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Magic Quadrant for Configure, Price and Quote Application Suites

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Gartner estimates that market revenue for configure, price and quote software was approximately \$878 million in 2016, with growth of 20% per year expected through 2020. Our evaluation of 11 key vendors will help application leaders choose the solution that best meets their cloud CPQ requirements.

This Magic Quadrant is related to other research:[Peer Insights reviews for Configure, Price and Quote Application Suites](#)[View All Magic Quadrants and Critical Capabilities](#)

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Market Definition/Description

Configure, price and quote (CPQ) application suites enable sales organizations to automate and optimize the creation of quotes and capture of orders. CPQ is part of the larger quote-to-cash business process. Some vendors are building or acquiring CPQ, contract life cycle management, sales performance management, order orchestration, price optimization and billing capabilities to offer a one-stop solution for the entire process. Leading CPQ solutions support the creation of quotes and capturing of orders across multiple channels of customer interaction (such as direct sales, contact center, point-of-sales, resellers, and customer self-service).

- Implementing a CPQ solution should have demonstrable bottom-line impact:
 - Sales representatives (reps) or resellers can create high-quality quotes quickly. The first quote a customer receives has the highest probability of eventually winning the deal. Implementing a CPQ solution results in faster quotes, a higher close rate and greater revenue.
 - Intelligent discounting guidance, enforcement of discounting guidelines and linking sales rep compensation to margin results in higher margins.
 - Guided upsells and cross-sells drive additional revenue and higher margins.
 - Automated proposal and contract generation improve sales productivity.

- Organizations that capture complete and accurate orders at the point of customer interaction can eliminate the need for back-office order entry staff and thereby reduce costs.
- Comprehensive validation of orders at the time of capture results in fewer delayed and rejected orders, thus improving customer satisfaction and reducing waste.
- A CPQ application suite provides the following capabilities:
 - **Select products/offers:** The first step of CPQ is to help the customer identify the products and offers that best match their requirements. At the most basic level, this comprises an SKU or name-based product search (sometimes referred to as "rapid order entry" or "part search"). Many solutions also provide a commercelike graphical sales catalog with free text and faceted search and product comparisons. "Needs analysis," or "guided selling," asks the customer a series of questions about their business requirements and then recommends a set of products that best meet those needs. Administered rules or custom scripts are typically used to implement guided selling today. This will be one of the first aspects of CPQ to benefit from machine learning. Increasingly, quotes and orders are created to modify services or upgrade goods that the customer already owns. This requires easy identification of the products the customer already owns, and rapid recall of the current configuration and pricing (even if the product was sold by a different CPQ system).
 - **Configure:** Some products and offers have selectable options. A "configurator" enables the customer to understand and select those options and features. It ensures that only valid combinations of options and features are selected. More sophisticated configurators will provide advice and guidance during the configuration process and inform the customer of the pricing implications of their choices in real time. A configurator provides a user interface that is specific to each product in order to optimize capturing an order for that product. Real-time 2D or 3D rendering is sometimes used to help the customer visualize what they have ordered. Building these product-specific configurators is one of the most expensive and risky parts of implementing a CPQ solution. It is crucial to select a tool that is easy to administer (both initially and ongoing) and that supports the breadth of your product complexity (such as reusable subassemblies and networks). Vendors differ considerably in their ability to support modifications to existing configured products.
 - **Price:** The pricing engine of a CPQ solution calculates the list and net prices for the products selected in a transaction. Pricing requirements vary significantly across businesses. The best pricing engines provide common pricing mechanisms "out of the box" (for example, list price, cost plus, volume discounts, attribute-based pricing, customer-specific contract pricing, and promotions) and also provide extensibility so that companies can implement their unique requirements. Vendors differ considerably in their support for recurring and usage-based pricing. Another system often administers pricing rules, so easy and seamless integration is important. Few CPQ solutions provide out-of-the-box support for calculating shipping charges and sales taxes. These are usually ignored in the quote and added during invoicing, or implemented through customization or custom integrations with third-party services.
 - **Propose and negotiate:** A CPQ tool enables the rapid generation of professional-looking quotes and proposals. Sometimes, multiple scenarios are presented to the customer. B2B transactions require discounting or preferential terms to close the deal. The CPQ tool ensures that discounting remains within a set guidelines or is approved by management. Machine-learning algorithms suggest the optimum discounts and terms, based on prior history and corporate goals.
 - **Order/contract:** Once a customer has agreed to a proposal, the deal is closed by signing a contract. Sometimes, the order itself is an implied contract. In other scenarios, a complex contract document has to be generated, negotiated by the legal teams and signed (often electronically). The order includes when and where fulfillment occurs (including scheduling appointments), and how the customer will pay for the new goods and services. The contract may define special pricing and terms that apply to future transactions (a "sales agreement"). The captured order is transmitted to a back-end system where it is fulfilled and billed.

- **Track/change order:** The CPQ solution is a one-stop destination for the sales rep and, often, the customer, to interact with sales transactions. After placing an order, it is possible to see and track the progress of orders — via an integration with the back-office fulfillment system. If the customer changes their mind, it should be possible to revise the order and resubmit it to the back end (with appropriate controls in place for the cost and feasibility of the requested changes).
- **Analyze/report:** Quote and order data is analyzed using built-in or external reporting tools. Typical reports include: historical quote win rates by geography or product line; time to generate a quote; upsell and cross-sell success rates; usage of products, product lines, and promotions; discounting by geography, product line, manager and sales rep.

For a comprehensive list of CPQ features evaluated for this Magic Quadrant and for a definition of each of those features, see "Toolkit: RFP for Configure, Price and Quote Applications." (<https://www.gartner.com/document/code/342074?ref=grbody&refval=3849264>)

Magic Quadrant

Figure 1. Magic Quadrant for Configure, Price and Quote Application Suites



Source: Gartner (January 2018)

Vendor Strengths and Cautions

Accenture

Accenture, with its bit2win Sales solution, is a Niche Player, in no small part because of its small customer base and main focus on the communications and utilities industries. The product launched in 2012, and was acquired by Accenture in 2016. It is now part of Accenture's utilities vertical solution. Support for multipoint ordering ensures the product is well-suited to utility companies. Accenture is a large public company with operations around the globe. The bit2win offering earns 97% of its revenue in southern Europe, with the remainder from Latin America. Accenture plans to sell this product globally. Many deployments are Siebel replacements. Built on the Salesforce platform, the product integrates with Salesforce Sales Cloud and Salesforce Service Cloud.

Strengths

- **Multichannel support:** Accenture's bit2win Sales provides support for direct sales, resellers, point-of-sale and customer self-service. The Salesforce1 user interface enables all features on mobile devices.
- **Easy to implement and manage:** All customer references for Accenture deployed the bit2win software in less than nine months and now have teams of five full-time equivalents (FTEs) or fewer performing ongoing maintenance.
- **Enterprise-scale deployments:** Two customer references for bit2win reported between 2,000 and 10,000 named users, with each customer generating more than 100,000 quotes per year in the system.

Cautions

- **Limited market presence:** Only 25 companies currently use Accenture bit2win Sales. Less than 1% of the projects surveyed for this Magic Quadrant (where Accenture was not eventually selected) shortlisted Accenture bit2win Sales.
- **Lacks B2B capabilities:** The Accenture bit2win Sales product lacks important B2B capabilities such as future-dated subscription changes, network ordering, deal negotiation and complex approval workflows.

Apttus

Apttus is a Leader in this market, largely because it earned the highest product score of any of the solutions included in this year's Magic Quadrant. Based in San Mateo, California, U.S., Apttus is privately held. During the past four years, Apttus raised \$329 million to fund aggressive product development, sales and marketing — resulting in rapid growth. It has recently reduced its burn rate, and had plans to be cash-flow neutral in 2017. Achieving this is subject to market conditions and Apttus' execution of its plan. The Apttus quote-to-cash suite was originally built on the Salesforce platform (all Apttus customer references were running on Salesforce). A new version running on Microsoft Azure and integrated with Microsoft Dynamics 365 was released in May 2017.

Strengths

- **Market presence:** Apttus's CPQ solution is deployed at about 300 organizations, with more than 400,000 users in production. According to reference customers surveyed for this Magic Quadrant, Apttus was one of the most frequently shortlisted vendors.
- **Broad product offering:** Apttus offers a broad, integrated quote-to-cash capability that includes CPQ, contract life cycle management, e-commerce, sales performance management, order orchestration and billing. The CPQ solution supports direct sales, resellers and customer self-service; it also runs on mobile devices.
- **Rich CPQ functionality:** Apttus CPQ achieved the highest aggregate score across all of the capabilities that vendors were asked to demonstrate for this year's Magic Quadrant. Support for complex pricing (such as recurring prices, multiple prices per transaction line, customer sales agreements, promotions and price waterfall) and Microsoft Office integration are particularly good. Apttus's ambitious product roadmap includes sales chatbots, augmented reality and machine learning.

Cautions

- **Implementation satisfaction:** Reference customers for Apttus were less satisfied with their software implementation project than those of other vendors. Gartner believes this perception is the result of overpromising on product capabilities during the sales cycle (only about a quarter of the references for Apttus were completely satisfied that the product was accurately represented), and a shortage of highly qualified implementers caused by the company's rapid growth.
- **End-user adoption:** Reference customers for Apttus were less satisfied with end-user adoption and satisfaction than those of other vendors. Gartner believes slow application response times contributed to lower adoption and satisfaction; an issue that Apttus is aware of. Based on demonstrations and briefings provided by the vendor, Gartner believes Apttus improved browser caching and introduced new client-side techniques that enhanced its performance, during 2017.

CallidusCloud

CallidusCloud is a Visionary in this Magic Quadrant, due in no small part to its comprehensive, integrated lead-to-cash suite, which includes lead generation, lead management, sales performance management and contract life cycle management. CallidusCloud is a public company based in Dublin, California, U.S. According to the reference customers surveyed, this vendor was shortlisted half as often as the leading vendor and was fifth most shortlisted vendor overall. Gartner expects CallidusCloud to see increased sales activity from its newly instituted joint-selling agreement with SAP. CallidusCloud CPQ is built on .NET. The user interface leverages native technologies for Salesforce and SAP Hybris Sales Cloud.

Strengths

- **Integrates with multiple CRM solutions:** CallidusCloud CPQ integrates with Salesforce Sales Cloud, Microsoft Dynamics 365, SAP Hybris Sales Cloud, Netsuite and SugarCRM. Platform neutrality expands the addressable market and lowers costs for customers that decide to switch their CRM platform.
- **Document generation:** The document generator for CallidusCloud CPQ provides sales reps with a lot of flexibility to customize the document. The tool generated a 100-page document in 12 seconds during the demonstration for this Magic Quadrant. Templates are easily created or updated using Microsoft Word or Excel.
- **Multichannel support:** CallidusCloud supports direct sales, resellers and customer self-service channels.

Cautions

- **Customer satisfaction:** Customer references for CallidusCloud gave mixed reviews regarding customer satisfaction. They were less satisfied with the overall performance of CallidusCloud than the references of other vendors. Specific areas of concern were end-user adoption, application performance and response times, and the quality of the professional services team. Customers should speak to a range of reference customers before selecting CallidusCloud CPQ.
- **Subscription ordering:** The CallidusCloud CPQ product generates assets after an order for services is fulfilled. However, modifying, renewing and terminating those assets requires the development of special configuration models to handle each type of change and each service sold.

CloudSense

CloudSense is a Visionary in this Magic Quadrant, due in no small part to its market understanding, product strategy, geographic strategy and industry strategy. CloudSense's Configure Price Quote product targets telecommunications, media, energy, data center and logistics companies as well as governments. More than 50 companies have deployed the product, including one implementation of about 20,000 users. CloudSense is a private company based in London, U.K. In 2016, 63% of CloudSense's revenue came from Europe, 15% from North America and 22% from Asia/Pacific. The Configure Price Quote product is built on the Salesforce platform and integrates seamlessly with Salesforce Sales Cloud and Salesforce Service Cloud.

Strengths

- **Telecommunications functionality:** CloudSense Configure Price Quote supports advanced features for the telecommunications industry such as frame agreements and network ordering. However, attribute-based pricing of configurations, volume pricing, promotions and bundle pricing all required some customization to set up, and subscription-ordering is missing support for future dated orders and contract commitments.
- **Multichannel support:** Direct sales, reseller and customer self-service channels are all supported out of the box by CloudSense, and have been deployed by multiple organizations.
- **Mobile/offline:** CloudSense Configure Price Quote allows sales reps to create quotes and orders when their mobile device is disconnected from the wireless network and then synchronize changes to the server later.

Cautions

- **Implementation satisfaction:** Reference customers for CloudSense were less satisfied with their implementation project than the references for other vendors, and implementations were longer than the average. CloudSense's own professional services team received good feedback from its reference customers, but it is a concern that the company earns more than half its revenue from services work. This suggests that the product requires considerable customization to satisfy business requirements.
- **Performance:** Reference customers for CloudSense were less satisfied with application response times than were references for other vendors. Customers should request a demonstration of their most complex product models and business logic to confirm functional fit and adequate performance.

ConnectWise

ConnectWise is a Niche Player in this Magic Quadrant, in part because of its narrow focus on small or midsize business technology solutions providers. ConnectWise is a global private company of 900 employees based in Tampa, Florida, U.S. ConnectWise Sell is an easy-to-install quote generation tool which is part of a suite that includes CRM, help desk and customer service, project management, finance and billing, and workflow automation. More than 2,800 companies use ConnectWise Sell, with about five users each on average. ConnectWise targets smaller implementations than the other vendors in this Magic Quadrant and was, according to the reference customers, rarely shortlisted in the same deals as the other vendors evaluated.

Strengths

- **Integrates with multiple CRM solutions:** ConnectWise Sell integrates with Salesforce Sales Cloud, Netsuite, Microsoft Dynamics 365 and ConnectWise Manage. Platform neutrality expands the addressable market and lowers costs for customers that decide to switch their CRM platform.
- **Customer satisfaction:** Ninety percent of reference customers for ConnectWise said they would recommend its product without qualification. ConnectWise achieved the highest rating for technical support of any of the vendors in this report.
- **Ease of implementation:** Ninety percent of ConnectWise Sell reference customers were able to implement the software within three months.

Cautions

- **No configurator:** Connectwise Sell lacks a product configuration engine that allows selection of options and features in the context of rules.
- **English language only:** Eighty percent of ConnectWise customers are in the U.S., with the remainder in Australia. The application is only available in English.
- **Limited business benefits:** ConnectWise's customer references reported the lowest average business benefits from implementing the application, compared with all the vendors in this Magic Quadrant.

FPX

FPX, based in Dallas, Texas, U.S., is under new ownership with additional financial backing. Its strong understanding of the CPQ market and ambitious product roadmap (for example, integration with IBM's Watson) make it a Visionary in this Magic Quadrant. Founded in 1983, FPX is privately held and one of the oldest CPQ vendors. It has global reach, with offices in London and Munich, and earns 14% of its revenue in Asia/Pacific. Gartner believes that FPX must quickly implement features from its on-premises administration tools in the cloud product, in order to grow beyond its current 62 customers (at the time of evaluation).

Strengths

- **Integrates with multiple CRM solutions:** The FPX CPQ solution integrates with Salesforce Sales Cloud and SAP Hybris Sales Cloud. FPX plans to integrate with Microsoft Dynamics 365 by the end of 2017. This allows customers to switch their CRM solution without having to reimplement their CPQ solution.
- **Mobile/offline working:** FPX CPQ works on tablets and phones, even when not connected to the network. This enables uninterrupted sales configuration, pricing and quoting to occur in remote locations where connectivity is not available or is unreliable.

Cautions

- **Lacking capability:** FPX's cloud offering for CPQ has limited configuration capability (for example, basic rule types and no subassemblies) and limited pricing features (such as no recurring charges and no promotions). Document generation was slow during the demonstration shown to Gartner (20 seconds for a simple quote). Advanced customization features such as creating custom tables are only available in the on-premises version of the FPX CPQ solution.
- **Service and support:** Reference customers for FPX were less satisfied with the service and support they received than the references of other vendors. Gartner recommends that clients speak to a range of references to understand their experience of working with the FPX service and support teams.

IBM

A global public company based in Armonk, New York, U.S., IBM is a Niche Player in this Magic Quadrant, in part due to its relatively slow pace of product development in 2015 and 2016, and limited product capabilities when deployed in the cloud. IBM acquired the CPQ capabilities of Sterling Commerce in 2010, as part of a broader suite of order management solutions. Although based on the original, mature Sterling on-premises CPQ product, the IBM Sterling Configure, Price, Quote cloud solution does not yet support advanced features such as table-based constraint rules and schema extensibility. IBM Sterling Configure, Price, Quote has a native Lightning UI that runs inside Salesforce Sales Cloud, in addition to an IBM-built UI option.

Strengths

- **Geographic reach:** IBM is a global company. The IBM Sterling Configure, Price, Quote product is broadly deployed in North America, Europe and Asia/Pacific, and is available in 13 languages.
- **Competent configurator:** The IBM Configurator tool supports a wide range of rule types, and advanced features such as reusable subassemblies, consumption rules and real-time delta pricing.
- **Pricing:** The pricing engine for IBM's CPQ solution is one of the most comprehensive we evaluated for this Magic Quadrant. It provides good support for multiple price types (for example, one-time and monthly recurring) and units of measure (such as units and cases).

Cautions

- **No cloud references:** IBM only provided a few relatively small reference deployments, which were using the on-premises product and reported low levels of satisfaction overall. Those references reported that the product was outdated, immature and difficult to implement. IBM was able to demonstrate a viable cloud solution to Gartner, and states that 35% of its CPQ customers run "as a service."
- **Subscription management:** IBM's CPQ product lacks out-of-the-box support for subscription management. Organizations seeking to manage subscription-based offerings should not consider the product for their longlists or shortlists.

- **Document generator:** To both create and maintain document templates using IBM's CPQ offering, eXtensible Stylesheet Language (XSL) programming skills are required.

Oracle

A global public company based in Redwood City, California, U.S., Oracle is a Leader in this Magic Quadrant; due, in part, to its mature CPQ product and robust market presence. First sold in 2001, Oracle acquired the CPQ Cloud product from BigMachines in 2013. It is now part of Oracle's integrated suite of applications running in the cloud for marketing, sales, CPQ, fulfillment, service and accounting. About two-thirds of Oracle CPQ Cloud customers run integrated with Salesforce Sales Cloud. Since the acquisition, Oracle has continued to invest in Salesforce integration; the recently released Salesforce Lightning UI is an important deepening of that commitment.

Strengths

- **Integrates with multiple CRM solutions:** Oracle CPQ Cloud integrates with Salesforce Sales Cloud, Microsoft Dynamics 365 and Oracle Sales Cloud. Platform neutrality expands the addressable market and lowers costs for customers that decide to switch their CRM platform.
- **Enterprise-grade:** More than 10 companies have deployed Oracle CPQ Cloud to at least 5,000 end users each. Oracle has more large-scale deployments than any other vendor in this Magic Quadrant. Companies planning an enterprise-scale rollout of CPQ can be confident that Oracle CPQ Cloud will meet their scalability requirements.
- **Global market presence:** Oracle is a global company. Oracle CPQ Cloud has approximately 500 customers and was shortlisted more than any other vendor by the customer references surveyed for this Magic Quadrant. The Oracle CPQ Cloud product, including administration, is translated into 22 languages and Oracle has sales teams around the globe. Gartner expects the proportion of Oracle CPQ customers located outside the Americas to increase beyond the current 30% during the next two years.

Cautions

- **User interface:** The current UI is outdated, with many screen refreshes and unintuitive explicit saves. Oracle CPQ Cloud does not support a single, responsive UI that works on every device. To support both laptop and mobile devices, a customer must design separate layouts for their quote capture and product configuration screens. Gartner expects the new Salesforce Lightning UI to address some of these issues; however, the disjointed administration UI will not benefit from the Lightning refresh. Oracle CPQ Cloud's "what you see is what you get" UI designer enables fine-grained control of the end-user UI without the need for HTML programming.
- **Implementation satisfaction:** Reference customers for Oracle took longer to deploy the software than those of other vendors, and were less satisfied with their implementation project.
- **Customer self-service:** Oracle Commerce Cloud is integrated with Oracle CPQ Cloud to support the self-service channel. This robust e-commerce platform is a separately licensed product running on a different applications stack. Companies should consider the additional cost of maintaining this hybrid solution versus a solution on a single technology stack.

PROS

PROS is a Visionary in this Magic Quadrant, because of its understanding of the CPQ market, major product enhancements during the past two years, ambitious roadmap, and vertical strategy. A public company based in Houston, Texas, U.S., PROS' largest business is B2B price optimization and quoting. PROS acquired Cameleon in 2013 and integrated that CPQ capability with its own price-optimization technology. PROS has successfully migrated its on-premises customers to SaaS in the cloud, and all new deals are in the cloud. PROS's CPQ solution is available as an add-on to its price optimization solution, or stand-alone. PROS Smart CPQ was shortlisted by reference customers about one-quarter as often as the offerings of the Leaders in this report.

Strengths

- **Integrates with multiple CRM solutions:** PROS Smart CPQ has prebuilt integrations with Salesforce Sales Cloud and Microsoft Dynamics 365. Platform neutrality expands the addressable market and lowers costs for customers that decide to switch their CRM platform.
- **Price optimization:** PROS Smart CPQ integrates with the PROS price optimization technology. Organizations that require both price optimization and CPQ will want to evaluate PROS's preintegrated offering.

Cautions

- **Customer satisfaction:** Reference customers for PROS had mixed responses to questions about customer satisfaction. They were less likely to recommend the PROS Smart CPQ solution without qualification than were other vendors' references. Other areas of note raised by PROS references included end-user adoption rates and application performance. We spoke with multiple references that were experiencing response times of more than 10 seconds; PROS is working with those projects to resolve the problems. Gartner recommends that you speak to a range of customer references before purchasing PROS Smart CPQ.
- **Implementation effort:** Customers seeking out-of-the-box capability in the following areas should carefully evaluate the level of scripting/customization required: Volume discounts; customer sales agreements; coverage pricing; promotions; reseller channel; subscription management.

Salesforce

Salesforce is a Leader in this Magic Quadrant because it has exhibited both a clear vision and a robust Ability to Execute. A public company based in San Francisco, California, U.S., Salesforce acquired SteelBrick CPQ (formerly an AppExchange partner) in February 2016, and more than doubled that product's customer base by the end of 2016. Salesforce now has more organizations using its product than any other enterprise-grade cloud CPQ vendor. Built on the Salesforce platform, Salesforce CPQ is tightly integrated with Salesforce Sales Cloud, Salesforce Service Cloud and Salesforce Community Cloud.

Strengths

- **Customer satisfaction:** Salesforce's customer references reported the highest satisfaction scores in this Magic Quadrant for accurate representation of the product during the sales cycle, ease of implementation, achieved business benefits and ease of maintenance.
- **Partner ecosystem:** Salesforce has taken a similar approach to CPQ as it has with its opportunity management offering, by shipping a highly extensible out-of-the-box solution and then encouraging partners to create more advanced and industry-specific capabilities. Companies such as Tacton, Conga, Zilliant, Icertis, Jitterbit, Kenandy, Model N, KBMax, SpringCM and Xactly offer extensions for Salesforce CPQ. This strategy results in rapid innovation, but Gartner believes it remains to be seen if buying components from multiple vendors results in a robust overall solution, and whether the combined offering is cost-effective compared with a bundled offering from a single vendor.
- **Viability:** Salesforce is a large and rapidly growing public company. It is the dominant front-office solutions provider, with more than 150,000 organizations using its sales, marketing and service solutions. The Salesforce CPQ product is one of the most frequently shortlisted CPQ solutions among the reference customers for this Magic Quadrant. Gartner expects Salesforce to leverage its large sales team and customer ecosystem to continue to grow the revenue of its CPQ product.

Cautions

- **Performance:** Reference customers for Salesforce were less satisfied with application response times than references for other vendors. Salesforce is aware of the problem and has made considerable progress in addressing the issue during

2017. At the time of research, there continues to be a problem with the time it takes to generate large and complex documents.

- **Document authoring:** Document template administration with the Salesforce CPQ solution requires HTML programming skills. Gartner recommends considering a partner such as Conga, Icertis or SpringCM if you have complex documents or make frequent updates to the templates. Salesforce CPQ continues to attract new partners, and there may be other vendors that provide enhanced capability. You should check with the vendor to understand all available options.
- **Customer self-service:** Salesforce CPQ does not currently support the creation of quotes or the capture of orders via the customer self-service channel. Companies seeking a multichannel CPQ solution will have to integrate a third-party e-commerce solution, or custom-build something on top of the APIs provided by Salesforce CPQ.

Vendavo

Vendavo is a Niche Player in this Magic Quadrant, in part because its EndeavorCPQ product has a limited market presence, limited out-of-the-box product capabilities, and a lack of innovative features such as visual configuration and engineer to order (ETO) workflows. Vendavo acquired Endeavor Commerce in July 2017. The acquisition has improved the long-term viability of the product and expanded the sales channel. Gartner expects Vendavo to integrate its price-optimization technology into the CPQ solution during 2018. Vendavo is a privately held company based in Denver, Colorado, U.S. and has a sales office in London, U.K. The EndeavorCPQ product is built on Microsoft Azure, which gives it scalability and the potential for global deployment.

Strengths

- **Integrates with multiple CRM solutions:** Vendavo EndeavorCPQ integrates with Salesforce Sales Cloud, Microsoft Dynamics 365 and Infor. Platform neutrality expands the addressable market and lowers costs for customers that decide to switch their CRM platform.
- **Customer satisfaction:** Vendavo EndeavorCPQ received the highest customer reference score of any vendor in this Magic Quadrant for overall customer experience. All its customer references would recommend the product without qualification. Reference customers highlighted good application performance, reliability and integrity during the sales process.
- **Easy to implement:** Reference customers gave Vendavo the second-highest score for ease of implementation, with more than 80% of projects completed within six months.

Cautions

- **Out-of-the-box functionality:** Customers seeking out-of-the-box capability in the following areas should carefully evaluate the level of scripting/customization required: Customer self-service channel; subscription management; support for reusable subassemblies or date effectivity for rules in the configurator; recurring charges; bundles; creating custom tables in the database.
- **Limited market presence:** Vendavo EndeavorCPQ has just 60 existing customers. Vendavo was shortlisted by less than 1% of the customer references surveyed for this Magic Quadrant (of those not provided by Vendavo).

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

- None — This is a new Magic Quadrant

Dropped

- None — This is a new Magic Quadrant

Inclusion and Exclusion Criteria

The inclusion criteria represent the specific attributes that analysts believe are necessary for inclusion in this research.

To be included in this Magic Quadrant, a vendor must demonstrate that they satisfy the following criteria in relation to their CPQ offering:

- **Front-office product.** The product must support the direct sales channel, at a minimum.
- **Current.** The product was generally available for sale on 31 March 2017, without restrictions or special approval.
- **Cloud.** The product is implemented in the cloud as defined below:
 - All technology infrastructure managed either in the vendor's own data centers or those of a third party.
 - Vendor implements upgrades as part of the cloud service, not a third party or managed service provider.
 - The cloud service is licensed on a subscription basis, or metered pay for use.
 - Users cannot have a contract that is only for them (except for minor adjustments), nor can they be provided with a version different to that offered to other cloud customers.
 - The cloud service uses internet technologies — the use of internet files, formats and identifiers are necessary for delivery of cloud service interfaces.
 - Computing resources used to support the cloud service should be scalable and elastic in near-real time, rather than based on dedicated hardware/infrastructure.
 - Modification of source code is not possible. Configuration via citizen developer tools and extension via platform as a service (PaaS; partner, vendor or user) is allowed.
 - A single code line is used for all customers of the cloud service to allow rapid deployment of new functionality by the vendor.
 - Vendor delivers at least two upgrades containing new functionality per annum to all users of the cloud service, and controls the pace of the upgrade cycle.
 - Vendor must offer self-provisioning capabilities for the service (at least for development and test instances) without its staff being involved.
 - The technology used to deliver the service must be shared by multiple customers in order to create a pool of resources from which elasticity can be delivered.
- **Core CPQ capability.** The product provides out-of-the-box support for sales force automation integration, product selection, configuration of options, pricing and proposal generation, at a minimum.
- **Growing.** The vendor closed deals with at least five new clients for cloud deployment in calendar year 2016.

- **Enterprise grade.** The product has at least 10,000 total named users in production and at least three live reference deployments with more than 300 named users. All users must be in the cloud.
- **Viable.** The vendor has at least \$5 million in annual CPQ revenue and more than 50 employees.

Honorable Mentions

Multiple vendors failed to meet the strict cloud/SaaS criteria for inclusion in this year's Magic Quadrant. Those vendors listed below have a promising solution that is either a cloud/on-premises hybrid, or a complete cloud solution with fewer than 10,000 live users at the time of evaluation.

- Axonom
- Beesion
- Cincom
- Configit
- Etiya
- Experlogix
- Infor
- KBMax
- Tacton
- Verenia

Evaluation Criteria

Ability to Execute

The following criteria were evaluated to calculate each vendor's Ability to Execute. The evaluation was based upon an extensive vendor survey, publicly available financial data, a standardized software demonstration, surveying more than 200 customer references, and Gartner inquiry calls.

Product or Service: Current product capability was evaluated in the following core areas of quoting and order capture:

- Multichannel (direct, indirect, contact center, customer self-service)
- Mobile (tablet, phone, disconnected)
- Sales force automation (SFA) integration
- Select products/offers (for example, catalog, search, needs analysis)
- Subscription management
- Configuration (for example, graphical, solving, engineer to order)
- Pricing
- Proposal and negotiation

- Ordering and contracting
- Enterprise resource planning (ERP) integration
- Tracking and changing orders
- Extensibility

Overall Viability: Key aspects of this criterion are the vendor's ability to ensure continued vitality of a product, including support of current and future releases. The vendor must have the cash on hand and demonstrated revenue growth to fund employee burn rates and to generate generally accepted accounting principles (GAAP) profits. This was evaluated based on publicly available data where possible or, failing that, data provided by the vendor. If no data was provided by the vendor, Gartner will estimate based upon the information available.

Sales Execution/Pricing: Vendors were evaluated based on measurable criteria — including but not limited to total revenue, number of new customers acquired, average deal size, and customer references' perception of value.

Customer Experience: Feedback from active customers on generally available releases during the past 12 to 18 months is an important consideration. Sources of feedback include vendor-supplied references (via our customer reference survey), Gartner inquiries and other customer-facing interactions, such as Gartner conferences. Reference customers' experiences are evaluated based on the vendor's ability to help these customers achieve positive business value, as well as sustained user adoption, quality, implementation and ongoing support.

Operations: Gartner evaluated the vendor's ability to manage operational infrastructure requirements and to provide postsales usage and adoption support. The primary source for this criterion was our customer reference survey.

Table 1: Ability to Execute Evaluation Criteria

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

Source: Gartner (January 2018)

Completeness of Vision

The following criteria were evaluated to calculate each vendor's completeness of vision. The evaluation was based upon an extensive vendor survey, standardized software demonstration, surveying more than 200 customer references, and Gartner inquiry calls.

Market Understanding: The vendor understands buyers' needs and translates these needs into products and services. Vendors that show the highest degree of vision listen and respond to buyers' current demands with product enhancements. They also have a clearly defined product roadmap. Vendors demonstrate a strategic understanding of CPQ trends such as alignment with strategic front-office platforms, cloud/SaaS delivery, complete quote-to-cash, subscription ordering, replacement of ERP quote/order functions and multichannel commerce. This criterion was scored based upon the product roadmap provided by the vendor, the vendor's public website, and feedback from reference customers.

Offering (Product) Strategy: Vendors have a clear strategy to deliver a complete and innovative solution that integrates with other offerings to address the complete lead-to-cash business process. This can be achieved through a combination of organic development, acquisition and/or ecosystems. However, for ecosystems, Gartner pays close attention to the quality and support of third-party vendors. The vendor should have a clear approach for master data management across the integrated systems.

Vertical/Industry Strategy: The vendor has a strategy to align its products and services to the specific needs of individual market segments, including verticals.

Innovation: Vendors demonstrate a commitment to investment in innovative CPQ-related areas such as complex engineer to order (ETO), subscription ordering, machine intelligence, deal optimization and graphical configuration.

Geographic Strategy: The vendor aligns 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 is appropriate for that geography and market.

Table 2: Completeness of Vision Evaluation Criteria

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

Source: Gartner (January 2018)

Quadrant Descriptions

Leaders

Leaders have the ability to execute their vision through products, services and demonstrated, solid business results in the form of revenue and earnings. Leaders have significant successful customer deployments in a wide variety of industries, and with multiple proof points for deployments of more than 500 users. They demonstrate consistently above-average

customer experience satisfaction. Leaders are often the vendors against which other providers in the market measure themselves.

Challengers

Challengers are often larger than most (but not all) Niche Players, and demonstrate a higher volume of new business. They have the size and product capabilities to compete worldwide; however, in some cases, they may not be able to execute equally well in all geographies. They often return strong customer experience satisfaction scores. They may lack a strong functional vision or have failed to deliver compelling new product enhancements during the prior 24 months.

Visionaries

Visionaries are ahead of most potential competitors in their product plans and understanding of the market. They anticipate emerging and changing needs and move the market into fresh areas. They have a strong potential to influence the direction of the CPQ market, but are limited in terms of execution and/or track record.

Niche Players

Niche Players offer a CPQ products this lacks some key functional components; they may not show the ability to consistently handle deployments of more than 500 users across multiple geographies, or they may lack strong sales. These vendors may offer complete portfolios for a specific industry, but face challenges in one or more areas necessary to support cross-industry requirements. They may have an inconsistent implementation track record, or may lack the ability to support the requirements of large enterprises. Even so, Niche Players sometimes offer the best solutions for the needs of particular sales organizations, considering the price/value ratio of their solutions.

Context

All the vendors in this Magic Quadrant have customers that are using their products and services successfully. However, there are more than 50 vendors in this market, and most did not meet the inclusion criteria.

Gartner clients are almost uniformly seeking to procure cloud/SaaS CPQ software solutions. For this reason, this Magic Quadrant excludes on-premises products and hybrid cloud/on-premises products that fail to meet our strict definition of a cloud/SaaS application (see the Inclusion and Exclusion Criteria section for more details). New cloud solutions with fewer than 10,000 total users in production were also excluded. This criterion eliminated several strong contenders whose offerings run on the Microsoft platform (such as those from Cincom and Experlogix) and that have only recently begun selling their cloud solution to customers of Microsoft Dynamics 365. Gartner expects several of those solutions to qualify for the next iteration of this Magic Quadrant.

During the past 18 months, leading cloud CPQ applications have reached functional parity with the prior generation of on-premises CPQ solutions (such as Siebel Order Management). There are significant differences in the functional capabilities of the products included in this report. For this reason, product capability carried the heaviest weight in our evaluation of Ability to Execute. Product capability was determined by the combination of scores from a two-hour scripted demonstration and the opinions of surveyed reference customers.

The heaviest weight in our evaluation of Completeness of Vision was accorded to each vendor's past execution of their product roadmap, and their future vision.

Use this Magic Quadrant to aid your evaluations, but explore the market further to assess the capacity of each vendor to address your unique business problems and technical concerns. Your shortlist should be determined by the complexity and scale of your requirements. This Magic Quadrant is not designed to be the sole tool for creating a vendor shortlist; use it as part of your due diligence, in conjunction with discussions with Gartner analysts.

Magic Quadrants are snapshots in time. To be impartial and to complete our analysis, we stop our data collection efforts at a consistent time across the board. In this case, the survey cutoff date was 15 April 2017, and the product demonstrations were completed on 18 July 2017. Some products' capabilities may have changed since then.

Market Overview

In 2016, the CPQ market grew by 20%, to \$878 million, with almost all the growth relating to cloud-based offerings. Gartner forecasts that the CPQ market will continue to grow at about 20% through 2020. ¹ ([#dv_1_based_on](#))

As part of the Magic Quadrant analysis process, Gartner conducted a customer reference survey to collect input from more than 200 reference customers who use the CPQ solutions reviewed in this Magic Quadrant. Insights gained from this survey include the following:

- Deployments are happening around the globe: North America (63%), EMEA (49%), Asia/Pacific (31%) and Latin America (25%). Note that it was common for deployments to include users in multiple regions.
- Reference customers were from the following industries: Manufacturing (35%, this includes high-tech companies), services (25%), communications (22%), media (6%) and utilities (4%).
- Thirty-one percent of deployments had at least 500 internal users.
- Twenty-eight percent of deployments included the customer self-service channel.
- The top three most common business benefits were: Improved order accuracy, faster creation of quotes, and improved pricing accuracy.
- The top four reasons the customers purchased the CPQ software were to: Replace existing outdated system/process (52%), produce quotes faster (51%), improve order accuracy (44%) and improve sales rep productivity (42%).
- Twenty-seven percent of implementations were completed in less than three months; 30% took three to five months, 30% took six to 11 months and 13% took 12 months or more.
- During their implementation, 55% of projects worked with just the vendor's professional services, 6% worked with just a third-party integrator, 29% used a blend of consultants from the vendor and a third party, and 11% completed the implementation using just their internal staff.
- Forty-nine percent of projects integrated with Salesforce Sales Cloud, 21% did not include a CRM integration, and 7% integrated with Microsoft Dynamics.
- Application response times are a common issue for cloud CPQ solutions, with 25% of customer references either neutral or dissatisfied about this aspect of their experience.
- Ninety-four percent of customers were satisfied with the capabilities of their chosen solution.
- Eighty-three percent of customers were satisfied with end-user adoption following implementation.

Evidence

¹ Based on a combination of Gartner data from the surveys for this Magic Quadrant, vendor briefings and public data.

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.

Recommended by the Authors

[How Markets and Vendors Are Evaluated in Gartner Magic Quadrants \(https://www.gartner.com/document/code/298294?ref=ggrec&refval=3849264\)](https://www.gartner.com/document/code/298294?ref=ggrec&refval=3849264)

Best Practices for a Successful Configure, Price and Quote Implementation

(<https://www.gartner.com/document/code/318471?ref=ggrec&refval=3849264>)

Toolkit: RFP for Configure, Price and Quote Applications (<https://www.gartner.com/document/code/342074?ref=ggrec&refval=3849264>)

Innovation Insight for Visual Configuration (<https://www.gartner.com/document/code/326234?ref=ggrec&refval=3849264>)

Market Guide for B2B Price Optimization and Management Software (<https://www.gartner.com/document/code/274957?ref=ggrec&refval=3849264>)

Hype Cycle for CRM Sales, 2017 (<https://www.gartner.com/document/code/313776?ref=ggrec&refval=3849264>)

Recommended For You

Hype Cycle for CRM Sales, 2018 (<https://www.gartner.com/document/3881675?ref=ddrec&refval=3849264>)

Market Guide for B2B Price Optimization and Management Software (<https://www.gartner.com/document/3868490?ref=ddrec&refval=3849264>)

Four Popular Types of Social Application Functions for CRM (<https://www.gartner.com/document/3868269?ref=ddrec&refval=3849264>)

Magic Quadrant for Sales Force Automation (<https://www.gartner.com/document/3881668?ref=ddrec&refval=3849264>)

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