workforce procurement.
- Reference customers scored PROACTIS low for its overall suitability for global deployment and for having technical support available in enough languages. PROACTIS stated that it has reorganized after the merger with Perfect Commerce, and now has a single infrastructure and global technical support group.

SAP (Ariba and Fieldglass)

SAP Ariba (http://ariba.com/) and SAP Fieldglass (http://fieldglass.com/) are part of SAP. SAP Ariba, headquartered in Palo Alto, California, U.S., was founded in 1996 and acquired by SAP in 2012 for its procurement and sourcing solutions, including its network of business partners in the indirect goods and services areas. SAP Fieldglass, headquartered in Chicago, Illinois, U.S., was founded in 1999 and acquired by SAP in 2014 for its services procurement and contingent workforce management solutions. SAP in total has over 84,000 employees and offices in 180 countries. SAP has been publicly traded since 1998 and is listed on the NYSE.

The SAP Ariba and SAP Fieldglass solutions have packaged workflow integration, and were submitted jointly for this Magic Quadrant. SAP Ariba's P2P solution is capable of supporting direct and indirect spend categories. Both SAP Ariba and SAP Fieldglass have over 500 customers each. SAP Ariba's supplier fee structure comes in three options: supplier no-cost, supplier upgraded account with a tiered pricing structure, and customer-paid supplier fees. The vendor is processing regulatory consistent e-invoices in over 104 countries. The UIs and technical support are each available in 21 languages. The SAP Fieldglass integration provides functionally rich VMS and SOW governance capabilities.

SAP Ariba's only delivery mode for new customers is multitenant cloud. It does its own implementations, but also uses a large partner group that includes Accenture, Deloitte, Infosys, PwC and Wipro. SAP Ariba provides a full S2S solution with additional modules for contract management, dynamic discounting, e-sourcing, pay, spend analysis, SIM, supply chain finance, supplier chain collaboration (directs), supplier life cycle and performance, and supplier risk management.

The SAP Ariba and SAP Fieldglass integrated solution remains in the Leaders quadrant, due to its strong sales and above-average customer satisfaction ratings, as well as product innovation and customer satisfaction with the solution features, functionality and configurability. SAP Ariba was the most discussed vendor during Gartner client inquiries in 2017. It is used by shared-service centers and global organizations in all industries.

Strengths

- SAP Ariba had the best reference customer score of all the vendors in this Magic Quadrant for the change over the past year in customers' overall experience with the vendor and its P2P suite solution.
- SAP Ariba's improvements to the UI were well-received by the customer base.
- SAP Ariba provides one of the largest supplier networks of any vendor evaluated in this Magic Quadrant. SAP is also one of the world's largest software companies.
- SAP Ariba's ability to provide opportunities for customers to share best practices with other customers ranked very highly among reference customers.

Cautions

- SAP Ariba and SAP Fieldglass have separate development and sales teams. SAP sales team members can sell any product on the SAP pricelist, but may need to rely on specialist sales teams having the product expertise to sell to specific line-of-business customers.
- Marketing of SAP Ariba's increased functionality for "direct" materials procurement has led to confusion among some customers regarding the demarcation between, and proven integrations with, other SAP products, including S/4HANA, SAP ERP and SAP IBP cloud.

- SAP Ariba reference customers rated its tax engine functionality to support tax regulations below the average of all vendors in this Magic Quadrant.
- Suppliers' satisfaction with SAP Ariba and its solutions, as measured by reference customer responses, ranked below average. SAP Ariba stated it will introduce more self-service features to help suppliers manage end-to-end customer needs in releases planned for later in 2018.

SynerTrade

SynerTrade (http://www.synertrade.com/) was founded in 1996 with a focus on spend management. It has 305 employees and is headquartered in Luxembourg, with 15 additional offices in Asia/Pacific, Europe, Latin America, the Middle East and North America. SynerTrade is an entity of Digital Dimension, a subsidiary of Econocom, which is publicly traded on the NYSE Euronext Stock Exchange. It reports that it has over 500 customer organizations using its P2P solutions.

SynerTrade's Accelerate P2P software is an extensive suite capable of supporting direct and indirect spend categories. The vendor is currently processing fully compliant e-invoices itself in 18 countries and through a partner in eight more countries. The solution provides some contingent worker tracking and SOW management functionality. The UI is available in 29 languages, and technical support in 12 languages.

SynerTrade's preferred service delivery mode is single-tenant cloud, while multitenant cloud, on-premises and hybrid modes are also available. It conducts many of its own implementations in Asia/Pacific, Europe and North America, but also uses partners that include Capgemini, Deloitte, Econocom, EY and KPMG. SynerTrade does not charge suppliers transaction fees but does charge fees to set up an account and catalogs. It provides a full S2S solution with additional modules for artwork and packaging design, brand management, chemical risk management, contract management, dynamic discounting, e-sourcing, inventory management, spend analysis, supplier corporate responsibility, supplier management, and T&E management.

SynerTrade is a new entrant positioned in the Visionaries quadrant, based on strong scores for market understanding and innovation but lower ratings for CX. It has good brand recognition in Europe and is growing market share globally. SynerTrade is a good choice for organizations in the retail, media, services and manufacturing industries.

Strengths

- P2P functionality, price and TCO were cited by reference customers as the top reasons they selected SynerTrade.
- SynerTrade received the highest reference customer rating of all the Magic Quadrant vendors for supplier self-service invoice status checking (invoice acceptance, schedule for payment), and the joint highest for its inbound supplier invoice data entry capability.
- SynerTrade scored well above average with reference customers for its supplier registration and SIM functionality.
- The SynerTrade solution includes an order-by-speech capability and a CommodityBot virtual assistant to improve the user experience.

Cautions

- Reference customers rated SynerTrade's technical service as well as its overall service and support as below the Magic Quadrant vendor average. SynerTrade stated that it has created a new vice president of customer support role in 2018 to address this.
- SynerTrade received low reference customer satisfaction scores for implementation and the ability to deliver at or below the expected implementation and upgrade cost.
- SynerTrade had the lowest overall customer satisfaction scores of all the Magic Quadrant vendors for ease of use and time to value. In April 2018 the vendor released a new version (Core 4.4) that includes ergonomic improvements.
- Reference customers scored SynerTrade below average for the ability to plug into an established community where many of their suppliers already transact. SynerTrade stated that it has released the product called SynerHub to create a community around its large customer base.

Tradeshift

Tradeshift (http://tradeshift.com/) was founded in 2009 as a business e-commerce company for supply chain payments and marketplace solutions. It has 650 employees and is headquartered in San Francisco, California, U.S., with 13 additional offices in Asia, Europe and North America. A private company, Tradeshift reports that it has over 500 enterprise customers. It acquired Capgemini's IBX Business Network in April 2017.

Tradeshift Procure-to-Pay is an integrated suite that uses a marketplace approach to enable buyers to run supply chain processes with all connected suppliers. The solution can support some direct procurement workflows, but the majority of customers use it to manage indirect spend categories and for accounts payable automation. This solution can track contingent worker time and expenses, but does not have SOW governance capabilities. The vendor can process fully compliant e-invoices itself in 50 countries, and in six additional countries using partners. The UI is available in 21 languages, and technical support in 10 languages.

Tradeshift's only delivery mode is multitenant cloud. It conducts many of its own implementations in Europe and North America, but also uses partners that include Capgemini, Deloitte, Infosys, The Shelby Group and Wipro. It does not charge suppliers any fees to transact or interact with buyer customers, but does charge suppliers for value-added services. It provides integrated dynamic discounting, supply chain finance and T&E management via virtual cards (Tradeshift Go). Customers can use Tradeshift Apps to add e-sourcing, risk management and other software solutions.

Tradeshift is positioned in the Visionaries quadrant based on its disruptive multitier network PaaS approach, the use of an AI layer (Tradeshift Ada) for supplier matching and invoice to PO mapping, and its growing global client base. Tradeshift is a good choice for global organizations with over $1 billion in revenue that are seeking a fresh and innovative approach to engaging internal stakeholders and suppliers.

Strengths

- Innovation and price were cited by reference customers as the top reasons they selected Tradeshift.

- Tradeshift's roots are in e-invoicing, which is where it is strongest and most mature. It also has an Internet Content Provider registration and a joint venture with Baiwang, one of only two companies with a tax invoicing license for China.
- Tradeshift has shown consistent enterprise customer growth over the last five years despite being a relative newcomer to the P2P market.
- Tradeshift has built its product by co-developing new features with clients, resulting in high reference customer satisfaction scores for openness to their product enhancement ideas.

Cautions

- A limited number of reference customers had used both the Tradeshift Buy and Pay modules together. They also reported using catalogs in a single region or country only.
- A large majority of its surveyed reference customers worked directly with Tradeshift, not a third party, for implementation. They rated satisfaction with the overall implementation experience as below the average of all vendors in this Magic Quadrant.
- Reference customers rated Tradeshift below average for the ability to deliver at or below expected implementation and upgrade costs. Tradeshift stated that it has eliminated the upgrade costs formerly charged by IBX.
- Tradeshift's reference customer scores were below average for analytics for supplier spend, category spend and cycle times.

Wax Digital

Wax Digital (http://waxdigital.com/) was founded in 2001 as an e-procurement software business. It has 92 employees and is headquartered in Manchester, U.K., with two additional offices in the U.S. and the Netherlands. Wax Digital was acquired by the private equity firm August Equity in 2015.

Wax Digital web3 Procure to Pay is an integrated suite used by customers to manage direct and indirect spend categories. The vendor does not charge supplier fees. It supports multiple industry verticals including manufacturing, construction, financial services, and food and beverage. It is currently processing fully compliant e-invoices itself in 36 countries, and in five additional countries using partners. The UI is available in 14 languages, and technical support primarily in English only.

Wax Digital delivers web3 as a single-tenant or multitenant cloud solution. It conducts the majority of its implementations in the U.K. and Western Europe, and for other regions it uses technology, consultancy and VAR partners. The vendor provides a full S2S solution with additional modules for contract management, e-sourcing, savings tracking, spend analysis, SIM and supplier risk management. It provides supply chain finance through a partnership.

Wax Digital is again in the Visionaries quadrant based on strong scores for its business model and product portfolio. It has excellent brand recognition in the U.K. and Europe and is continuing to grow its presence in other regions. Wax Digital is a good choice for organizations in the food and beverage, manufacturing, and healthcare industries, as well as highly regulated industries such as financial services, aerospace and defense.

Strengths

- Wax Digital has an innovative roadmap, including integration with smartwatches, Amazon Alexa, Microsoft Cortana, IoT, RPA and more.
- Wax Digital's new UI and user analytics received strong scores from reference customers.
- Wax Digital's tile-based Adapter Library offers strong support for integration to ERP/accounting suites and other programs.
- Wax Digital received the highest marks of all the Magic Quadrant vendors for its willingness to incorporate client ideas into the application, and for providing opportunities to share best practices with other clients.

Cautions

- Wax Digital has low brand recognition outside of the U.K. and Europe.
- Reference customers rated Wax Digital's availability of quality third-party resources and their overall satisfaction with third-party SIs as below average.
- Wax Digital's supplier network is not as extensive as those of its competitors, as evidenced by its below-average reference customer score for being able to plug into an established community where many client suppliers already transact.
- Wax Digital has very limited support for contingent workforce procurement and service governance, and web3 lacks a T&E management module.

Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

Added

The following vendors were added to this Magic Quadrant based upon meeting the updated inclusion criteria:

- *Comarch*
- *JAGGAER*
- *OpusCapita*
- *Oracle (Oracle Procurement Cloud)*
- *SynerTrade*
- *Tradeshift*

Dropped

The following vendors were dropped from this Magic Quadrant:

- *Basware (Verian)* — Verian was dropped as a separate entrant because its solution and operations were integrated into Basware.
- *BirchStreet Systems* — Excluded because of its very narrow industry focus and the way the 2018 Magic Quadrant model prioritizes multi-industry capability over previous years; and as such, it did not qualify for the Magic Quadrant.
- *Capgemini (IBX)* — Dropped because it no longer met the inclusion criteria after Tradeshift acquired Capgemini's IBX Business Network in March 2017.

Inclusion and Exclusion Criteria

Each vendor had to meet *all* of the following criteria to be included in this Magic Quadrant:

- Actively position its P2P suite as a suitable platform for automating all spend types across multiple industry verticals.
- A minimum of $8 million in annual revenue for the 12-month period ending December 2016 from P2P software subscriptions, transaction fees, implementation, software license and maintenance fees.
- A minimum of 50 P2P suite clients each with 2016 revenue or operational budget of $1 billion or more with both e-purchasing *and* AP invoice automation or e-invoicing.
- A minimum of 20 clients each with 2016 revenue or operating budget of $1 billion or more active with both e-purchasing *and* AP invoice automation or e-invoicing.
- A minimum of five new clients in 2016 each with annual revenue or operating budget over $1 billion.
- Ownership of the source code that delivers the following functionality, deployable without customization:
    - Requisition approval workflow
    - Receiving goods and/or services
    - cXML integration
    - Automated two-way match (PO to invoice)
    - Pay on invoice (without a PO)
    - Supplier self-service PO flip
    - Supplier self-service invoice acceptance status checking
    - Remittance details sent to suppliers
- Currently processing compliant e-invoices in a minimum of five countries.

- A minimum of 15% of revenue generated by clients headquartered in a different continent from the vendor's home region.
- Local implementation services offered in at least two continents, directly or through current partnerships.

Honorable Mentions

A number of vendors did not meet *all* of these criteria and were therefore not included in this Magic Quadrant. However, their offerings do meet many customer requirements and could also be considered in an evaluation of P2P suites. The following list (which is purely representative) is a sample set of P2P suite vendors that did not meet one or more of the inclusion criteria:

- BuyerQuest
- ELCOM
- Esize
- Esker
- Expenzing
- Fullstep
- Infor
- Mercado Electronico
- SupplyOn
- VORTAL
- Xeeva
- Workday
- Zycus

Evaluation Criteria

Ability to Execute

Gartner appraises a P2P suite vendor's Ability to Execute by evaluating its products, services, operations and technologies. We evaluate how these enable it to be competitive, efficient and effective in the market, as well as positively impact revenue, client satisfaction and retention, and general market reputation. A provider's Ability to Execute is judged on its ability and success in delivering on its promises, using the following criteria:

- **Product/Service.** This includes the vendor's capabilities in core P2P functionality, which includes e-purchasing, catalog management, e-invoicing and APIA. These areas are assessed for functional breadth, ease of use and integration of the components. Reporting and analytics are also considered because of increased customer emphasis. The architecture, delivery models, and use of mobile and social capabilities are also rated. While the focus is on the vendor's current functionality, enhancements and/or new modules on the verge of general availability are also taken into consideration.

- **Overall Viability.** This includes an assessment of the overall organization's financial health. Key aspects of this criterion are the vendor's ability to ensure the continued vitality of a product, including support for current and future releases and a clear roadmap for the next three years. The vendor must have the cash on hand and consistent revenue growth during the past four quarters to fund current and future operations, and to generate profits. The vendor is also rated on its commitment to the specific product being evaluated, and the ability to leverage it to generate revenue and profits in the P2P suite market.

- **Sales Execution/Pricing.** The vendor must provide multicountry regional and/or global sales and distribution coverage that aligns with its marketing messages. It must have success in selling P2P suite solutions to new customers and retaining existing customers. All facets of the sales process are considered, including all presales activities and support, deal management, partnering, pricing and negotiations, and the overall effectiveness of the sales channels.

- **Marketing Execution.** An assessment of the clarity, quality, creativity and efficacy of programs designed to deliver the vendor's message. How the message influences the market, promotes its brand and business, increases awareness of its products, and establishes a positive identification with the vendor's product or brand in the minds of buyers. This mind share can be driven by a combination of publicity, promotions, thought leadership, word of mouth and sales activities.

- **Customer Experience.** An evaluation of the relationships, resources and programs that enable customers to be successful with the products and services offered. This includes feedback from active customers on generally available releases. This can also include the existence and quality of such customer resources as ancillary tools, support programs, the availability of user groups, service-level agreements, and others. Sources of feedback also include vendor-supplied client references and their responses to a targeted survey. Conducted in conjunction with this research, this survey covers a series of product and vendor-customer relationship criteria, Gartner calls with vendor customers, Gartner Peer Insights, Gartner inquiries, and other customer-facing interactions taking place at Gartner and industry conferences.

- **Operations.** An assessment of the vendor's ability to meet its goals and commitments. Factors include the quality of the organizational structure — the skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis. This also includes release management and data center operations.

The weighting assigned to each criterion is shown in Table 1.

Table 1: Ability to Execute Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Product or Service	High

Evaluation Criteria	Weighting
Overall Viability	Medium
Sales Execution/Pricing	Medium
Market Responsiveness/Record	Not Rated
Marketing Execution	Medium
Customer Experience	High
Operations	Medium

Source: Gartner (May 2018)

Completeness of Vision

Gartner appraises the Completeness of Vision of P2P suite vendors by evaluating their ability to convincingly articulate logical statements on current and future market direction, innovation, and anticipation of customer needs and competitive forces. We consider how well these statements map to Gartner's position. A vendor's Completeness of Vision is also judged on its understanding and articulation of how market forces can be exploited to create new opportunities for itself and its clients, using the following criteria:

- **Market Understanding.** This refers to the vendor's ability to understand buyers' needs and to translate those needs into products and services. Vendors that show the highest degree of vision listen and understand buyers' wants and needs, and can shape or enhance them with their added vision. We specifically looked at how vendors described the integrated market and opportunity for their P2P suites, customer needs, drivers, opportunities, challenges, and future view.

- **Offering (Product) Strategy.** The vendor's approach to the P2P suite product development and delivery, emphasizing market differentiation, functionality, methodology and features as they map to current and future requirements. Additional focus areas include ease of use, advanced analytics, mobile technologies, integration and support for process transformations. The product strategy can be a combination of organic development, acquisition and/or ecosystems. For ecosystems, we pay close attention to the quality and support of third-party partners. For those that acquire functionality, we pay close attention to integration strategy and roadmaps.

- **Business Model.** The design, logic and execution of the organization's business proposition to achieve continued success. This includes the vendor's ability to articulate its reason for being in the P2P suite market, service delivery options, implementation support and consulting service capability.

- **Vertical/Industry Strategy.** The strategy to direct resources (e.g., sales, research and development), skills and products to meet the specific needs of individual market segments, including verticals. This includes the vendor's ability to articulate its coverage across multiple industries.

- **Innovation.** Vendors must show the application of resources, expertise and/or capital for competitive advantage or investments in new areas (such as robotic process automation, advanced analytics and machine learning), user experience improvements or new access methods bringing innovation to its offering.

- **Geographic Strategy.** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of multiple geographic regions outside the location of the corporate headquarters, as is appropriate for that geography and market. This can be done either directly or through partners, channels and subsidiaries. This also includes language support for multiple geographies.

The weighting assigned to each criterion is shown in Table 2.

Table 2: Completeness of Vision Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Market Understanding	Medium
Marketing Strategy	Not Rated
Sales Strategy	Not Rated
Offering (Product) Strategy	Medium
Business Model	Medium
Vertical/Industry Strategy	High
Innovation	High
Geographic Strategy	Medium

Source: Gartner (May 2018)

Note: The weightings for two evaluation criteria have been changed from the previous Magic Quadrant. The weighting for "vertical/industry strategy" has been raised from "medium" to "high," and the weighting for "geographic strategy" has been lowered from "high" to "medium."

Quadrant Descriptions

Leaders

Leaders are in the strongest position to influence the market's growth and direction. They demonstrate a market-defining vision of how P2P technology can help procurement leaders achieve business objectives for managing compliance and controlling external spend. Leaders have the ability to execute against that vision through products and services, and have demonstrated solid business results in the form of revenue and earnings. They excel in the combination of market understanding, innovation, product features and functions, and overall viability.

While maintaining a well-established base of long-term customers, Leaders show a consistent ability to win new deals with successful implementations. Their customers are deployed in more than one of the main geographic regions (North America, Europe, MENA, Latin America and Asia/Pacific), in a wide variety of vertical industries and sizes of organization (by number of employees).

Leaders are often what other providers in the market measure themselves against, and are the most likely vendors from this report to be in the P2P suite business five years from now. They are suitable vendors for most organizations to evaluate when seeking a P2P suite; however, they should not be the only vendors evaluated. At least two vendors in this quadrant are likely to be included in a typical shortlist of four to eight vendors.

Challengers

Challengers have an established presence, credibility, viability and demonstrated ability to meet customer expectations in terms of functionality and CX. Challengers are larger than Niche Players and tend to have a good technology vision for architecture and other IT considerations, but may not have fully won over procurement and IT executives.

Challengers are well-placed to succeed in this market. However, they may not demonstrate thought leadership or innovation to the same degree as Leaders. Challengers may be a good choice for organizations that value execution over vision.

Visionaries

Visionaries are ahead of most potential competitors in delivering innovative products and/or delivery models. They are typically (but not always) smaller vendors or newer entrants that embody trends that are shaping, or will shape, the P2P market. There may be some lack of awareness of them in the market and concerns about their Ability to Execute effectively. Visionaries have a strong vision and roadmap, bringing innovation and strong functionality to their platforms.

Visionaries may be a good choice for organizations that want innovation without the big brand or expensive price. These vendors may provide customers with an opportunity to skip a generation of technology, offer a competitive advantage or offer a chance to influence the product roadmap. Visionaries might be acquired or be challenge to increase their market share. However, as these vendors mature and prove their Ability to Execute, they may over time become Leaders.

Niche Players

Niche Players offer compelling P2P suite portfolios, but their solutions may have one or more of the following characteristics:

- Be limited in cross-industry adoption
- Lack some functional components
- Not show the ability to consistently handle deployments across multiple geographies
- Lack strong business execution in the market
- Have an inconsistent implementation track record
- Lack the ability to support large-enterprise requirements or complex global deployments

Despite the characteristics described, in many cases Niche Players can offer the best solutions to meet the needs of particular procurement organizations, considering the price/value ratio of the solution. These vendors may win deals in specific regions or verticals, but are not consistently winning new business across multiple regions or industry verticals at the pace of vendors in the other quadrants.

Some Niche Players demonstrate a degree of vision, which suggests they might become Visionaries, but may struggle to make this vision compelling. They may also be struggling to develop a track record of continual innovation. Other Niche Players may have the opportunity to become Challengers if they continue to develop their products with a view of improving their overall execution.

Context

P2P suites have a high benefit rating for organizations. These solutions deliver strong ROI by enforcing compliance with sourcing agreements, approval rules and financial policies. Automating the procurement, approval and payables process improves operational efficiencies, supports superior working capital management, and greatly reduces the potential for rogue spending, human error and fraud. Prospective customers should vet P2P vendors for suitable workstream support, a workable fee model and geographic coverage.

Recommendations:

- Consider the full capabilities of P2P suites as functionality continues to evolve, with some solutions supporting both direct and indirect procurement needs.
- Review potential P2P suite providers' integration capabilities with your core ERP, MRP or financial management applications.
- Compare the impact of prospective P2P suite solutions on your suppliers in terms of adoption, user experience and costs.
- Carefully review a potential P2P provider's ability to comply with local tax and e-invoice regulations when considering e-invoicing.

All vendors included in this Magic Quadrant sell and support P2P suites. Most vendors provide customers with the option to purchase applications supporting the full S2S process. Implementation capabilities and customer experiences vary by vendor. All the listed vendors have customers successfully using their products and services. However, this is not an exhaustive list of all providers, because many other regional and/or vertical industry specialists did not fully meet our inclusion criteria.

The preferred delivery mode for all vendors in this Magic Quadrant is cloud. Some vendors have substantial customer bases that deployed their solutions on-premises and are now making the transition to cloud-based P2P suites. SAP Ariba, for example, notified its on-premises customers that support ends in December 2020.

Regardless of the provider you're considering, ask yourself:

> *"Will this vendor enable more-effective support for the P2P process across my organization?"*
>
> *"How well does this vendor align with our procurement and sourcing technology strategy?"*

In many cases, an organization must evaluate not just a vendor's product offerings, but also the ecosystem of providers that can fill any functional gaps or incremental capabilities that the vendor may not offer.

Use this Magic Quadrant as a reference for evaluations, but explore the market further to qualify the capability of each vendor to address your unique business problems and technical concerns. The complexity and scale of your requirements will define your unique shortlist. This Magic Quadrant is not designed to be the sole tool for creating a vendor shortlist. Use it as part of your due diligence, and in conjunction with discussions with Gartner analysts and related research notes. Placement of a provider in the Leaders quadrant is not a representation by Gartner that the provider is necessarily the best fit for every buyer's needs.

Market Overview

The P2P suite market is strong, with projected growth rates in double digits over the next several years and broad appeal across industries and geographies. Demand drivers include:

- Rationalizing a portfolio of point solutions handling e-invoicing, catalog management and AP invoice automation.
- Placing a priority on digitizing manual, paper-based processes.
- Improving working capital management.

Customer Objectives

The top-10 primary objectives for adopting P2P suite solutions identified by the reference survey customers were as follows:

1. **"Guided buying" — to help requisitioners identify and use the correct suppliers, contracts, catalogs, e-forms and policies for spending (49%)**
2. Increase savings by improving contract compliance (46%)
3. Improve procurement productivity by delivering detailed spend insight (40%)
4. **Improve organization agility by shortening order cycle times (35%)**
5. Process invoices more quickly, to support a supply chain finance program and thus lengthen payment terms (31%)
6. **Get rid of paper (31%)**
7. **Consolidate point solutions to a single P2P suite (26%)**
8. Save money by strictly enforcing budget rules (9%)
9. Improve workforce management by digitizing contingent worker recruiting and payment (5%)
10. Earn cash by taking early payment discounts (3%)

Note: The four objectives that received the highest customer satisfaction ratings are emboldened.

Customer Solution Selection

The top-10 factors influencing the reference survey customers' selection of the P2P suite used by their organization were as follows:

1. Functionality (46%)
2. The broader, integrated product offering (40%)
3. Ease of use (38%)
4. The ability to tailor the solution to our needs (38%)
5. Total cost of ownership (34%)
6. Innovation features currently available in the solution (33%)
7. Price (30%)
8. The vendor is a strategic technology partner (23%)
9. Delivery model (on-premises, cloud, etc.) (23%)
10. The vendor's relevant industry experience (20%)

Combining e-procurement with e-invoicing and APIA into a single, unified suite is still a relatively new trend. E-invoicing and touchless invoice-to-PO matching are gaining traction worldwide as businesses move from paper-based processes to digital.

The P2P market is still somewhat regionalized, with most vendors having clearly defined home markets. Some vendors, primarily those in the Leaders and Challengers quadrants, have shown the ability to grow outside their home countries and can onboard their customers' local suppliers and comply with local invoicing and tax regulations. We expect the requirement for global support to grow stronger over the coming years as the market consolidates into a handful of dominant vendors, and buyers seek global brands to minimize risk.

Cloud is the preferred delivery mode for both vendors and buyers, as a result of quicker implementation times, better supplier collaboration and quicker access to innovations and improvements. Mobile functionality is a basic requirement as smartphones, tablets and IoT become commonplace in business.

P2P vendors are extending their capabilities to support multiple workstreams where the goods, services or ordering processes have different characteristics.

The target use case for most P2P solutions has been indirect goods and services. Over the past several years, the scope has increased to supporting direct materials. B2B order transmission solutions such as SAP Ariba and Perfect Commerce can transmit orders of any type, from planned order dispatch to punch-out catalog orders. Some direct materials, such as food in hospitality and MRO in metals and mining, are best ordered using e-catalogs and e-requisitions rather than schedule-driven planning systems. The lines between "direct" or "indirect" procurement has blurred, and prospective buyers should not diminish the potential return of a P2P suite by labeling it as being for indirect spend only.

Acronym Key and Glossary Terms

APIA	accounts payable invoice automation
CAGR	compound annual growth rate
CX	customer experience
HCM	human capital management
MRP	material requirements planning
NYSE	New York Stock Exchange
PaaS	platform as a service
PO	purchase order
POS	point of sale
RPA	robotic process automation
S2C	source to contract
S2S	source to settle
SaaS	software as a service
SCF	supply chain finance
SIM	supplier information management
SOR	system of record
SOW	statement of work
T&E	travel and entertainment
TCO	total cost of ownership

UI	user interface
VMS	vendor management system (for contingent workforce management)

Evidence

Information used in this Magic Quadrant for the inclusion criteria, market definition and vendor evaluations came from many sources:

- Interactions by the authors with hundreds of end-user clients on their procurement and sourcing initiatives in 2016 and 2017.
- Interactions with procurement and sourcing vendors in 2016 and 2017.
- Verified customer feedback posted on Gartner Peer Insights in 2017.
- A series of briefings and demonstrations with the vendors selected for inclusion in this research.
- Analyzed survey responses completed by over 230 organizations regarding their experience of working with the selected vendors and their products.
- Selectively interviewed reference clients about their experiences with those vendors and products.
- Financial data provided by S&P Capital IQ (for public companies) and from the selected vendors that are private companies. This information was scored using the Gartner financial model (see "Understanding the Methodology Behind Gartner's Financial Statement Scorecard for Public Companies").

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability: Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.