

IDC MarketScape

IDC MarketScape: Worldwide SaaS and Cloud-Enabled Procure-to-Pay Applications 2018 Vendor Assessment

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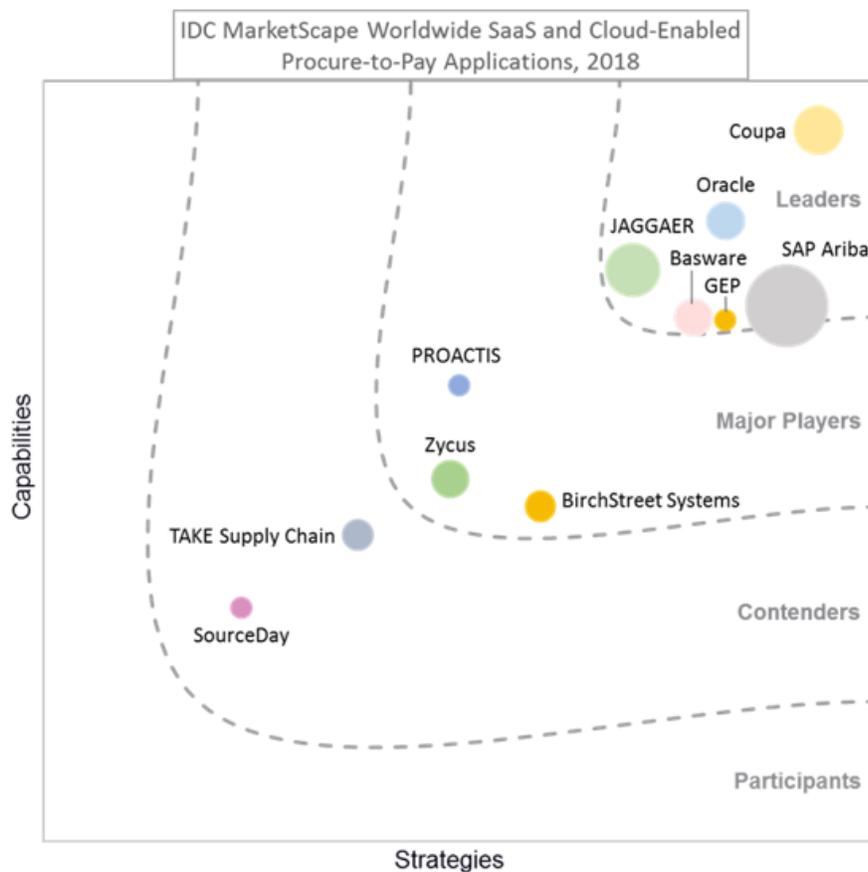
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THIS IDC MARKETSCAPE EXCERPT FEATURES: COUPA

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide SaaS and Cloud-Enabled Procure-to-Pay Applications Vendor Assessment



Source: IDC, 2018

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide SaaS and Cloud-Enabled Procure-to-Pay Applications 2018 Vendor Assessment (Doc # US43263818). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

Digital Transformation Driving Change

Digital transformation (DX) is fundamentally changing procurement, allowing businesses to transform their decision making, which is enhancing their business outcomes significantly as we enter an increasingly digital economy. Digital transformation is an enterprisewide, board-level, and strategic reality for companies wishing to remain relevant or enhance their leadership position in the digital economy. Digitally transformed businesses have a repeatable set of practices and disciplines used to leverage new business, 3rd Platform technology, innovation accelerators, and operating models to disrupt businesses, customers, and markets in pursuit of business performance and growth. DX is driving businesses to rethink their technology strategy, and that includes moving beyond their legacy procurement systems. New sources of innovation and creativity to enhance experiences and financial outcomes are paving the way for enterprises to move toward software-as-a-service (SaaS) and cloud-enabled procure-to-pay software.

SaaS and Cloud-Enabled Procure-to-Pay Software

DX businesses of all sizes have turned their focus to SaaS and cloud-enabled software because they need flexible, agile systems that are configurable, continuously updated, quick to implement, and scalable.

SaaS and cloud-enabled procure-to-pay applications promote innovation within your business, specifically when the right technology partner understands innovation strategies are critical success factors in the DX economy. Innovation such as intelligent workflows, assistive user interfaces, and IoT connections harnesses the ability of the workforce (both mobile and stationary) to make more informed decisions quickly. Procure-to-pay systems are quickly evolving with innovation to more predictive buying, which takes the data from order, invoice, and receipt transactions, enabling repeat buys with previous purchase configuration. New suppliers are also being identified for purchase categories that are not currently under contract or part of a catalog. Intelligent procure-to-pay systems also start the enablement of intelligent invoice matching, enabling the accounts payable (AP) and procurement teams to continue to focus on more strategic initiatives within the business.

SaaS and cloud-enabled procure-to-pay software, coupled with continuous innovation, quickly becomes a strategic asset for procurement. In the DX economy, speed and scale are growing factors of survival, and when one of your most sacred resources, your suppliers, are integrated with the procure-to-pay system, the value will continually be front and center.

New Digital Tools Driving Procure-to-Pay Application Innovation

Companies in nearly every industry have recognized the impact that digital transformation has on their industries. The development of new digital tools for procurement means procure-to-pay applications

have more process automation, powerful advanced analytics, and intelligent workflows. DX is changing procure-to-pay solutions by:

- **Increasing adoption of automation:** Most procurement professionals find themselves inundated with more work, such as more items to purchase or more suppliers to manage, but are constrained by fewer people and smaller budgets. For procurement professionals working with limited resources, automation becomes incredibly important. Areas such as procure-to-pay and invoice and payments are more automated intelligently in the cloud, allowing users to shift their resources to focus on high-level requirements of strategic partner sourcing and supplier relationship management. Enabling the business to do more with procure-to-pay technology means the technology is enhancing the user experience while improving time to value.
- **Utilizing the power of advanced analytics and intelligence:** Procurement professionals are turning to advanced analytics and intelligence to assist in dynamic discounting for greater savings, applying the next best action, and even touchless transactions. These automated workflows are now becoming even more streamlined and utilize intelligence to bring more information to the front end of the process, improving the business insights and business process considerably. We expect more automation here in the coming year to completely change the user experience in procure to pay.
- **Connecting the blockchain:** While there are blockchain initiatives happening in many industries (i.e., healthcare, retail, media, energy, and government), blockchain will likely have a disruptive impact in procurement transactions from settlement to traceable purchase history, helping reduce audits and problematic suppliers. As blockchain builds momentum and regulatory agencies take notice, procure-to-pay applications may be updated substantially.

IDC MARKETSCOPE VENDOR INCLUSION CRITERIA

Through its clients and contacts across most industries, IDC frequently has unique visibility into vendor selection processes within many companies. The vendor inclusion list for this document began with those SaaS and cloud-enabled procure-to-pay software applications that IDC was familiar with having been evaluated for selection within recent enterprise deals. IDC then supplemented with several additional procure-to-pay vendors that it believed also provided qualifying systems. Vendors were then surveyed and further investigated to ensure that their procure-to-pay systems qualified as SaaS or cloud enabled and were already serving numerous enterprises. Ultimately, all solutions included in this document met these criteria.

After an initial evaluation of software vendors serving this market, which included each vendor's high-level application capabilities and existing client base, IDC's Enterprise Applications team extended formal invitations to 13 software vendors to participate in our study.

There were 13 SaaS and cloud-enabled procure-to-pay software vendors included at the onset of this research, 2 of which have now been acquired by JAGGAER, bringing the total vendor count in this research to 11:

- Basware
- BirchStreet Systems
- Coupa
- GEP
- JAGGAER

- Oracle
- PROACTIS Holdings PLC
- SAP Ariba
- SourceDay
- TAKE Supply Chain
- Zycus

ADVICE FOR TECHNOLOGY BUYERS

SaaS and cloud-enabled procure-to-pay systems are evolving with functionality improvements occurring as often as daily. From the addition of the 3rd Platform with big data and analytics, social, and mobile to the innovation accelerators of cognitive, 3D printing, robotics, IoT, and advanced security, procure-to-pay systems continue to advance and improve at warp speed. Speed is the critical factor as we enter into the DX economy, enabling businesses to significantly improve in terms of market share, revenue, and profitable growth. It is recommended that organizations understand the current capabilities of their technology choices, along with the strategic direction and investment their procure-to-pay software provider is making now and in the next three to five years. A guiding factor in our vendor research was current capabilities of the 3rd Platform and innovation accelerators, as well as the strategic and investment direction. It is critical for buyers to look for a technology partner that can take them well into the future.

Procure-to-pay systems vary in their functionality and capabilities, with each system offering specific features and functionalities to aid their specific customers. For this IDC MarketScape, we addressed the capabilities of the procure-to-pay offering that cuts across most procurement organizations' requirements. These include requisitions, purchase orders, receiving, invoice management, payment management, catalog management, and payments and financing.

Several vendors outlined in this research study have more procure-to-pay experience for indirect and direct materials; some vendors with transactional purchasing focused on direct materials, while one vendor has deep domain expertise in the hospitality world. The vendors vary widely in size, experience, levels of support, sales model, and focus on the market. During this IDC MarketScape study for procure to pay, one vendor, JAGGAER, purchased two vendors (Pool4Tool and BravoSolution) over a one-year period.

Before making purchasing decisions on SaaS and cloud-enabled procurement software, businesses should consider:

- In terms of levels of experience successfully implementing SaaS and cloud-enabled procure-to-pay solutions, does the vendor have experience with my type of products, services, and company size?
- Is the vendor knowledgeable about procure-to-pay requirements as they affect my company?
- Does the vendor understand the regulations that will impact my business? How are these regulations reflected in my current product, and how will it change in the future?
- What levels of support are available, and are they geographically available for my business?
- What are my internal support resources and capabilities, and how will they relate to my vendor selection?
- Should I hire a third party to plan and assist with the implementation of the solution?

- Is the vendor financially able to provide needed support? Can it support needed investment in the development of future procure-to-pay software requirements?
- Is the vendor committed to this market in the long term?
- Is the return on investment (ROI) achievable? Does the vendor have a track record of meeting the ROI requirements?
- Can the vendor or partners support my foreign operations?
- Can the vendor integrate with my company's other IT systems and those of my partners?
- Is the product available anywhere and anytime?
- Is the product updated frequently enough for my business needs?
- What innovation is the vendor considering? How and when will it impact my business?
- What is the vendor's strategic investment outlook for the next three to five years? Why?
- Will the vendor be a partner, helping my business grow now and in the long term?

This IDC MarketScape vendor assessment assists in answering these questions and others.

Some of the references that participated in this study noted that the SaaS and cloud-enabled procure-to-pay software market has many more competitors, meaning vendors must substantiate their differences, show value in the product and outcomes received, and be astute when in the RFP process. IDC expects some consolidation and specialization by niche may occur as the market continues to mature.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

Coupa

After a thorough evaluation of Coupa's offerings and strategy, IDC has positioned the company in the Leaders category of this IDC MarketScape.

Coupa is an 11-year-old company headquartered in San Mateo, California, with 600+ customers. Coupa offers an intelligent, unified, and cloud-based spend management platform that is tightly integrated and delivers a broad range of capabilities. The core of the Coupa platform consists of procurement, invoicing, and expense management modules that form a transactional engine, capturing an organization's spend. The platform also offers supporting modules, including sourcing, analytics, contract management, supplier management, inventory management, and storefront, that help companies further manage their spend. Coupa also has an Open Business Network, where suppliers of all sizes can easily interact with buyers electronically, improving operating efficiencies and reducing costs.

Coupa's model is Start Anywhere, Go Everywhere, and procurement is a unified platform – with unified business processes throughout procurement, sourcing, contracts, embedded spend analytics, inventory, and storefronts.

In 2016, Coupa became a public company traded on Nasdaq.

Strengths

Coupa references have noted the following areas of measurable business value:

- High return on investment
- A unified cloud platform that extends to ERP and is business configurable without IT or consulting expertise
- Rapid adoption rates as learning is once within the system and includes 100% mobility

The Coupa solution may be configured meeting the needs of businesses from small and medium-sized businesses to multinational large global enterprises. Several references noted the ease of configuration and adoption were key selection criteria.

Budgets are a key component of Coupa Procurement, which allows organizations to manage their budgets in real time, as spend happens in the organization. As requisitions, invoices, or expenses are submitted in the system, the impact on budgets is automatically calculated and provides approvers the opportunity to see that impact as they make their approval decision to ensure they are managing spend based on budgetary goals.

Challenges

Coupa's greatest challenge is brand awareness within procurement and IT professionals. While Coupa has come a long way from private to a public company in 2016, it struggles with market brand awareness and knowledge of the Coupa products. More marketing will bring customers to the forefront. In addition, the recent addition of Coupa Spend Management solutions on the AWS Marketplace will help Coupa as 154,000 current subscribers to the AWS Marketplace can quickly discover and subscribe to Coupa's Spend Management solutions.

Coupa continues to build out more global capabilities by country and localized language support. This will be a welcome addition, helping increase market share globally.

References noted the platform appears very smart, but they would like to see more intelligence baked into the product. With the acquisition of quite a few companies in the last year, we expect this to change quickly in 2018.

Consider Coupa When

Consider Coupa when you are a business of any size needing a holistic and extremely encompassing unified procurement platform including procure to pay that is available anywhere and anytime.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

This IDC MarketScape evaluation focuses on SaaS and cloud-enabled procure-to-pay applications. IDC defines procure-to-pay applications that automate processes relating to purchasing supplies, material (whether direct or indirect; raw, in process, or finished; as a result of or flowing into a product supply chain-specific process; or in support of performing a service), and services (business or professional).

The procurement function covers sourcing, procure-to-pay transaction processing, and payments support, all of which are connected to create a single view of the spending levels at an organization. As a result, purchasing activities are integrated into a supplier community that can be easily tracked, benchmarked, and analyzed by both buyers and suppliers.

Features of procure-to-pay modules include self-service requisitioning; order entry; approval workflow; transaction processing including EDI and EDI-INT; catalog aggregation and syndication; supplier enablement, onboarding, and portals; and invoice payment and matching. Artificial intelligence is now being applied to procure-to-pay products to reduce transaction processing, increase supplier discounts taken, and enhance the procurement functions valued output.

LEARN MORE

Related Research

- *IDC MarketScape: Worldwide SaaS and Cloud-Enabled Sourcing Applications 2018 Vendor Assessment* (forthcoming)
- *IDC MarketScape: Worldwide SaaS and Cloud-Enabled Supplier Relationship Management Applications 2018 Vendor Assessment* (forthcoming)
- *IDC MarketScape: Worldwide SaaS and Cloud-Enabled Procurement Applications 2018 Vendor Assessment* (IDC #US42219917, January 2018)
- *IDC FutureScape: Worldwide Intelligent ERP 2018 Predictions* (IDC #US43155917, October 2017)

- *IDC FutureScape: Worldwide Supply Chain 2018 Predictions* (IDC #US43146317, October 2017)
- *Market Analysis Perspective: Worldwide Procurement Applications, 2017* (IDC #US43035915, September 2017)
- *Worldwide Procurement Software Market Shares, 2016: Year of Additions* (IDC #US42842117, July 2017)
- *Worldwide Procurement Software Forecast, 2017-2021* (IDC #US42842217, July 2017)
- *IDC FutureScape: Worldwide Intelligent ERP 2017 Predictions* (IDC #US41870215, November 2016)

Synopsis

This IDC study provides an assessment of the leading SaaS and cloud-enabled procure-to-pay software solutions and discusses what criteria are most important for companies to consider when selecting a system.

"Technologies such as advanced analytics, intelligence, increasingly large data sets, collaborative work streams, and blockchain are all having a profound impact on SaaS and cloud-enabled procure-to-pay applications. The procure-to-pay products continue to evolve with innovation embedded in the applications, enabling procurement organizations to rely more on the technology, increasing their own focus to strategies," said Mickey North Rizza, program vice president of IDC's Enterprise Applications and Digital Commerce.

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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