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Magic Quadrant for Procure-to-Pay Suites

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Growing pressure to reduce spend, drive compliance and improve efficiency continues to propel interest in the P2P suite market. Application leaders responsible for procurement should use this Magic Quadrant to identify and evaluate vendors suitable for their spend management needs.

Strategic Planning Assumption

By 2025, organizations using P2P suites will save 30% year over year on goods and services costs through network price benchmarking and discounts.

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. These solutions are marketed as suitable for processing, at a basic level, all types of spending including indirect goods, direct goods and services (see Note 1 for spend type definitions). P2P suites optimize the purchasing process, resulting in improved financial controls, process compliance, cost savings (or cost avoidance) and mitigated risk.

P2P suites deliver four primary capabilities, which provide basic support for all types of spend:

- **E-purchasing functionality** to give employees who are not procurement professionals a self-service solution for requisitioning 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 supplier(s) by email, 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.

- **Access to catalog content** to enable requisitioners to “shop” for needed goods and services and place them in their cart. Solution functionality includes support for internal catalogs, access to a marketplace or punch-out access (via cXML) to third-party catalogs.
- **E-invoicing** for the exchange and storage of legally valid invoices in electronic format. Functionality includes one or more means by which suppliers can get invoices in an electronic format to buyers. This can include EDI, punch-out, supplier self-service PO flip, comma-separated values (CSV) file upload and print drivers. Invoice acceptance status and remittance details are available to suppliers on a self-service basis through network or portal functionality.
- **Accounts payable invoice automation (APIA)** to process incoming invoices. This capability includes rule-based matching against POs; or when no PO is issued, routing of an invoice for approval and account coding. APIA tools manage invoice and PO discrepancies, including added taxes or fees and cases where the cost or quantity received doesn’t match the preapproved PO.

In addition to the four primary capabilities, P2P suite vendors may offer products with advanced functions supporting all types of spend, 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 2020)

Vendor Strengths and Cautions

Basware

Basware is a Visionary in this Magic Quadrant. It has approximately 300 customers using Basware Purchase to Pay, a suite that can support direct and indirect spend categories and has some contingent workforce management and statement of work (SOW) procurement capabilities.

Basware's operations are geographically diversified. Its clients tend to be large enterprises of global scope, primarily located in EMEA. This vendor's short-term roadmap focuses on augmented analytics, machine learning (ML)-based automation, network price benchmarking, supplier risk and compliance, and furthering services procurement enhancements.

Strengths

- Basware has robust support for accounts payable invoice automation (APIA) and payments. It uses artificial intelligence (AI)-based processes to automate matching, coding and routing of invoices. In 2019, it released UI updates, predictive analytics and late-payment risk alerts to help its end users prioritize invoices. Basware's vision includes extending AI/ML to catalogs, mapping spend to suppliers, enabling community intelligence and extending the use of its virtual assistant.
- Basware has a robust ecosystem of preconnected partners for tax engines, scanning, data services and B2B marketplaces. It also has a partnership with Beeline to enhance support for contingent-worker tracking and services procurement.
- Basware is a suitable vendor for global deployments as it has cloud data centers and support offices in all major regions of the world. Its application supports 26 languages out of the box. It processes e-invoices directly in 45 countries and supports another 13 through partners.

Cautions

- The customer experience offered by Basware over the past 12 months has been mixed, with users of Gartner's Peer Insights and client inquiry service channels identifying challenges in relation to service and support for implementation and ongoing use of its P2P suite. Basware states that it has put in place over 100 initiatives and increased investment significantly to make customer satisfaction its No. 1 strategic initiative.
- Basware has fewer P2P customers and longer sales cycles than other vendors in this Magic Quadrant. Basware notes that it targets large, complex enterprise customers and has a large AP footprint that often employs a "land and expand" approach, encouraging customers to deploy AP first before deploying procurement.
- Basware has limited industry-specific add-ons and extensions, as the company prefers to create an industry-agnostic platform of broad applicability. This limits the ability of Basware's suite to meet the needs of customers in certain industries, out of the box.

Coupa

Coupa is a Leader in this Magic Quadrant. Gartner estimates that Coupa has approximately 1,000 customers using Coupa Business Spend Management, a P2P suite used primarily to manage indirect spend, but that also offers full support for contingent workforce/SOW services procurement and some support for direct spend.

Coupa's operations are geographically diversified, and its clients tend to be large enterprises in varied industries. Its roadmap aims to help customers capture more spend and optimize every dollar, expand its third-party ecosystem, and increase the value provided by its community data and supplier network.

Strengths

- Coupa's supplier network is robust and offers customers a place to transact with current suppliers, find new suppliers and access Coupa-negotiated supplier contracts. It also offers cross-customer benchmarks and analytics that provide Coupa's customers with extensive prescriptive suggestions for improving processes and operations.
- Coupa was the most discussed vendor during Gartner client inquiry sessions in 2019 and is shortlisted by most Gartner clients evaluating vendors of P2P suites.
- Coupa Pay has deep payment capabilities, including the ability to handle multiple payment types and cash management strategies.

Cautions

- Direct materials procurement is not as deeply supported by Coupa as it is by other vendors evaluated in this Magic Quadrant. Some features, such as support for manufacturing quality processes, are available only through integration with other applications.
- Coupa's strong brand and relatively high level of functionality and innovation entails higher subscription costs and more rigid contract processes. Customers with fairly light procurement needs may not be able to justify a business case.
- Coupa has a multitenant SaaS deployment model. Customers who desire a different deployment model will have to pay an additional fee for virtual private cloud or Amazon Web Services (AWS)-dedicated account models. These options are only offered in large enterprise deals on a case-by-case basis.

Esker

Esker makes its debut in this Magic Quadrant as a Niche Player. It has approximately 100 customers using the Esker Procure-to-Pay suite, a horizontal suite used primarily to manage indirect spend. It has minimal support for direct materials and SOW services procurement.

Esker's operations are geographically diversified. Its clients tend to be midsize and large enterprises in the services, industrial equipment and consumer packaged goods (CPG) industries. Esker's roadmap focuses on using AI to improve automation and spend classification, and to enhance buyer and supplier communications.

Strengths

- Esker has deep AP invoice automation capabilities to support customers focused on improving AP as part of overall P2P initiatives. Its product portfolio also extends to accounts receivable (AR) automation.
- Esker's average implementation time is shorter than that of other vendors evaluated in this Magic Quadrant. This makes it a good choice for organizations looking for quick time to value.
- Esker's overall level of customer satisfaction is high, as demonstrated through Gartner Peer Insights reviewers and discussions with users of Gartner's client inquiry service. They have identified integration and deployment, and service and support as specific areas of strength.

Cautions

- Esker's procurement capabilities are still evolving, and not all use cases are well supported. The vendor has very limited support for services and direct materials procurement. Most of its customers use its software to manage indirect spend categories.
- Esker's partner ecosystem is young and lacks maturity in some regions and categories. The relative lack of technology partners, data service providers and system integrators may limit its customers' ability to close functional gaps and deploy an integrated source-to-pay (S2P) process. Esker states that growing its partner ecosystem is a strategic priority.
- Esker has yet to formalize a vertical industry strategy. It does not have industry-specific extensions or add-ons available out of the box, which makes it a challenging choice for customers with vertical-market requirements.

GEP

GEP is a Leader in this Magic Quadrant. It has 450 customers using GEP SMART, its S2P suite, approximately 250 of which are using the suite's P2P capabilities. Customers primarily use the solution's P2P capabilities to manage indirect spend categories, but it also supports some direct spend workflows, contingent-workforce tracking and SOW services procurement.

GEP's operations are geographically diversified. Its clients tend to be large enterprises, headquartered in North America, in the oil and gas, pharmaceuticals and life sciences, banking, financial services and insurance (BFSI), CPG, and manufacturing industries. Its product roadmap focuses on integrating AI across P2P functions, smart search, simplified requisitioning and a persona-based user experience.

Strengths

- GEP deployed a higher-than-average number of new customers in 2019, compared with some of its major competitors. The majority of its deployments are for customers replacing existing procurement technology.
- GEP has industry centers of excellence, configurations and add-ons for the oil and gas, BFSI, pharmaceuticals and life sciences, CPG, and manufacturing sectors.
- 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

- GEP has fewer preconnected partners for, among other things, tax engines, scanning, data services and B2B marketplaces compared with other vendors evaluated in this Magic Quadrant.
- GEP's P2P suite supports direct materials procurement, but its capabilities are extended through additional products such as GEP NEXXE, which may require additional investment by the customer. Examples of extended functionality include support for manufacturing quality processes, raw materials purchasing and supplier capacity visibility.
- GEP manages all implementations itself, through its extensive services organization. This approach has its advantages, but also can create limitations of scale and limited availability of resources in areas where GEP has no presence.

Ivalua

Ivalua is a Leader in this Magic Quadrant. It has approximately 200 customers using Ivalua Procure-to-Pay, a highly configurable P2P suite that supports both direct and indirect spend categories. The solution also offers support for contingent-worker tracking and SOW services procurement.

Ivalua's operations are geographically diversified, and its clients tend to be large enterprises in various industries but with a concentration in manufacturing, financial services and the public sector. Its product roadmap focuses on ease of use for all personas, simplification of invoicing and compliance globally, the conversational experience, and embedding of intelligence across P2P features. Ivalua also intends to compete in the B2B payment sector.

Strengths

- Ivalua has extensive support for several industries. 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. It also has other industry-specific extensions and add-ons. Ivalua's industry solutions are supported by dedicated go-to-market teams.
- Ivalua offers robust support for direct materials procurement, including new product introduction, quality management, bill-of-materials life cycle management and analysis, and integration with product life cycle management software. All functionality acquired with the acquisition of Directworks has been rebuilt on Ivalua's platform.
- 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 for the past three years, compared with other vendors evaluated in this Magic Quadrant.

Cautions

- Ivalua's support for AP, including invoice automation, payments and SCF, is less robust than some competitors in this Magic Quadrant. Ivalua states that it is taking measures to strengthen its APIA offering.
- Ivalua has a small but growing partner ecosystem, with fewer prebuilt integrations with ERP systems, marketplaces and software partners than some of its competitors in this Magic Quadrant. This limits its ability to easily extend its suite's functionality or close gaps by means of a partner network.
- In 2019, Ivalua's sales execution was limited, with a longer-than-average sales cycle and implementation times, and a low number of new P2P customers added compared with other vendors in this Magic Quadrant. This is somewhat to be expected, however, due to a concentration of large customers, which also supported healthy revenue growth.

JAGGAER

JAGGAER is a Leader in this Magic Quadrant. It has approximately 450 customers using the JAGGAER Procure-to-Pay suite, which supports both direct and indirect spend. It offers some support for contingent workforce management and SOW services procurement.

JAGGAER's operations are geographically diversified. Its clients tend to be large enterprises, headquartered in North America, in the manufacturing, healthcare, CPG, oil and gas, and higher education sectors. Its product roadmap focuses on developing a conversational platform, augmented analytics and a “zero touch” UI experience.

Strengths

- JAGGAER has an innovative roadmap for supporting the features that Gartner feels will define the future of applications. In 2019, it introduced a cognitive layer and a chatbot as a foundation for a future zero-touch UI and cross-customer benchmarks and insights.
- JAGGAER provides an overall solid customer experience, which has improved in the past 12 months, as demonstrated by feedback through Gartner’s Peer Insights and client inquiry service channels. Customers have identified integration and deployment, service and support, and product capabilities as areas that have improved.
- 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

- JAGGAER’s P2P sales and market penetration are limited outside North America. Compared with other vendors evaluated in this Magic Quadrant, its solution is available in fewer languages, and it has fewer sales and support partners across global markets. JAGGAER states that it has had recent success in regions outside North America and is expanding language availability for its suite.
- JAGGAER is in the midstages of its roadmap for providing robust and intelligent analytics across its P2P suite. It lacks the predictive and prescriptive insights offered by some competitors evaluated in this Magic Quadrant.
- JAGGAER’s partner ecosystem is expanding, but still limited compared with the ecosystems of most competitors evaluated in this Magic Quadrant. JAGGAER states that it can quickly add new partners as it works to expand the partner ecosystem.

Medius (Wax Digital)

Medius (Wax Digital) is a Visionary in this Magic Quadrant. Medius, which acquired Wax Digital in 2019, has approximately 220 customers using Medius Procurement, a P2P suite that customers use to manage both direct and indirect spend categories. It has limited support for contingent workforce management and SOW services procurement.

Medius’ operations are geographically diversified. Its customers are a mix of midsize and large enterprises in varied industries. Its product roadmap focuses on expansion across its suite, including AI-based guided buying, touchless UI, additional predictive insights, a single interface for automated data capture, extension of payments and expansion of its partner ecosystem.

Strengths

- Medius has innovative and advanced capabilities in areas such as digital assistants, conversational UI and augmented reality for customers looking for alternative user experiences. Its strategy is to make wide use of AI across its suite for guided buying, spend classification, search, and delivery of actionable business and community insights.
- Medius has deep roots in AP invoice automation, with strong capabilities suitable for complex processes and direct materials invoices.
- Medius takes a multilayered approach to ERP/financial system integration. It offers customers options based on their in-house integration infrastructure. Options include a proprietary, full-service cloud integration platform.

Cautions

- Medius' acquisition of Wax Digital is still relatively recent. This limits the number of references available from customers that are using the newly merged solutions. It also means its vision for the integrated products is unproven.
- Medius has a limited customer base and limited brand recognition outside Europe for its P2P suite.
- Medius offers little support for SOW services procurement and contingent workforce management. It also lacks partners to fill these functionality gaps.

Mercado Eletrônico

Mercado Eletrônico is a Niche Player in this Magic Quadrant. It has approximately 150 customers using its P2P suite mostly to manage indirect spend, though it also offers some support for direct materials procurement and SOW services procurement.

Mercado Eletrônico's operations are focused on Brazil and Portugal but are expanding into North America. Its clients range from small to large enterprises in varied industries. Its roadmap focuses on procurement process automation and incorporating ML into its P2P suite.

Strengths

- Mercado Eletrônico has a heavy operating focus on, and a customer base in, Brazil and Portugal. It has expertise suitable for handling regionally specific use cases, which is otherwise lacking in the P2P suite market.

- Mercado Eletrônico has a highly flexible pricing model for customers with options for varied levels of access to its solution, including low cost or no-cost options. This is beneficial for customers who want to start digitizing their P2P processes without significant investment.

- Mercado Eletrônico has a robust supplier marketplace with more than one million suppliers, which makes discovering new suppliers and transacting with suppliers easier for buyers. Suppliers are specific to the regions in which Mercado Eletrônico operates.

Cautions

- Mercado Eletrônico has limited global support for languages, professional services and e-invoicing compliance. It processes fully compliant invoices only in Brazil, Portugal, Spain and the U.S. It does not use partners to extend its global compliance capabilities.

- Mercado Eletrônico has a very small partner ecosystem, with few or no partners for, among other things, tax engines, diversity tracking, services procurement, data service provision and strategic sourcing applications.

- Mercado Eletrônico charges suppliers fees, in some cases, for onboarding and transactions. These models often may make suppliers more resistant to participating, slowing onboarding and adoption, if they are not already engaged with another customer on the relevant platform.

Oracle

Oracle is a Challenger in this Magic Quadrant. Gartner estimates that more than 1,000 customers use Oracle Procurement Cloud, the vendor's P2P suite. Oracle Procurement Cloud is part of the Oracle Cloud suite of business solutions, but it can be purchased stand-alone. The suite supports direct, indirect and SOW services procurement and contingent workforce tracking.

Oracle's operations are geographically diversified and its clients tend to be midsize and large enterprises across many industries and countries. Its product roadmap is focused on expanding business process integration and introducing AI-based supplier data management, improving analytics and spend classification, and enhancing the persona-based user experience.

Strengths

- Oracle Procurement Cloud is natively integrated with Oracle's ERP suite and part of a broader set of products. Integration with Oracle Financials Cloud and Oracle HCM Cloud is strong.

- Oracle has cloud data centers, a wide range of implementation partners and a customer service presence in all major regions of the world. It is well-suited to large enterprises and those needing multiregional implementations and multicurrency and multilanguage support.

- Oracle's sales execution is strong, demonstrated by its high quantity of P2P customers and the number of new P2P customers it added in 2019 relative to other vendors in this Magic Quadrant.

Cautions

- Although Oracle Procurement Cloud is available on a stand-alone basis, some of its functionality to support spend types such as direct materials and services procurement are extended through integration with other Oracle products.
- While Oracle is open to integration with third-party applications via Oracle Integration Cloud Service, its preconnected partners in areas like scanning/optical character recognition (OCR), services procurement, data service provision, supplier risk and commodity price indexes are limited, compared with competitors.
- The customer experience delivered by Oracle has been mixed in the past 12 months. Through Gartner's Peer Insights and client inquiry service channels, customers have identified reporting, service and customer support as challenging areas.

Proactis

Proactis is a Niche Player in this Magic Quadrant. It has approximately 530 customers using its P2P suite, which is primarily used by customers to support indirect spend categories. The suite has some support for direct spend, contingent workforce management, SOW services procurement and expense management. Expense management is not evaluated as part of this Magic Quadrant.

Proactis' operations focus on the U.K., Europe and North America. Its clients tend to be midsize organizations in the financial services, higher education and public sectors. Its roadmap focuses on creating a new version of its supplier network, adding a digital assistant, improving master data management, implementing graph database technology and embedding an accelerated payments facility.

Strengths

- Proactis' midmarket focus makes it attractive to customers who desire a relatively deep set of functions without a lengthy implementation or large financial investment.
- Proactis' brand recognition and marketing execution are improving. Analysis of social media data shows that, of the vendors evaluated in this Magic Quadrant, Proactis had the largest "share of voice" increase during the past three years.
- Proactis offers invoice capture as a service for customers who want to remove the burden of processing paper and PDF invoices in-house.

Cautions

- Proactis has several options that allow suppliers to join its supplier network. These range from no cost to fully chargeable. The chargeable models may slow supplier onboarding and adoption, and thus limit the overall value of the customer's P2P suite investment.

- Proactis has limited support for direct materials procurement, compared with major competitors in this Magic Quadrant. Among other things, Proactis does not support manufacturing quality processes and parent-child warehouse relationships.

- Proactis' financial position has declined during the past 12 months, with drops in both trailing 12 months' revenue and profit margin, according to Gartner's research. Proactis reports that its new go-to-market strategy is positively impacting deals, leading to increased levels of new business.

SAP

SAP is a Leader in this Magic Quadrant. SAP has more than 2,000 customers using its solutions for P2P, which support both direct and indirect spend categories. Integration with SAP Fieldglass provides functionally rich contingent workforce management and SOW services procurement capabilities.

SAP's operations are geographically diversified. Its clients tend to be large and midsize enterprises across many industries and geographies. SAP's product direction is focused on a single integrated platform incorporating Ariba, Fieldglass and S/4HANA to support all spend, brought to market as SAP Procurement. Integration with S/4 HANA enhances the direct spend channel. Only SAP Ariba and Fieldglass were evaluated for this Magic Quadrant.

Strengths

- SAP has a broad product portfolio and global presence. It supports procurement, supply chain collaboration, SOW services procurement and contingent worker spend through multiple integrated applications. SAP has global data centers and offers support for large multinational and global deployments.

- SAP's overall product capabilities are strong, and it has a solid partner ecosystem. It continues to develop core capabilities while focusing on broadening its partner network to close any functionality gaps.

- SAP's sales execution is strong. The customer experience it delivers has improved in the past 12 months, demonstrated by customer feedback through Gartner's Peer Insights and client inquiry service channel. It was the second-most-discussed vendor during Gartner client inquiry for P2P in 2019.

Cautions

- SAP Ariba and Fieldglass have a strict multitenant SaaS deployment model. Customers who desire a different deployment model or significant configuration should look to alternate SAP applications or ecosystem partners to close any functionality gaps, or consider other vendors.

- The integration of SAP Ariba and Fieldglass within the SAP ecosystem is often stated by customers as an issue, despite more than 200 prebuilt integration points across the suite. SAP states that this will be addressed via the company's Intelligent Enterprise vision, which focuses on process-level integrations leveraging a set of suite qualities. This will extend the capability beyond technical integration across individual products to meet customer expectations.

- Multiple changes in leadership have occurred at SAP in the past 18 months. Such changes commonly cause concern and uncertainty in the market, but time will tell if this has an impact on customer experience or SAP's ability to execute on its vision and strategy.

Synertrade

Synertrade is a Visionary in this Magic Quadrant. It has approximately 470 customers using Synertrade Accelerate, a P2P suite capable of fully supporting both direct and indirect spend categories. It also offers some support for contingent workforce management and SOW services procurement.

Synertrade's operations are geographically diversified. Its clients are large enterprises, mostly headquartered in EMEA, in varied industries. Its roadmap focuses on automation, multidevice suitability and extending the scope of its P2P suite through integration with ecosystem partners.

Strengths

- Synertrade has a solid vision for innovation, which includes how mobile devices will change UI-focused requirements to incorporate pictures, video and AI. Its suite has good built-in support for AI and conversational systems.

- Synertrade offers good support for cash management programs with SCF and dynamic discounting. It supports all major global currencies.

- Synertrade is well-suited for global deployments. Out of the box, Synertrade's suite supports 35 languages — more than any other suite from vendors in this Magic Quadrant. It has sales and support offices and partners worldwide and can draw on services and support from its parent company, Econocom.

Cautions

- Synertrade has limited brand recognition outside Europe. It spends a relatively low percentage of its revenue on marketing initiatives, which perpetuates this challenge. Synertrade states that it continues to add P2P customers in North America despite limited brand recognition.

- According to Gartner's research, Synertrade's parent company, Econocom, has suffered a significant drop in trailing 12 months' revenue growth and has a consistently low profit margin.

- The introduction of the SynerClub has improved Synertrade's community support for sharing best practices, but the vendor still trails most major competitors in terms of options for cross-customer collaboration and customer engagement with product teams to influence its roadmap.

Tradeshift

Tradeshift is a Visionary in this Magic Quadrant. It has approximately 200 customers using its P2P suite. It supports some direct procurement workflows, but customers mainly use it to manage indirect spend. The suite has limited native support for contingent workforce management and SOW services procurement.

Tradeshift's operations are globally diversified. Its clients are mostly large enterprises focused on compliance and improving their working capital. Its roadmap focuses on expanding its regional and global marketplaces and ecosystems to improve the customer experience and scalability.

Strengths

- Tradeshift's approach of offering customers and partners the opportunity to build apps on top of its platform is innovative and unique to this market. The approach provides customers with many options for solving business use cases through the use of third-party developers, internal extensions and a broad ecosystem of preconnected partners.

- Tradeshift has extensive invoice automation and payment capabilities, with many options to reduce the cost of paying in-network suppliers. It has deep capabilities in countries such as China that have complex and evolving regulations.

- Over the past 12 months, Tradeshift has made investments to improve the customer experience. Feedback received from customers through Gartner's Peer Insights and client inquiry service channels indicates improvements across service and support, integration and deployment, and evaluation and contracting.

Cautions

- Tradeshift's app-driven, plug-and-play functional model is a new way of approaching P2P. While novel, most customers have yet to seek this type of innovation in their P2P process support — they still prefer a single integrated suite.

- Tradeshift's native support for services and direct materials procurement is limited, compared with that of other vendors in this Magic Quadrant. Tradeshift encourages the use of its partner applications for these spend categories, which appear directly in the Tradeshift platform.

- Tradeshift's marketing execution and brand recognition as a P2P suite vendor are limited. Its marketing efforts and vision focus on its approach as a platform for supply chain, rather than a P2P suite.

Zycus

Zycus is a Visionary in this Magic Quadrant. It has approximately 140 customers using its P2P suite, which customers primarily use to support indirect spend, although it does have some support for direct spend, contingent workforce management and SOW services procurement.

Zycus' operations are geographically diversified. Its clients tend to be large enterprises in varied industries, as it takes a horizontal market approach. In 2019, Zycus debuted its Merlin AI bots. Its product roadmap includes plans for a conversational interface and deeper support for complex service procurement and direct materials procurement.

Strengths

- Zycus has developed many AI bot add-ons that are integrated into its P2P suite. These bots are a unique feature that have enabled quick deployment by initial customers for targeted AI use cases. The bots also enable better supplier onboarding and improve supplier engagement.
- Zycus has a strong customer engagement model for support and intake of product roadmap suggestions. It also has many options for customer forums, collaboration and sharing of best practices.
- Zycus has extensive analytics capabilities to provide customers with business insights. They include a supplier dashboard to provide global visibility into suppliers and spend categories impacted by the COVID-19 pandemic.

Cautions

- Most of Zycus' customers use its P2P suite for indirect spend management. It has limited support for direct materials procurement.
- Zycus provides a horizontal platform with solid core P2P capabilities, but is still developing its extended capabilities. As such, it offers no industry-specific configurations or add-ons and may be unable to meet the complex needs of customers in certain industry verticals.
- Zycus' partner ecosystem is limited in relation to, among other things, support for scanning/OCR, tax engines, B2B marketplaces and external e-invoicing networks. It will need to expand its partnerships to provide better support for global customers.

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

- Esker
- Mercado Eletrônico

Dropped

- Determine

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 $12 million in annual revenue for the 12-month period ending December 2019 from P2P software subscription, transaction fees, software license and maintenance fees.
- Have 30 or more clients with 2019 revenue or operating budget of $1 billion or more "live" with full P2P (both e-purchasing and APIA).
- Have signed a minimum of 10 new clients with annual revenue over $500 million in revenue or operating budget in calendar 2019.
- 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, 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, as well as its ability to retain and satisfy customers, create positive perception and respond to market changes. Ultimately, we judge a vendor's Ability to Execute by its ability to keep its promises and its success in doing so.

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.

The overall viability, sales execution/pricing and marketing execution criteria each have a "medium" weighting. This is to ensure that vendors have sufficient funding and growth to continue to develop and improve their products and customer experiences.

Operations has a "low" weighting, as all the vendors that qualify for inclusion in this Magic Quadrant have proven operational capabilities. Market Responsiveness/Record has been added to the evaluation criteria as impacts from COVID-19 require vendors in this market to be able to adapt to changing market conditions. It is rated “low” due to the limited time frame from onset to evaluation.

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

Table 1: Ability to Execute Evaluation Criteria

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

Source: Gartner (October 2020)

Completeness of Vision

Gartner assesses Completeness of Vision of P2P suite vendors by evaluating them across multiple criteria that show their ability to understand current and future market trends, customer needs and competitive forces — as Gartner views them.

In a maturing market, product strategy and innovation drive differentiation between vendors and their ability to anticipate and influence future customer requirements. This is why Gartner gave these criteria the highest weight. Market understanding, vertical/industry strategy and geographic strategy all have a medium weighting as they convey a vendor’s ability to understand current customer demands and deliver value to organizations of different sizes across the globe. Meeting vertical industry needs can be particularly challenging for prospective buyers. This is because many industry-specific features require unique data model alterations — for example, in terms of buying by weight or scheduling out orders in a particular way — and these capabilities often cannot be achieved through configuration alone.

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

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

Table 2: Completeness of Vision Evaluation Criteria

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

Source: Gartner (October 2020)

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. They are typically smaller vendors or newer entrants that embody trends that are shaping, or will shape, the P2P market. There may be some lack of awareness of 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 to 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, i.e., prioritizing efficiency in the requisitioning process, automating invoicing, etc.
- **Global requirements** — E-invoicing and tax regulations vary by country and are changing regularly. Understand where you need to process fully compliance 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** — While 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.
- **The vendor's 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.
- **Compare vendors on UX, adoption, automation and cost** — 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 industry-specific capabilities, depth of support for multiple spend types, network intelligence and automation. Global support, ease of supplier onboarding and configurable industry capabilities will influence vendor selection in the coming years.

Gartner expects limited growth in the P2P market over the next 12 to 18 months as a result of the COVID-19 pandemic and economic downturn — a spotlight is typically placed on procurement during a recession to deliver cost savings. However, a P2P suite is often a significant technology investment with an average implementation time of approximately eight months. Gartner expects organizations to prioritize other applications (or a module within P2P) with a quick time to value and high ROI over the coming months. The P2P market is expected to bounce back from a decline in 2020 to an annual growth rate of 11.7% in 2024.

Market Trends

The full-suite approach nears mainstream

The P2P suite market is nearing mainstream adoption as organizations continue to invest in full suites to automate purchase order workflows and invoices. The full-suite approach enables better policy compliance, spend control and improves supplier collaboration.

Midmarket adoption builds

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. This is coupled with vendors developing both marketing and pricing strategies to appeal to midmarket customers.

APIA is a key driver of P2P

While self-service capabilities and guided buying have often led as primary reasons for adopting a P2P suite, accounts payable invoice automation (APIA) is becoming a key driver. This became clear during Gartner's evaluation of social media conversations over the last year. Automating AP has increased in importance from within the top 10 to the No. 1 spot over the last three years. Automation, both in invoicing and generally, is also top 3.

Market consolidation continues

Market consolidation has continued, with a notable trend of APIA vendors expanding into the P2P market through both organic development and acquisition. For example, Medius has acquired Wax Digital, Corcentric has acquired Determine, and Esker continues to expand e-procurement and catalog management capabilities.

Expanding API integrations with ecosystem partners

Organizations often deploy a P2P suite as a system of record. While 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.

Ecosystems and preconnected partners are a growing area of importance to the vendor selection process, especially as the need for global supplier data, market data and regulatory compliance in e-invoicing increases. Prospective customers expect P2P suite vendors to have partners and APIs to integrate with external applications to enhance or extend the P2P suite offering. Examples of ecosystem partners include upstream applications like e-sourcing and contract life cycle management, data service providers such as D&B and EcoVadis, and tax engine partners. Gartner considers business ecosystems a key component of the Future of Applications (see The Applications of the Future Will Be Founded on Democratized, Self-Service Integration).

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 “no UI” to improve user experience.

Improved analytics

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. Today, 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.

A similar trend was observed from the social media analysis, where algorithm-based machine learning services were discussed as adding value in the P2P process by optimizing time, eliminating manual errors and speeding up the overall process.

Support for multiple spend types: Indirect, direct and services

As organizations seek to further consolidate their spend processes into a single suite, there is more interest than ever for vendors to provide consistent support for all spend types. Direct spend management is a spend category that specifically lacks depth in this market compared with existing ERP or point solutions. Further, as more organizations quantify their services spend and look to consolidate their application portfolio, increased support for both SOW-based services procurement and contingent workforce management are evaluated by buyers in the decision-making process. Today, challenges abound for consolidating all spend into a single suite. Over the next five to 10 years, Gartner expects P2P suite vendors to improve their support across all spend types to enable single suite use. In the meantime, many organizations augment with category-specific solutions and or maintain direct spend P2P in one or more ERP systems.

Payments

Payments are just starting to come into focus for organizations as a useful capability within the P2P process. Many customers have historically used P2P suites to improve their requisitioning and invoicing processes, generating a payment file that is sent to their ERP to process payments for suppliers. However, as vendors develop payment products, B2B payments has 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 2019 and 2020.
- Interactions with procurement and sourcing vendors in 2019 and 2020.
- Verified customer feedback posted on Gartner Peer Insights in 2019 and 2020.
- A series of briefings, video demonstrations and questionnaire responses by the vendors included 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 document. 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 31 March 2020 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 Definition of Spend Types Managed by P2P Suites

- **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.

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.