Magic Quadrant for Procure-to-Pay Suites

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Initiatives: Procurement and Strategic Sourcing Applications

> Procurement is tasked with delivering cost savings, improving efficiency, and managing risk and compliance. Application leaders responsible for procurement should use this Magic Quadrant to identify and evaluate suitable P2P suite vendors to help them achieve their critical procurement goals.

This Magic Quadrant is related to other research:

View All Magic Quadrants and Critical Capabilities

Market Definition/Description

Gartner defines the procure-to-pay (P2P) suite market as integrated solutions with automated workflows to request, procure, receive, and pay for goods and services across an enterprise. Minimally, P2P suites support the following processes:

- **E-Purchasing:** Self-service functionality that enables end users to create requisitions for goods and services. This is achieved through catalogs, online forms or free-text orders. A requisition is routed for approval through a predefined rule-based workflow and converted to one or more purchase orders (POs) upon approval. The POs are transmitted to suppliers by email, through a portal, electronic data interchange (EDI) or XML integration. The final step in the workflow is receipt, which can be via mobile device, desktop PC or dock.
- **Accounts Payable Invoice Automation (APIA):** The ability to capture and automate invoices, including rule-based matching against POs, or to support account coding and approval flows when no PO exists. APIA tools manage exceptions arising from transportation costs or other fees (for example, taxes) that may not exist on POs. This also includes e-invoicing for the exchange and storage of legally valid invoices in electronic format via one or more methods. This can include EDI, punch-out, supplier self-service PO flip, and CSV file upload. Invoice acceptance status and remittance details are available to suppliers on a self-service basis through network or portal functionality.

Additionally, P2P suite vendors may offer products with additional functions, including:

- Budget management
- Contingent workforce management
- Dynamic discounting and/or supply chain financing (SCF)
- Inventory management
- Supplier information management (SIM) and/or supplier registration
- Employee expense management
- Payments

Magic Quadrant

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

Source: Gartner (October 2021)

Vendor Strengths and Cautions

Basware

Basware is a Visionary in this Magic Quadrant. Its Basware Procure-to-Pay solution is focused on providing strong accounts payable (AP) capabilities as part of a full P2P suite offering that supports direct, indirect and service spend. Its operations are geographically diversified, and its clients tend to be large enterprise organizations. Its top three industries are manufacturing, services and finance. Near-term areas of investment for Basware include AI-based enhancements (such as improving SmartPDF, SmartCoding and Smart Workload allocation features), regional marketplace networks and procurement policy digitization.

Strengths

- **AP Automation Product Capabilities.** Basware uses intelligent routing, smart coding, matching, and workflows among other innovative capabilities to deliver strong product functionality to address invoice receipt and processing as part of P2P. It also provides comprehensive e-invoicing and tax compliance capabilities for its customers.
- **Business Model.** Basware has a more flexible pricing model compared with competitors in this Magic Quadrant, allowing customers to build and pay for a solution that fits their needs within their budget. This includes a recently introduced outcome-based pricing model.
- **Market Responsiveness.** Although Basware experienced regional service challenges early on during the pandemic, it recovered fairly quickly and has delivered a number of AI and ML capabilities and additional product functionality while maintaining customer flexibility during a period of economic uncertainty.

Cautions

- **Marketing Strategy.** Basware's primary go-to-market strategy is through an AP first lens, which is limiting for customers with priorities in other parts of the P2P process.
- **Offering (Product) Strategy.** Organizations with deep requirements for services or direct material purchasing processes will need to leverage Basware's ecosystem of technology partners.
- **Customer Satisfaction.** Customer feedback on Basware remains mixed. The heavy AP focus leaves some customers that are procurement-focused or require broader source-to-pay (S2P) functionality seeking an alternative provider.

Coupa

Coupa is a Leader in this Magic Quadrant. Its Coupa Business Spend Management suite is focused on providing P2P as part of a broader source-to-pay strategy, supporting primarily indirect and service spend. Its operations are geographically diversified, and its clients range from large enterprises to midmarket organizations. Although Coupa's clients span diverse industries, its top three industries are financial services, technology and manufacturing. Near-term areas of investment for Coupa include universal platform search, P2P process insights backed by AI and community intelligence, and advanced supplier collaboration on demand forecasts and POs.

Strengths

- **User Experience and Collaboration Features.** Coupa is embracing the philosophy that the best UI is no UI. The solution can meet the needs of users by removing much of the UI, yet still allowing users to find what they need and easily order, approve and pay suppliers. The company continues to invest in integration with collaboration platforms like Slack and Microsoft Teams.

- **Prescriptive Analytics.** At different stages in the procurement process, users have visibility into quality and benchmarking metrics and the ability to identify risk. When requests are flagged, Coupa's Business Spend Management (BSM) Platform uses its community intelligence capabilities to provide prescriptive insights to mitigate problems.

- **Supplier Diversity.** Coupa acquired ConnXus in May 2020 and has since incorporated Supplier Diversity data and capabilities into the Coupa BSM Platform. The supplier database includes Coupa Community supplier classifications and certifications across 2,000 customers and millions of suppliers and more than 125 local, state, specialized, federal and global data sources for daily, weekly and monthly updates.

Cautions

- **Pricing and Approach to Negotiations.** Coupa often prices its solution in a single bundled annual subscription fee using the value it estimates a company will get from using the software as a platform pricing factor. Coupa prospects and customers have shared consistently that Coupa is inflexible in negotiations. This has included using the number of employees as a proxy for determining the price and making it difficult to rightsize at contract renewal if this estimate is off from actual usage.

- **Suitability for Lower Maturity Customers.** Coupa has a modular solution but doesn't typically sell it that way. Coupa may not be the best fit for customers with lower levels of process maturity or those looking to start small and expand their procurement technology footprint at a slower pace as their organization matures.
- **Vertical/Industry Strategy.** Coupa believes that spend is spend, regardless of its type. Coupa develops vertical product features in a configuration model available to all customers. As Coupa expands into spend categories like raw materials or industries like the public sector, where the processes are quite different, prospects must evaluate Coupa's ability to meet required industry-specific capabilities.

Esker

Esker is a Niche Player in this Magic Quadrant. Its Esker Procure-to-Pay solution is focused on providing strong AP capabilities as part of a full P2P offering primarily supporting indirect spend. Its operations are geographically diversified, and its clients tend to be large enterprise organizations located in EMEA and North America. Its top three industries are services, industrial equipment, and food and beverage. Near-term areas of investment for Esker include mobile orders, supplier scoring (including a CSR score) and direct spend support.

Strengths

- **Geographic Presence and Support.** Esker's strong roots in the AP automation space position it to be well-suited for global enterprises requiring invoice processing across many regions. They operate locations globally and are expanding partnerships to further support newer regions like APAC.
- **SAP Customers.** Esker is a good option for SAP customers seeking a P2P suite because it offers many APIs for different versions of SAP and is certified for integration with S/4HANA cloud.
- **Overall Viability.** Despite economic challenges caused by the pandemic, Esker's company financial performance remains strong, receiving a positive score based on Gartner's scoring methodology.

Cautions

- **Vertical Industry Strategy.** Esker lacks specific industry configurations/templates, add-ons or product functionality compared to leaders in this Magic Quadrant.

- **Procurement Capabilities.** Esker is still developing its procurement capabilities. When compared to other vendors evaluated in this Magic Quadrant, more innovative functionality has been given a lower priority on its roadmap in order to establish better core functionality, meaning the solution may not be the best fit for digitally mature organizations.

- **Support for Direct Spend and Services.** Esker's customers are primarily supporting indirect spend categories through their solution. Although its roadmap focuses on development across direct and service spend, it is currently best-suited for customers with lower levels of maturity or those willing to leverage technology partners.

GEP

GEP is a Leader in this Magic Quadrant. Its GEP SMART suite is focused on providing P2P as part of a broader source-to-pay strategy focused on supporting direct, indirect and service spend. Its operations are geographically diversified, and its clients tend to be large enterprise organizations located in North America and Western Europe. Its top three industries are oil and gas, chemicals, and banking/finance/insurance. Near-term areas of investment for GEP include fraud detection and monitoring, enhanced AI-based search in guided buying, and goods receipt (GR)-based invoicing.

Strengths

- **Direct Spend Product Capabilities.** GEP supports direct material procurement and released several innovations in this area, including quality management collaboration, what-if scenario planning to augment its forecast collaboration capabilities, additional features for advanced ship notices (ASNs), and capacity and demand mismatch alerting.

- **Market Responsiveness.** GEP showed agility to respond to changing customer demand during the pandemic. As an example, it shifted strategy to provide greater emphasis on Budget to Pay as finance leaders take on an increasing role as decision makers in the P2P tech market.

- **Geographic Strategy.** GEP offers broad, global customer support, including 24/7 coverage, support for more than 23 languages, and sales and consulting locations in all regions worldwide.

Cautions

- **Product (Offering) Strategy.** GEP has fewer preconnected technology partners for tax engines, scanning, data services and B2B marketplaces compared with other vendors evaluated in this Magic Quadrant. Gartner clients should evaluate whether the available connections meet their requirements.
- **Sales Execution.** GEP's new customer acquisition, as evaluated by customer count, was approximately half of last year's rate. This is generally lower than competitors evaluated in this Magic Quadrant. GEP reports revenue growth remains strong.
- **Service Partnerships.** GEP has only recently established a services partner program, which is limited in comparison to other vendors evaluated in this Magic Quadrant. GEP supplements this program with its own service organization, although there may be some regions and industries with limited resources available.

Ivalua

Ivalua is a Leader in this Magic Quadrant. Its Ivalua Procure-to-Pay suite is focused on providing P2P as part of a broader source-to-pay strategy supporting direct, indirect and service spend. Its operations are geographically diversified, and its clients tend to be large enterprise organizations located in North America and Europe. Its top three industries are manufacturing, financial services and the public sector. Near-term areas of investment include development of the Ivalua Supplier Community, improved guided buying for services and payment capabilities, including virtual cards, direct integration with banks, and digital check payments.

Strengths

- **Vertical Industry Strategy.** Ivalua has extensive support for several industries where it sells packaged tailored versions of its solutions, with industry-specific requirements met out of the box for the automotive, manufacturing, public sector, healthcare, financial services and construction/engineering sectors.
- **Direct Spend Product Capabilities.** Ivalua offers robust support for direct materials procurement, including new product introduction, forecast collaboration, quality management, bill-of-materials life cycle management and analysis, and integration with product life cycle management software.
- **Customer Experience.** Ivalua has achieved a high level of customer satisfaction, demonstrated by consistently positive customer feedback through Gartner's Peer Insights and client inquiry service channels. It has also had a higher-than-average customer retention rate compared with other vendors evaluated in this Magic Quadrant.

Cautions

- **Geographic Strategy.** Ivalua's international presence, as measured by office locations, data center locations, and support offices, trails most of the competitors in this Magic Quadrant with operations focused heavily in North America and Europe.

- **Partner Ecosystem.** Ivalua has a small partner ecosystem, with fewer prebuilt integrations with ERP systems, marketplaces and software partners than other leaders in this Magic Quadrant. This limits its ability to easily extend its suite's functionality or close gaps by means of a partner network.

- **Limited Adoption of Current Release.** The majority of Ivalua's customers are between two and four releases behind the current version, meaning limited adoption and value derived from newer capabilities. To address this, Ivalua has recently introduced the ability to activate new features without a full upgrade, but Gartner has yet to receive feedback on feasibility of this approach.

JAGGAER

JAGGAER is a Leader in this Magic Quadrant. Its JAGGAER Procure-to-Pay suite is focused on providing P2P as part of a broader source-to-pay strategy supporting direct, indirect and service spend. Its operations are geographically diversified, and its clients tend to be large enterprise organizations located in North America and Western Europe. Its top three industries are manufacturing, life sciences/pharmaceuticals and education. Near-term areas of investment for JAGGAER include payments enhancements, such as global support for virtual cards and ACH/wire transfer payments, expanding contingent labor and services procurement capabilities, and enhanced commercial search capability.

Strengths

- **Innovation Through Procurement Analytics and AI.** JAGGAER has completed the creation of its data lake, allowing all procurement data to be reportable. Users can query the data through the JAGGAER Assist conversational UI or access one of the standard reports.

- **Customer Experience.** JAGGAER provides an overall solid customer experience as demonstrated by feedback through Gartner's Peer Insights, client inquiry service channels, and Net Promoter Score (NPS). Additionally, customers find JAGGAER's pricing to be flexible, competitive and a key decision-making factor as evidenced by inquiry feedback.

- **Vertical/Industry Strategy.** JAGGAER has good support for industry-specific requirements. It provides specific configurations and add-ons for industries such as higher education, healthcare and manufacturing.

Cautions

- **Geographic Strategy.** JAGGAER's international presence, as measured by office locations, data center locations, and support offices, trails competitors in this Magic Quadrant with operations focused heavily in North America and Western Europe.
- **Supplier Onboarding.** JAGGAER does not offer managed services to facilitate the supplier registration and assessment process for buyers. JAGGAER does offer technical support/help desk services for all suppliers and network enablement to allow suppliers to connect with customers via integration.
- **Product (Offering) Strategy.** JAGGAER's partner ecosystem is growing, but still limited in some areas such as payments, compared with the ecosystems of other vendors evaluated in this Magic Quadrant.

Medius

Medius is a Visionary in this Magic Quadrant. Its Medius Spend Management Suite is focused on providing P2P as part of a broader source-to-pay strategy supporting primarily direct and indirect spend. Its operations are geographically diversified, and its clients tend to be midsize or large enterprise organizations located in Europe, North America and Australia. Its top three industries are manufacturing, food and beverage, and wholesale distribution. Near-term areas of investment for Medius include intelligent payment scheduling, deepening the "No UI" approach with Slack integration, and improving onboarding capabilities to reduce P2P implementation time.

Strengths

- **AP Automation Product Capabilities.** Medius has a strong background in AP automation and provides solid global support for invoice processing. This is a particular strength for midsize manufacturers.
- **Innovation.** Medius has delivered innovative use of machine learning, alternative UIs and other technology to increase procure-to-pay process automation.
- **Fast Implementation Times.** Medius has a strong track record of fast implementation projects, on average four months, allowing customers to start realizing expected benefits quicker. It continues to target further reductions in implementation time (by 50%) to improve customer time to value.

Cautions

- **Marketing Execution.** Medius has limited P2P brand presence outside of EMEA, making wins more challenging against competitors in this Magic Quadrant, with more global brand recognition.
- **Limited Experience With Large-Scale Global Deployments.** Many of Medius' customers are midsize organizations or those with smaller spend footprints. Experience may be limited for large enterprises seeking expertise in complex implementations.
- **Support for Direct Spend and Services.** Medius has limited capabilities for supporting direct spend and services. It is currently best-suited for customers with lower levels of maturity or those willing to leverage technology partners.

Mercado Eletrônico

Mercado Eletrônico is a Niche Player in this Magic Quadrant. Its Mercado Eletrônico e-procurement is primarily focused on providing P2P for indirect spend with some direct spend and service spend support. Its operations are mostly focused in Brazil, and its clients vary from small to large organizations located in Brazil, Portugal, the U.S. and Mexico. It is evaluating expansion into new geographies. Its top three industries are food and beverage, industrial, and agriculture. Near-term areas of investment for Mercado Eletrônico include self-service workflow engine for buyers, buyer approvals on the marketplace, and procurement automation through preconfigured parameters and AI algorithms.

Strengths

- **Latin American Expertise.** Mercado Eletrônico's operations are primarily based in Latin America, giving them an advantage in understanding the needs of customers and pricing models in this market, which has a high potential for growth.
- **Pricing Model.** Mercado Eletrônico has a flexible pricing model that is often at a low cost or no cost to the buyer. This is unique for vendors in this market.
- **Marketplace Capabilities.** Mercado Eletrônico offers a turnkey marketplace for customers, providing many sources of supply at reasonable costs for organizations with lower levels of maturity or limited supplier contracts in place.

Cautions

- **Limited Partner Ecosystem.** Mercado relies heavily on capabilities delivered in-house, which limits their flexibility to support unique customer use cases. This extends to services, as most of their implementations are managed internally.
- **Marketing Execution.** Mercado Eletrônico is well-known in Brazil and Latin America, but has limited brand recognition outside of these regions. This makes it more challenging to be shortlisted and selected by customers in North America and EMEA.
- **Support for Direct Spend and Services Spend.** Mercado has limited capabilities for supporting direct spend and services. It is currently best-suited for customers with lower levels of maturity or those willing to leverage technology partners.

Oracle

Oracle is a Challenger in this Magic Quadrant. Oracle Fusion Cloud Procurement is focused on providing P2P as part of a broader ERP strategy supporting direct, indirect and service spend. Its operations are geographically diversified, and its clients tend to be midsize and large enterprise organizations located across the globe. Its top three industries are financial services, government and manufacturing. Near-term areas of investment for Oracle include DataFox supplier intelligence, AI-based spend classification and self-service procurement in the new Redwood UI.

Strengths

- **Global Presence.** Oracle is a well-established global organization with the ability to support clients in parts of the world where other vendors do not have a footprint, like the Middle East and Australia. It has also invested in building specific features to meet the invoicing and payment requirements across different countries.
- **Support for Direct Spend.** Oracle Fusion Cloud Procurement is integrated with Oracle's supply chain management solutions (e.g., inventory, costing, manufacturing, maintenance, supply chain planning and order management), which make it a viable option for companies looking for a single solution to manage both direct and indirect spend.
- **Industry-Specific Extensions/Add-Ons.** Oracle provides numerous industry-specific solutions, including features for asset-intensive industries, project-driven supply chains and healthcare.

Cautions

- **Preconnected Partner Solutions.** Oracle has very few partnerships to extend its procurement solution. For example, it is quite common for a procurement vendor to have preconnected partners that provide supplier risk, sustainability and diversity data. Oracle does not leverage partners but rather leverages its own DataFox supplier intelligence solution.

- **Migration Path From Existing Oracle Solutions.** For customers currently using Oracle E-Business Suite (EBS) procurement modules, there is the Soar program to transition to the cloud. However, it is a new solution where organizations should consider modernizing their existing business practices and configurations. There is also limited integration between EBS and Oracle Fusion Cloud Procurement, so running a hybrid environment with select modules from each to ease the transition is not always feasible.

- **External Workforce Procurement.** Oracle Fusion Cloud Procurement is natively integrated with the broader Oracle Fusion Cloud ERP, whereas some extended P2P capabilities require usage of other Oracle Cloud Applications. For example, service procurement capabilities are provided within Oracle Fusion Cloud Procurement, but extended capabilities are delivered through integrated Oracle Cloud HCM functionality.

Proactis

Proactis is a Niche Player in this Magic Quadrant. Its procure-to-pay suite is focused on providing P2P as part of a source-to-pay strategy. Its operations are mostly focused in the U.K., and its customers tend to be midsize organizations in Western Europe and North America. Its top three industries are financial services, education and the public sector. Near-term areas of investment for Proactis include predictive and prescriptive analytics, improving internal collaboration through integration with tools like Teams, Zoom and Slack, and the delivery of a digital assistant. Proactis is also working on delivering a new, improved supplier network.

Strengths

- **Marketing Strategy.** Proactis is one of the only vendors evaluated in this Magic Quadrant that specifically targets midsize organizations. Its product offering, pricing models and support are formulated to address the needs of this market segment over large, complex enterprises, where many other vendors focus their efforts.

- **Quick Time to Value.** Proactis has shorter sales cycles and a solid track record for delivering shorter implementations compared to other vendors evaluated in this Magic Quadrant. This drives quicker time to value for customers.

- **Sales Execution.** Proactis recently updated its go-to-market approach, which has resulted in consistent new customer acquisition levels, despite a global pandemic.

Cautions

- **Vertical/Industry Strategy.** Proactis has some vertical focus and configurations, but lacks any industry-specific add-ons/partners. It targets the public sector, but does not target U.S. federal agencies and has not sought FedRAMP authorization.
- **Support for Direct Spend and Services Spend.** Proactis is predominantly used to manage indirect spend. Some customers process direct spend through the solution or integrate Proactis to existing systems used to manage direct spend. Some services capabilities may only be accessible through the purchase of an additional module.
- **Change in Ownership.** Proactis has recently been acquired by Pollen Street Capital and now has demanding growth targets from its new owners. Potential clients, especially in target markets like the U.S., should thoroughly evaluate the vendor's ability to meet their requirements as they aim to scale quickly in new markets.

SAP

SAP is a Leader in this Magic Quadrant. Its procurement solutions evaluated in this Magic Quadrant include SAP Ariba integrated with SAP Fieldglass. SAP is focused on providing P2P as part of a source-to-pay and ERP strategy supporting direct, indirect and service spend. Its operations are geographically diverse, and its customers are located across the globe. Its top three industries are consumer packaged goods/retail, financial services and manufacturing/automotive. Near-term areas of investment include centralized invoice management, deploying a new search engine integration in guided buying, integration with collaboration platforms, and AI-based capabilities such as intelligent approval based on user behavior.

Strengths

- **External Workforce Procurement.** Relative to the other vendors in this Magic Quadrant, SAP's Fieldglass solution for the procurement of temporary labor has a higher level of industry adoption and available feature functions, resulting in optimal services spend support through an integrated application.
- **Integration With SAP S/4HANA.** SAP has continued to invest in deeper integration between Ariba's procurement solution and SAP's ERP solution. For example, it supports the synchronization of supplier master data or the automatic generation of replenishment orders from the supply chain planning solution.

- **Global Coverage.** SAP is actively working to support new legislative frameworks such as new tax models and the emerging clearance model in key economies — for example, India, Germany, France and Saudi Arabia. It also offers support for localized tax and invoice regulations out of the box or via specialized partner products, making it a good choice for global programs.

Cautions

- **Multiple Invoicing Solutions Across Platforms.** If an SAP customer has Ariba, Concur, Fieldglass and S/4HANA, it will have multiple, invoice automation solutions. Market feedback suggests confusion exists on what the best path forward is to consolidate invoice processing into a single SAP solution.

- **U.S. Regulated/Government Procurement.** Market feedback suggests that the vendor has consistently missed expectations in delivering FedRAMP authorization, restricting some United States government entities' ability to derive full value from deployment of SAP's P2P solution offerings.

- **Limited Internal Collaboration Features.** SAP's approach for improving internal collaboration includes embedded support for in-app chat sessions, which can be continued via email. More advanced collaboration features via other platforms (e.g., Teams and Zoom) are not yet available. SAP's mobile capabilities also currently lack support for elements like receiving and non-catalog buying, requiring app login.

Zycus

Zycus is a Visionary in this Magic Quadrant. Its Zycus Procure-to-Pay suite is focused on providing P2P as part of a source-to-pay strategy supporting primarily indirect spend. Its operations are geographically diverse, and its customers are primarily large enterprises located across the globe. Its top three industries are consumer packaged goods/retail, financial services and manufacturing/automotive. Near-term areas of investment for Zycus include deployment of the Zycus AppXtend, delivery of Merlin analytics and process mining for P2P, and improved direct material procurement collaboration.

Strengths

- **Product Strategy and Innovation.** Zycus has developed a suite of AI capabilities (Merlin) to enhance the customer experience and automation across the P2P process.

- **Partner Ecosystem.** Zycus has expanded its partner ecosystem and plans to release the Zycus AppXtend, where customers can build apps to extend the use of Zycus and access third-party partners in areas with vertical-specific functionality.

- **Market Understanding.** Zycus displays a strong understanding of the P2P market, what drives customers to make an investment in P2P, and vision for where customer requirements are headed related to automation, risk management and analytics.

Cautions

- **Marketing Strategy.** Zycus primarily targets large enterprise organizations looking to deploy P2P as part of a broader S2P strategy. This narrow approach is limiting to overall market growth and is not aligned with Gartner's vision for the future of sourcing and procurement, which embraces a composable approach.
- **Sales Execution.** Zycus has a lower total customer count for P2P and hence lags in adoption relative to other vendors evaluated in this Magic Quadrant. It is relatively newer to the market, with its first customer going live in 2013. Zycus does maintain comparable new customer acquisition.
- **Vertical/Industry Strategy.** Zycus remains one of the few vendors in the market intentionally deploying a horizontal platform approach. It does not offer industry-specific configurations or add-ons.

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.

Dropped

- Synertrade did not meet the inclusion criteria for customers, revenue and new customers signed in 2020.
- Tradeshift did not meet the inclusion criteria for customers or new customers signed in 2020.

Inclusion and Exclusion Criteria

To qualify for inclusion in this Magic Quadrant, each vendor had to:

- Actively position its P2P suite as a stand-alone platform for automating all types of spending.
- Have generated a minimum of $13 million in annual revenue for the 12-month period ending December 2020 from P2P software subscription, transaction fees, software license and maintenance fees.
- Have 30 or more clients with 2020 revenue or operating budget of $1 billion or more "live" with full P2P (both e-purchasing and APIA).
- Have signed a minimum of 15 new clients with annual revenue over $500 million in revenue or operating budget in calendar 2020.
- Have ownership of source code that delivers the following functionality, deployable without customization:
  - Requisition approval workflow
  - Receiving
  - cXML integration
  - Supplier self-service catalog management
  - Automated two-way match (PO to invoice)
  - Pay on invoice (without a purchase order)
  - Supplier self-service PO flip
  - Supplier self-service invoice acceptance status checking
  - Remittance details available to suppliers
- Be currently processing compliant e-invoices in a minimum of five countries.
- Have generated at least 20% of revenue from clients headquartered in different regions from the vendor's home region and proof of winning clients in at least two regions. Regions include North America, Latin America, Europe, the Middle East and Africa, Asia/Pacific, and Japan.

Evaluation Criteria

Ability to Execute

Gartner evaluates a P2P suite vendor's Ability to Execute by assessing its product's services, sales and marketing execution, and overall operations. We evaluate how these criteria enable the vendor to be competitive and effective in the market. We also evaluate the vendor's ability to retain and satisfy customers, create positive perception and respond to market changes.

In this Magic Quadrant, the product or service and customer experience criteria each have a "high" weighting. This is because the ability to provide a product and a customer experience that delight clients is what motivates buyers to choose something other than their ERP suite for P2P. Gartner has also increased the market responsiveness to a high weighting. In the current period of economic volatility following the pandemic, it is more critical than ever that vendors can respond to the changing needs of customers in the market. The overall viability, operations, sales execution/pricing and marketing execution criteria each have a "medium" weighting. This is to ensure that vendors have sufficient funding, growth, and organizational structure to continue developing and improving their products and customer experiences.

Table 1: Ability to Execute Evaluation Criteria

Evaluation Criteria ↓	*Weighting* ↓
Product or Service	High
Overall Viability	Medium
Sales Execution/Pricing	Medium
Market Responsiveness/Record	High
Marketing Execution	Medium
Customer Experience	High
Operations	Medium

Source: Gartner (October 2021)

Completeness of Vision

Gartner evaluates a P2P vendor's Completeness of Vision by assessing multiple criteria that show their ability to understand current market trends, influence future state of the market, and respond to customer needs and competitive forces — as Gartner views them.

In a mature market, product strategy and innovation are the key differentiators between vendors and their ability to anticipate and influence future customer requirements. Gartner has given these criteria the highest weight. Market understanding, marketing strategy, vertical/industry strategy and geographic strategy all have a medium weighting as they convey a vendor's ability to understand customer demands and deliver value to organizations of different sizes across the globe. Meeting vertical industry needs can be particularly challenging for prospective buyers.

A vendor's Completeness of Vision is also judged on business model and sales strategy, although at a "low" weighting. Although there are meaningful differences in business models and sales strategies, especially in the area of pricing and supplier fees, they are more a matter of fit and preference.

Table 2: Completeness of Vision Evaluation Criteria

Evaluation Criteria ↓	*Weighting* ↓
Market Understanding	Medium
Marketing Strategy	Medium
Sales Strategy	Low
Offering (Product) Strategy	High
Business Model	Low
Vertical/Industry Strategy	Medium
Innovation	High
Geographic Strategy	Medium

Source: Gartner (October 2021)

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 they have demonstrated business results in the form of revenue and earnings. They excel in their 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 and deliver successful implementations. Their customers are deployed in the most geographic regions, and they cover a wide variety of industry verticals and sizes of organization.

Leaders are often the vendors that other providers measure themselves against. They are also the most likely vendors in this Magic Quadrant to still 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.

Challengers

Challengers have established presence, credibility and viability, and have demonstrated the ability to meet customers' expectations in terms of functionality and customer experience. Challengers tend to have a good technology vision in terms of 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. They may be a good choice for organizations that value execution and a broader integrated product suite over vision.

Visionaries

Visionaries are ahead of most potential competitors in delivering innovative products and/or delivery models. These vendors embody trends that are shaping, or will shape, the P2P market. There may be some lack of awareness of these vendors in the market and some concerns about their ability to execute effectively. Visionaries have a strong vision and roadmap, which brings innovation and strong functionality to their platforms.

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

Niche Players

Niche Players offer compelling P2P suite portfolios, but their solutions may also:

- Be limited in terms of cross-industry adoption
- Lack some functional components
- Lack the ability to handle deployments consistently 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

Niche Players can often offer the best solutions to meet the needs of particular procurement organizations, considering the price-to-value ratio of their solutions. These vendors may win deals in specific regions or industries. But they are not consistently winning new business across multiple regions or industries at the same pace as vendors in the other quadrants.

Some Niche Players demonstrate a degree of vision that suggests they might become Visionaries, but they may struggle to make this vision compelling. They may also struggle 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

This Magic Quadrant evaluates vendors that met Gartner's criteria for the procure-to-pay market. P2P suites help organizations automate the transactional processes for purchasing, receiving and paying for goods and services. Many vendors in the P2P market have started as point solutions in categories such as e-procurement or APIA and have expanded their product to address the full process through a single integrated suite. Accordingly, don't expect vendors to have market-leading capabilities across the full suite.

Application leaders responsible for procurement initiatives should use this research as part of their market evaluation. Remember that not all P2P vendors, especially those with regional or industry-specific focus, have qualified for this research. Do not allow a vendor's inclusion in this report or quadrant status to dictate your shortlist or vendor selection. There is no one-size-fits-all solution in the P2P market, and a Leader may not always be the best choice for every buyer. Gartner recommends evaluating P2P vendors for best fit, including vendors that did not meet the inclusion criteria for this research.

Key considerations and recommendations for assessing best fit include:

- **Your primary use cases** — This is typically driven by expected outcomes, e.g., prioritizing efficiency in the requisitioning process, automating invoicing.
- **Global requirements** — E-invoicing and tax regulations vary by country and are changing regularly. Understand where you need to process fully compliant invoices and compare against the vendor's capabilities.
- **Industry-specific requirements and experience** — In many industries, unique purchasing practices will require a vendor to provide configurations best-suited for your needs. Examples include manufacturing, healthcare and education.
- **Implementation model** — Ask questions about whether this is vendor- or partner-led, how much experience each has, best practices, and typical implementation time frames and costs. Support for implementation may vary by region as a result of local resources or lack thereof.
- **Supplier-facing capabilities** — This includes supplier networks, supplier features, onboarding practices and user experience. Supplier adoption is critical to the successful implementation of a P2P suite.
- **Delivery model** — Although a few P2P vendors may still offer an on-premises option, all of the vendors included in this research have a preferred cloud delivery model. Most are exclusively cloud.

- **Differentiating features and vendor roadmaps** — Prioritize UI improvements, analytics and automation in your evaluation. Ensure the selected vendor is focused on growth and development that tracks with market expectations and trends to futureproof your investment.
- **Preconnected partner ecosystem and options for integrating with third-party applications** — Extending and enriching the P2P process can bring more long-term value to your investment.
- **Comparison of vendors on UX, adoption, automation and cost** — User experience (UX) expectations are continually changing and drive an organization's ability to gain adoption by end users. Furthermore, the capabilities across the market are evolving from digitization of processes to more automation driven by AI and machine learning, and can also impact user adoption. These elements, along with cost, will impact your business case. Pricing models vary and should be understood and considered during vendor selection for best fit.

Market Overview

Procure-to-pay (P2P) suites have a broad appeal for organizations across all industries and geographies. Key differentiators in the market include depth of support for multiple spend types (see Note 1), supplier network intelligence, advanced analytics and automation. Global support, ease of use, supplier onboarding, and configurable industry capabilities play a key factor in customer decision making. Gartner expects internal collaboration, automation and data-driven insights to heavily influence vendor selection in coming years.

Interest in P2P suites is high and increasing because of the pandemic. P2P is the second highest inquiry volume topic within sourcing and procurement applications and has seen approximately a 20% increase in volume YTD over 2020. As implementations over the last year have moved to remote, customers are seeing a quicker time to value despite P2P being a significant investment for an organization. Gartner estimates that the P2P technology market will experience a 17% CAGR through 2025, representing approximately $7.4 billion.

Market Trends

APIA Remains a Key Driver of P2P Investment

While self-service capabilities and guided buying have often led as primary reasons for adopting a P2P suite, accounts payable invoice automation (APIA) has become a key driver. It is a top influencing factor in social media and inquiry discussions. Automating AP has increased in importance for organizations, this means the decision making is evolving from solely the CPO to include the CFO as joint decision makers.

P2P Vendors Continue Expanding Into S2P

Although P2P is a suite itself combining procurement and invoicing capabilities, most vendors evaluated in this Magic Quadrant offer and sell P2P as part of a broader source-to-pay suite. This S2P suite includes analytics, e-sourcing, contract life cycle management and supplier management. As vendors continue to expand their footprint, many clients start their digitization journey by trying to understand if a single suite can meet their requirements. Gartner expects to continue seeing investment in full S2P suites as an influencing factor in P2P suite vendor selection.

Midmarket Adoption Continues to Build

While large enterprises have been initial adopters of this technology, interest by midsize organizations to expand beyond fragmented point solutions to full-suite adoption has increased. Midmarket customers are also most likely to invest in S2P suites as they have limited resources for managing multiple vendors. This is coupled with vendors developing both marketing and pricing strategies to appeal to midmarket customers.

Ecosystems Expand to Address Data, Process Improvement and Risk

Organizations often deploy a P2P suite as a system of record. Although P2P suites serve the main workflow component to request, procure, receive and pay for goods and services, integrating with a broader application ecosystem can provide additional value and elevate the solution to a system of differentiation. This has become a key area of interest for customers in the vendor selection process. Examples of sought-after partners include upstream applications like e-sourcing and contract life cycle management, data service providers such as Dun & Bradstreet and EcoVadis, and tax engine partners. Supplier diversity has emerged as a key requirement for supplier data in 2021.

Persona-Based User Experience

End-user experience and ease of use are key priorities for customers evaluating P2P suites. After all, the purchase of this technology is only as valuable as the adoption the organization is able to attain, so ease of use is key. Beyond ease of use, vendors are shifting focus to persona-based user experiences, understanding that a requisitioner and an AP staff member have different needs and complete different tasks within the suite. UIs should direct users to key tasks, further automating and guiding the user process. This also includes conversational interfaces and not having a UI to improve user experience.

Data-Driven Insights

P2P suite vendors are introducing more advanced and contextualized analytics enabled by AI. Drawing from customer, supplier and market data to provide actionable insights is a key trend for these suites. This can include better spend visibility and process benchmarks, but leading vendors are starting to provide predictive and prescriptive insights for users to improve decision making. Today, these more advanced forms of analytics are a differentiator, but will be sought after as a standard expectation as they further infiltrate the market. Real-time data visibility has also emerged as a top 10 influencing factor for P2P on social platforms.

Payments

Gartner has seen many vendors in the P2P market prioritize expanding payment capabilities to support customers' growing needs. Although some customers are still slow to adopt these capabilities, there are advantages for organizations with complex back-end systems and midsize organizations with less mature supplier payment processes. B2B payments have the potential to drive competitive advantage in the P2P suite market.

Evidence

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

- Interactions of Gartner analysts with hundreds of end-user clients regarding their procurement and sourcing initiatives in 2020 and 2021.
- Interactions with procurement and sourcing vendors in 2020 and 2021.
- Verified customer feedback posted on Gartner Peer Insights in 2020 and 2021.
- A series of briefings, video demonstrations and questionnaire responses by the vendors included in this Magic Quadrant.

- Social media analytics (SMA): Gartner conducts social listening analysis, leveraging third-party data tools to complement or supplement the other fact bases presented in this research. Due to its qualitative and organic nature, the results should not be used separately from the rest of this research. No conclusions should be drawn from this data alone. Social media data in reference is from 1 July 2017 through 30 June 2021 in all geographies and recognized languages:
  - Sources covered: By default, social media sources considered for analysis include Twitter, Facebook (publicly available information only), aggregator websites, blogs, news, mainstream media, forums and videos (comments only), unless and until specified.
  - The SMA team: Ritesh Kumar Srivastava and Ayush Saxena from the Social Media Analytics team contributed to this research.
- Financial data from the S&P Capital IQ platform for the public companies; and for the private companies, financial data from the vendors themselves. This information was scored using Gartner's financial model (see Understanding the Methodology Behind Gartner's Financial Statement Scorecard for Public Companies).

Note 1

Gartner definitions of spend types:

- **Indirect goods spend** — Purchases of tangible items consumed by the organization that are not directly related to the manufacturing or sales of products. These goods are typically needed to operate.
- **Direct goods spend** — Purchases of tangible items directly related to the manufacturing of a company's products. Examples include raw materials, component parts and hardware.
- **Services** — Transactions of intangible deliverables purchased by the organization, typically defined by a statement of work.

Gartner defines "source to pay" as a suite of applications that address spend analysis, e-sourcing, contract life cycle management, supplier management and procure-to-pay. Many vendors evaluated in this Magic Quadrant offer procure-to-pay as part of a source-to-pay suite.

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.

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Magic Quadrant for Procure-to-Pay Suites - 13 June 2016

Magic Quadrant for Procure-to-Pay Suites for Indirect Procurement - 24 March 2015

Recommended by the Authors

Some documents may not be available as part of your current Gartner subscription.

Procure-to-Pay Suites: How to Choose Your Best-Fit Solution

Improve Invoice Quality With P2P Metrics, SLAs, Targeted Improvement Plans and Leadership

Hype Cycle for Procurement and Sourcing Solutions, 2021

How Markets and Vendors Are Evaluated in Gartner Magic Quadrants

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Table 1: Ability to Execute Evaluation Criteria

Evaluation Criteria ↓	*Weighting* ↓
Product or Service	High
Overall Viability	Medium
Sales Execution/Pricing	Medium
Market Responsiveness/Record	High
Marketing Execution	Medium
Customer Experience	High
Operations	Medium

Source: Gartner (October 2021)

Table 2: Completeness of Vision Evaluation Criteria

Evaluation Criteria ↓	*Weighting* ↓
Market Understanding	Medium
Marketing Strategy	Medium
Sales Strategy	Low
Offering (Product) Strategy	High
Business Model	Low
Vertical/Industry Strategy	Medium
Innovation	High
Geographic Strategy	Medium

Source: Gartner (October 2021)