

## IDC MarketScape

# IDC MarketScape: Worldwide Cloud and SaaS ERP Accounts Receivables and Accounts Payables Applications 2018-2019 Vendor Assessment

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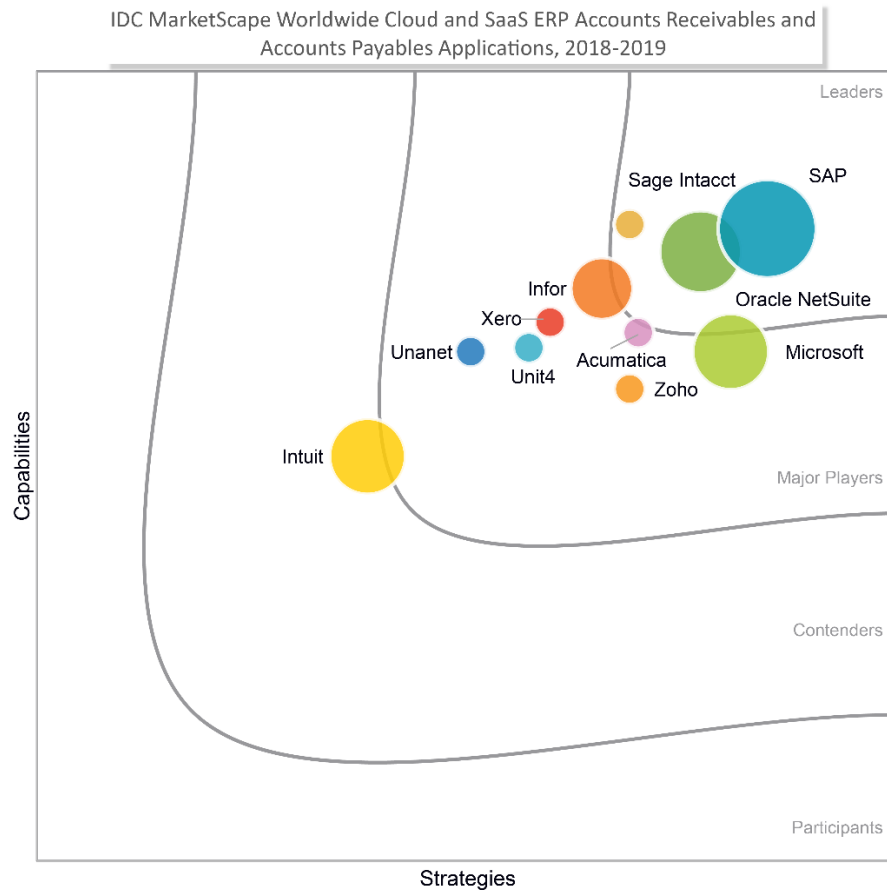
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THIS IDC MARKETSCAPE EXCERPT FEATURES SAGE

### IDC MARKETSCAPE FIGURE

FIGURE 1

## IDC MarketScape Worldwide Cloud and SaaS ERP Accounts Receivables and Accounts Payables Applications Vendor Assessment



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

## IN THIS EXCERPT

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The content for this excerpt was taken directly from IDC MarketScape: Worldwide Cloud and SaaS ERP Accounts Receivables and Accounts Payables Applications 2018-2019 Vendor Assessment (Doc # US43263618). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

## IDC OPINION

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### Digital Transformation Driving Change

Digital transformation (DX) is fundamentally changing financial applications, allowing businesses to transform their decision making, which is enhancing their business outcomes significantly in the digital economy. Digital transformation is an enterprisewide, board-level, strategic reality for companies wishing to remain relevant or maintain or enhance their leadership position in the digital economy. Digitally transformed businesses have a repeatable set of practices and disciplines used to leverage new business, 3rd Platform technology, and operating models to disrupt businesses, customers, and markets in pursuit of business performance and growth. DX is driving businesses to rethink their technology strategy and that includes moving beyond their legacy finance and back-office systems.

### *SaaS and Cloud-Enabled Software Driving Investment*

Instead of continuing to invest in antiquated on-premises systems, leading DX businesses have turned their focus to SaaS and cloud-enabled software because they need flexible and agile financial applications that are relatively easy to implement, configure, and update. Demand for cloud-based financial applications continues to grow because of the ability to access and analyze massive amounts of data in near real time. With speed as a guiding factor to winning business globally, businesses want and need more from their finance systems than ever before, and that includes using the most up-to-date and advanced systems found in SaaS and cloud-enabled finance systems. SaaS and cloud-enabled finance systems enable growing businesses to quickly expand into new regions around the globe without making major investments into their technology infrastructure because they are extremely adaptive to accelerated rates of change. SaaS and cloud-enabled systems are adaptive to dynamic regulatory and reporting environments, which is why this IDC MarketScape for finance and accounting applications is extremely important as a technology vendor guide for today's CFO, the financial team, and IT buyers.

### Accounts Payable and Accounts Receivable

The ability to manage the flow of money is one of the oldest and most fundamental requirements for any business. The process has remained largely unchanged for a long time; however, recent technology advancements have begun to reshape and realign the accounts receivable (AR) and accounts payable (AP) functions and shared service center business processes. Today, the pace of change is at an all-time high within business and promises to accelerate even more in the coming years. The advent of innovative technologies like cloud, machine learning, and advanced analytics is taking hold in adjacent business functions (i.e., treasury, supply chain, procurement, tax, budgeting, and forecasting) and is bringing about even more change. These technology advancements within the related business functions have cleared a path within the very conservative area of basic accounting by combating the following issues within AR and AP departments:

- **Siloed information:** AR and AP are critical aspects of the long financial chain driving the business forward. Managing this complex web of business transactions can be difficult in the best of circumstances and can be nearly impossible when dealing with information across siloed departments. Finance has a complete view of every business transaction no matter which department owns the data. This level of communication between departments is difficult, especially in more complex organizations operating internationally across numerous business units.
- **Disparate systems:** Many organizations' back-office infrastructure resembles a "hair ball" of point solutions that talk to each other sporadically, if at all. For accounting managers, this presents a huge challenge for the accurate determination of cash flows. The fundamental questions of "How much does my company owe to its suppliers?" and "How much do my customers owe?" become very difficult to answer quickly and accurately. The challenge is amplified when core enterprise systems are antiquated and have less overall functionality and limited reporting capabilities.
- **Manual processes:** Today, there are still thousands of companies of all sizes with manually driven workflows for some aspects of AR and AP. As a result, these processes become exceedingly inefficient – consuming precious resources and returning delayed approvals, with a multitude of errors and limited fraud detection capabilities. Moreover, manually driven processes within AR and AP can lead to inflexibility and a lack of agility, which can be extremely harmful to a company's ability to maneuver in the increasingly dynamic digital economy.

### *The Role of ERP in AR and AP*

In the world of enterprise applications, the debate continues over enterprise resource planning (ERP) solutions versus best-of-breed solutions. This debate has always been particularly important to the areas of AR and AP due to their criticality and somewhat individualized/customized workflows around both AR and AP. For a long time, the debate came down to the functionality of the best-of-breed solution versus the synergies available from conducting AR and AP in the same system (along with your general ledger [GL]).

However, recent advancements from ERP players are closing the functionality gaps that have existed. Integration of multiple locations, suppliers, and systems has brought havoc to many organizations. Tracking client receivables can be a nightmare with multiple systems, geographies, and the digital economy.

Both AR and AP are critical functions in the cash flow management process. AR is a complex process within the organization. With the pace and complexity of business increasing, AR is quickly becoming an area of focus. The AR process touches upon:

- Cash management (remittance, payment positing)
- Credit management (credit reviews, customer onboarding)
- Payments (invoicing, ACH, credit cards)
- Collection management (dunning letters, log calls)

The AP process is also critically important within the organization. Accounts payable is also changing rapidly with the introduction of new technologies to manage AP. The AP process touches upon:

- Purchase orders (POs) (standard PO, contract PO, blanket PO, and planned PO)
- Suppliers and vendors' invoices (invoice creation and customization)
- Contracts (contract life cycle management)

- Agreements with vendors and independent contractors (vendor relations, compliance)

ERP software vendors are leading the charge of digital transformation with new and innovative AR and AP features. AR and AP workflows are quickly changing as part of digital transformation initiatives. AR and AP are changing from serial processes and exception management to workflows with continuous audit and compliance. IDC predicts that by 2020, nearly 20% of operational processes will be self-healing and self-learning, minimizing the need for human intervention or adjustments.

The goal of this document is to provide potential software customers with a list of ERP companies that have taken great strides in AR and AP functional areas. We have profiled and assessed their capabilities to support the complicated areas of accounts receivable and accounts payable.

## IDC MARKETSCOPE VENDOR INCLUSION CRITERIA

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The vendor inclusion list for this document was selected to accurately depict the vendors that are most representative of any given AR and AP functional buyer's selection list. Vendors were further investigated to ensure that their offerings qualified as "SaaS or cloud enabled" and the vendor had won recent B2C commerce deals.

## ADVICE FOR TECHNOLOGY BUYERS

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Financial applications are evolving rapidly as vendors are investing research and development dollars into bolstering, augmenting and, in some cases, redesigning their AR and AP applications. As a result, it is extremely important for end users to understand how vendors and their solutions are positioned currently as well as how those vendors and their solutions may be positioned in the next three to five years.

Innovation is an essential part of the "buy" decision and, in turn, a guiding factor in our vendor research was the 3rd Platform and innovation accelerators' current capabilities in addition to the strategic and investment direction. It is the critical buyers looking for a technology partner that can take them well into the future and meet the speed key per business needs.

Several vendors outlined in this research study have a more broader focus for their financial solutions. Other vendors are focused on serving organizations in vertical industries such as manufacturing, retail, healthcare, wholesale/distribution, public sector, or professional services. The vendors vary widely in size, experience, levels of support, sales model, and focus on the market.

Before making purchasing decisions on SaaS and cloud-enabled AR and AP applications, businesses should consider the following questions:

- Levels of experience successfully implementing financial solutions: Does the vendor have experience with my type of product, service, and company size?
- Is the vendor knowledgeable about financial regulations and guidelines both locally and globally as they affect my company?
- Does the vendor understand the regulations that will impact my business? How are these regulations reflected in my current product and how will it change in the future?
- What levels of support are available and are they geographically available for my business?
- What are my internal support resources and capabilities?

- Should I hire a third party to plan and assist with the implementation of the solution?
- Is the vendor financially able to provide needed support? Can it support needed investment in the development of future financial software requirements?
- Is the vendor committed to this market in the long term?
- Is the ROI achievable? Does the vendor have a track record of meeting the ROI requirements?
- Can the vendor or partners support my foreign operations?
- Can the vendor integrate with my company's other IT systems and those of my partners?
- Is the product available anywhere and anytime?
- Is the product updated frequently enough for my business needs?
- What new innovations is the vendor considering? How and when will it impact my business?
- When will the financial DX use cases be built out in the product? How will it impact my business processes and outcomes?
- What is the vendor's strategic investment outlook for the next three to five years? Why? How will that change and enhance my business?
- Will the vendor be a partner, helping my business grow now and in the long term?

This IDC MarketScape vendor assessment assists in answering these questions and others. There have been a few high-profile acquisitions that have dramatically reshaped the market landscape for AR and AP ERP solutions. IDC expects that continued consolidation and specialization by niche may occur as the market matures.

## VENDOR SUMMARY PROFILE

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

### Sage Intacct

After a thorough evaluation of Sage Intacct's strategies and capabilities, IDC has positioned the company in the Leader category within this 2018-2019 IDC MarketScape on worldwide cloud and SaaS ERP AR and AP applications.

Sage Intacct, headquartered in San Jose, California, is a cloud financial management software solution provider. Sage Intacct has over 600 employees and sells through direct and channel sales to end-user organizations. Sage Intacct software is suitable for companies of all sizes, with an emphasis on small and medium-sized businesses. Quick facts about Sage Intacct:

- **Employees:** 600+
- **Globalization:** Supports sales in English
- **Industry focus:** Primarily professional services, software, nonprofit, hospitality, financial services, wholesale/distribution, healthcare
- **Ideal customer size:** Midmarket (20-2,000 employees)
- **SaaS:** Offered in a multitenant deployment at the application, database, and cloud infrastructure layers
- **Pricing model:** Subscription based by module and user type

- **Largest customer:** Largest customer supports 5,500+ active users
- **Partner ecosystem:** Partners with more than 200 software solution providers
- **Interesting stat/fact:** Announced in August 2017 that it had acquired Intacct and in September 2018 announced a new budgeting and planning solution

### **Strengths**

- **Built for finance professionals by finance experts:** Sage Intacct meets the needs of finance as a core aspect of its software development process, which is exemplified by its long-standing relationship to the American Institute of Certified Public Accountants (AICPA). Sage Intacct also has a dedicated accountants program, and it has seeded its workforce with CPAs and individuals with deep accounting experience.
- **Microvertical focus:** Sage Intacct has taken steps to understand the needs of smaller market segments within larger industries. For example, nonprofits break down further into nongovernmental organizations (NGOs) versus faith-based organizations. This microvertical strategy has the potential to drive a deeper connection between the customer and the software.

### **Challenges**

- **Globalization:** Sage Intacct, even after the acquisition, is still working to become a more global company. Executive briefings indicate that geographic expansion is on the near-term strategic road map.
- **Crowded midmarket:** There are a growing number of ERP software providers targeting the rapidly growing midmarket customer segment. Sage Intacct must compete against larger legacy applications, smaller SaaS applications, and even the common spreadsheet (on the lower end of the market).

### **Consider Sage Intacct When**

You are likely a fast-growing, small and medium-sized firm based in the United States with an appreciation for subindustry expertise in industries like financial services, franchise businesses, healthcare, hospitality, nonprofits, professional services, software, and wholesale distribution.

## APPENDIX

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### Reading an IDC MarketScape Graph

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

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

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

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed. For this IDC MarketScape, vendor size was determined by each vendor's single- or multitenant cloud revenue related to the AR and AP business functions within ERP. On-premises revenue did not count toward vendors' marker size. For an overall market share of the ERP market, see *Worldwide Enterprise Resource Planning Software Market Shares, 2017: Enterprises Journey to the Cloud* (IDC #US43266018, July 2018).

### IDC MarketScape Methodology

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

### Market Definition

Financial applications are designed to support accounting, financial, and treasury and risk management functions. The financial applications market consists of the submarkets discussed in the section that follows.

### Financial and Accounting

Accounting software supports general financial management business processes such as accounts payable, accounts receivable, general ledger, and fixed asset accounting, as well as more specialized functions such as credit and collections management and automation, dispute resolution, expense management, lease management, project accounting and costing, tax and revenue management and reporting, nonprofit fund accounting, point of sale, and transactional financial reporting and business intelligence embedded into accounting applications.

Financial and accounting solutions are used by individuals to manage personal finances and small businesses, as well as by organizations of all sizes to manage organizational finances.

## LEARN MORE

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### Related Research

- *Finance: Real-Time Insights and Guidance in the Digital Economy* (IDC #US44414218, November 2018)
- *IDC's Forecast Scenario Assumptions for the ICT Markets and Historical Market Values and Exchange Rates, Version 2, 2018* (IDC #US44304718, September 2018)
- *IDC Worldwide Digital Transformation Use Case Taxonomy, 2018: Finance* (IDC #US44247318, September 2018)
- *CFO Digital Transformation Is a Mandate for Overall Business Success* (IDC #US43991418, June 2018)
- *Financial Applications and Artificial Intelligence: Impact and Challenges* (IDC #US43590916, March 2018)
- *New Revenue Recognition Rules: ASC 606 – Beauty or Beast?* (IDC #US43590416, March 2018)
- *IDC Market Glance: Financial Applications, 1Q18* (IDC #US43573416, February 2018)
- *IDC MarketScape: Worldwide SaaS and Cloud-Enabled Finance and Accounting Applications 2017 Vendor Assessment* (IDC #US42218017, September 2017)
- *Market Analysis Perspective: Worldwide Financial Applications, 2017* (IDC #US43031316, September 2017)
- *IDC's Worldwide IoT Software Platform Taxonomy, 2017* (IDC #US42811316, August 2017)
- *Worldwide Financial Applications Forecast, 2017-2021: The Shift to Intelligent Applications* (IDC #US42830016, July 2017)
- *Worldwide Financial Applications Market Shares, 2016: Innovative Vendors Driving Demand* (IDC #US42830216, July 2017)

### Synopsis

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

"AR and AP workflows are quickly changing as part of digital transformation initiatives. ERP software vendors are leading the charge of digital transformation with new and innovative AR and AP features. As digital transformation continues to evolve within AR and AP functions, the importance of machine learning, big data analytics, and even blockchain will increase rapidly," said Kevin M. Permenter, senior research analyst, Enterprise Applications. "One thing is for certain, getting improved AR and AP functionality is a high priority for ERP end users and will be an essential aspect of the buying decision for ERP solutions."



## About IDC

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

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