

IDC MarketScape

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

Kevin Permenter

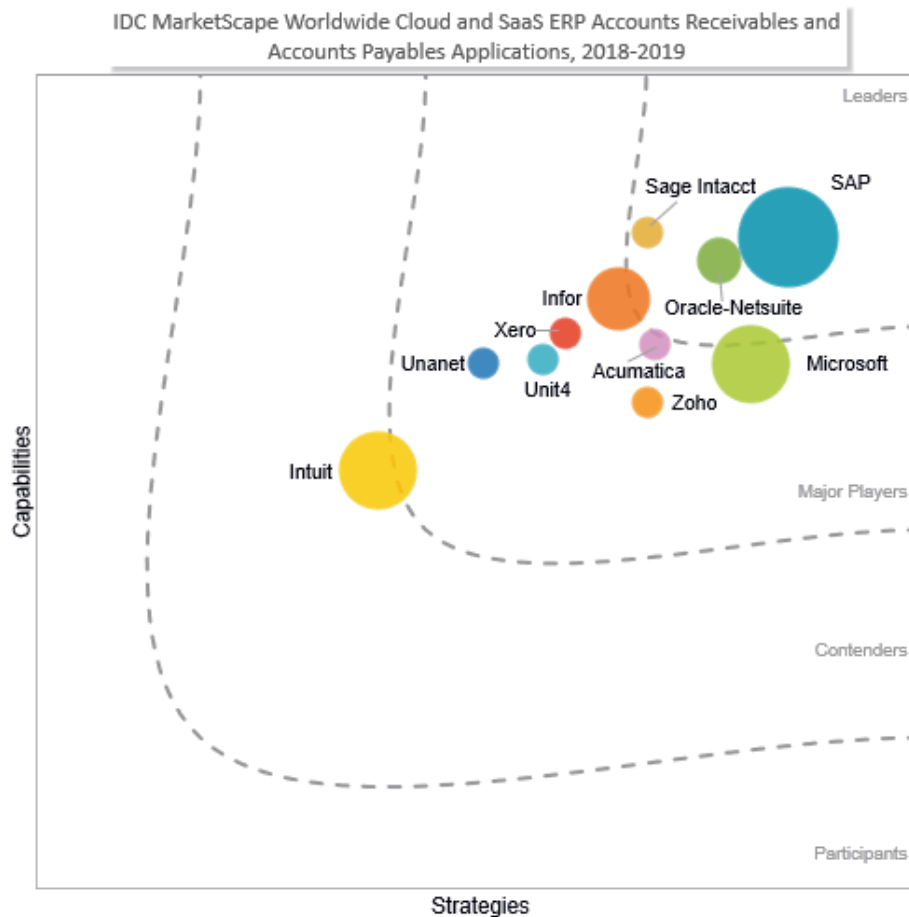
Frank Della Rosa

Mark Thomason

IDC MARKETSCOPE FIGURE

FIGURE 1

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



Source: IDC, 2018

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

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

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

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 PROFILES

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

Acumatica

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

Acumatica provides cloud-based business management software that empowers small and midsize companies to accelerate their businesses. Built on cloud and mobile technology and a unique growth-friendly licensing model, Acumatica delivers a suite of fully integrated business management applications, such as financials, project accounting, distribution, commerce, manufacturing, field service, construction, and CRM, on a robust and flexible platform. Quick facts about Acumatica:

- **Employees:** 250+
- **Total number of clients:** 4,000+ customers
- **Globalization:** Supports sales in 21 localizations in 23 countries
- **Industry focus:** Primarily professional services, manufacturing, distribution, commerce, construction
- **Ideal customer size:** Midmarket (100-1,000 employees)
- **SaaS:** A multitenant architecture at the infrastructure and application layers but not at the database layer
- **Pricing model:** Subscription based by module and user type
- **Largest customer:** Largest customers support 5,000 users
- **Partner ecosystem:** Over 250 VARs
- **Interesting stat/fact:** Raised \$25 million in a new funding round in 2018

Strengths

- **Innovation:** Acumatica has continued its investment in machine learning, natural language processing, and mobile technology, which allows customers access to these technologies for supporting their AR/AP workflows.
- **Industry focus:** Acumatica continues to add more functionality and features to its industry-focused editions. The 2018 release 2 added more capabilities for the distribution, commerce, and manufacturing editions.

Challenges

- **Globalization:** Acumatica must add more functionality to support the growing number of small to midmarket organizations with complex multi-entity, multiunit, and multicounty operations. Executive briefings reveal that further multi-company consolidation is on the near-term product road map.
- **Brand awareness:** One of the biggest challenges for Acumatica remains brand awareness. As a newer company, relative to the legacy ERP and financial application providers, there is more marketing and education that Acumatica still needs to do to expand its market presence.

Consider Acumatica When

Consider Acumatica when you are a small business looking for a system that will support rapid transition to the midmarket or you are a midmarket company looking for a straightforward financial application that can be configured to fit your business.

Infor

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

Infor builds business software for specific industries in the cloud. With 17,000 employees and over 68,000 customers in more than 170 countries, Infor recently re-architected its ERP products as an industry-specific CloudSuite line of applications. Quick facts about Infor:

- **Employees:** 17,000+
- **Total number of clients:** 68,000 customers in more than 170 countries globally
- **Globalization:** Supports customers in 18 languages and 29 localizations
- **Industry focus:** All verticals
- **Ideal customer size:** Enterprise (more than 1,000 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 customers:** 2,500 users, 750+ concurrent users
- **Partner ecosystem:** Over 700 partner companies
- **Interesting stat/fact:** Koch Equity Development, the investment and acquisition subsidiary of Koch Industries, invested \$2+ billion in Infor in February 2017

Strengths

- **Analytics:** Infor's combination of AI/machine learning and its embedded analytics within its financial package provides users access to a very high level of visibility – a critical element within the digital economy.
- **Vertical expertise:** Infor has deep experience in specific industries including healthcare, public sector, retail, and the general services industry.

Challenges

- **Entering new markets:** Infor is looking for areas to expand its business. It wants to grow beyond North America and beyond its core vertical markets. This will demand a coordinated marketing and product development strategy to increase marketing exposure.
- **Limited OCR functionality:** Currently, Infor must leverage partner-provided OCR engines to capture invoices using multiple methods including email, scans, and secure directories. Future releases will limit the need to rely on third-party applications for invoice scanning.

Consider Infor When

Consider Infor – and its CloudSuite – when you are a large complex business looking for a financial software provider with deep expertise in the following industries: healthcare, public sector, retail, and the general services industry.

Intuit

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

Founded in 1983, Intuit launched Quicken, which was followed by QuickBooks in 2002 and QuickBooks Online in 2004. QuickBooks Online offers double-entry accounting as well as customizable invoices (payments), inventory, payroll support capabilities, and access to QuickBooks Capital. It also helps users track income and expenses, capture and organize receipts, maximize tax deductions, track sales and sales tax, run basic reports, send estimates, and more. QuickBooks Online has nearly 3.6 million users in over 200 countries globally. Quick facts about Intuit:

- **Employees:** 9,000+ Intuit employees worldwide
- **Total number of clients:** Nearly 3.6 million QuickBooks Online subscribers globally
- **Globalization:** 19 locations in 9 countries
- **Industry focus:** All verticals
- **Ideal customer size:** Small business (1-100 employees)
- **Pricing model:** Subscription based by module and number of users
- **Partner ecosystem:** QuickBooks Online synchs with 6,400+ partner applications
- **Interesting stat/fact:** Intuit went public in 1993

Strengths

- **Brand awareness:** Intuit is one of the largest financial application vendors in the world. As a brand, QuickBooks has been associated with small business accounting for nearly two decades. In that time, QuickBooks Online has developed a broad and devoted following among self-employed and small business users and the accountants and bookkeepers that serve them.

- **Simplicity:** QuickBooks Online brings a simple user interface (UI) and a simple pricing structure to the small business enterprise application market. QuickBooks Online also makes integration with 600+ partner applications relatively simple by streamlining the flow of application data.

Challenges

- **Adding midmarket functionality:** QuickBooks Online is targeted specifically toward small businesses. As a result, it is missing some of the functionality needed to support larger, multisite, and multi-entity businesses that populate certain segments of the midmarket. However, Intuit very recently announced a newer version of QuickBooks Online, QuickBooks Online Advanced, with more midmarket functionality including Import Invoices functionality, which will increase productivity by importing hundreds of invoices created outside of QuickBooks, and Custom User Permissions, which applies unique employee permissions to manage data access and delegate individual's use of product features for optimized productivity as well as smart reporting powered by Fathom. This new feature helps customers transform their data into dynamic reports, allowing them to track their business results.
- **Customer support:** Maintaining a high level of customer support can be a challenge for a rapidly growing software platform like QuickBooks Online. However, QuickBooks Online has recently introduced a higher level of service with a dedicated customer success manager for advanced users. For those using QuickBooks Online Advanced, now you can be connected to QuickBooks Priority Circle Membership. Priority Circle is a QuickBooks' membership program that includes a dedicated customer success manager, a single point of contact ready to assist small businesses with their technical and product questions. Priority Circle also comes equipped with additional benefits including:
 - **Priority Care:** Priority Care is a premium small business customer care service, which ensures Priority Circle customers are routed toward the front of customer care queues and directs them to top QuickBooks Care experts tailored to their unique small business needs.

Consider Intuit When

Intuit QuickBooks Online is a good option if you are fast-growing small business in industries like retail/wholesale, professional services, manufacturing, and nonprofit.

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.

Microsoft

After a thorough evaluation of Microsoft 's Dynamics 365 Finance and Operations strategies and capabilities, IDC has positioned the company in the Major Player category within this 2018-2019 IDC MarketScape on worldwide cloud and SaaS ERP AR and AP applications.

Microsoft is a software, services, devices, and solutions provider with headquarters in Redmond, Washington. Founded in 1975, the company has nearly 135,000 employees globally. It has customers across all vertical industries and offices in every major region, using a network of thousands of partners to sell and implement solutions. Microsoft Dynamics 365 is designed as cloud first and mobile first and can be deployed completely in the Microsoft cloud (Azure) or in a hybrid approach. Dynamics 365 comes in several variations developed for specific horizontal use cases, propelling Microsoft into the SaaS and cloud-enabled financial application market. Microsoft Dynamics 365 is designed to be integrated into external systems and services through standard interfaces. Dynamics 365 is suitable for midmarket and enterprise-sized businesses. Quick facts about Microsoft:

- **Employees:** 134,944 overall Microsoft
- **Globalization:** Supports sales in 30+ localizations in 30 countries
- **Industry focus:** Primarily manufacturing, distribution, retail
- **Ideal customer size:** Midmarket to enterprise (250+ employees)
- **SaaS:** Microsoft Dynamics 365 for Finance and Operations that has a multitenant architecture at the infrastructure application layers and database layer
- **Pricing model:** Subscription based by module and number of users
- **Partner ecosystem:** 5,500 Microsoft business applications partners
- **Interesting stat/fact:** The NFL's Seattle Seahawks utilize Microsoft Dynamics products

Strengths

- **Flexibility:** Microsoft's financial modules offer a high degree of flexibility within their Dynamics 365 solution overall. Microsoft offers business process modeling, RESTful APIs, and extensions allowing end users to configure and customize the application to fit their needs.
- **Intelligence:** Microsoft Dynamics 365 for Finance and Operations offers an attractive blend of intelligent features including machine learning that can be leveraged for credit and collections scenarios. Microsoft also brings sophisticated conversational UI capabilities. This enabling factor allows organizations to quickly move forward on their DX finance journey.
- **Localization:** Dynamics 365 for Finance and Operations is suitable for international and multinational organizations due to the breadth of localizations (36+ countries), 41 local languages support, and extensive global support. Dynamics 365 runs from Azure datacenters in many countries around the globe, including local market clouds in Germany and China.

Challenges

- **Brand management:** Microsoft offers two Dynamics 365 brands (Finance and Operations, and for SMBs Business Central), which makes it a small challenge for potential customers to navigate the Dynamics ecosystem. However, Microsoft has taken steps recently to hone its marketing message delivery around these products.
- **Crowded ERP midmarket:** The ERP midmarket is very crowded and highly dynamic. Microsoft has taken steps in recent months to more effectively highlight its SMB SaaS solution (Business Central).

Consider Microsoft When

Consider Microsoft when your business already uses Office 365 or Azure and wants to remain in the Microsoft cloud ecosystem.

Oracle-NetSuite

After a thorough evaluation of Oracle-NetSuite'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.

Oracle-NetSuite provides a suite of cloud-based applications, which includes financials/enterprise resource planning, HR, professional services automation, and omnichannel commerce, used by more than 15,000 customers in 203 countries and dependent territories. Oracle-NetSuite couples core finance and accounting functions with compliance management to impact business performance. Oracle-NetSuite provides automation of invoice management (payment and delivery), credit terms, and collections management. Quick facts about Oracle-NetSuite:

- **Employees:** 7,300+
- **Total number of clients:** 15,000 customers in more than 203 countries globally
- **Globalization:** Supports customers with 50 localizations in 190 currencies
- **Industry focus:** All verticals
- **Ideal customer size:** Midmarket (500-1,000 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 customers:** 5,000+ invoices per month
- **Partner ecosystem:** Over 500 partner companies
- **Interesting stat/fact:** Acquired by Oracle for \$9.3 billion in November 2016

Strengths

- **Globalization:** Globalization is an area of strength for Oracle-NetSuite's AR/AP management modules. Oracle-NetSuite supports customers with 50 localizations in 190 currencies updated daily in over 200 countries with over 90 bank payment formats. This allows Oracle-NetSuite to handle the demands of midmarket companies with complex multi-entity, multisite, multiple language, and multicurrency operations.
- **SuiteApps marketplace:** Oracle-NetSuite provides users with access to the SuiteApps marketplace where hundreds of third-party solutions that help integrate and extend Oracle-NetSuite capabilities with industry-specific solutions are available.
- **Designed for growth:** Oracle-NetSuite SuiteSuccess allows organizations to add and customize functionality as your company grows by leveraging a scalable business management system. Organizations can start with the basic GL, AR, and AP functionality and expand as their business demands.

Challenges

- **Vendor portal:** Right now, there is little self-service support for Oracle-NetSuite's accounts payable user base. However, Oracle-NetSuite does currently offer customers access to their Knowledge Base (SuiteAnswers), Online User Groups, and other learning content on-demand. Discussions with Oracle-NetSuite executives revealed more self-server support features that are on the near-term product road map.
- **Crowded Midmarket:** There is an increasing number of companies looking to expand their footprint in the midmarket. There is competition from other midmarket-focused ERP companies as well as a rapidly growing contingent of standalone SaaS software vendors that may be focusing on either payables or receivables (in some cases both).

Consider Oracle-NetSuite When

Consider Oracle-NetSuite when you are a midmarket company looking for financial software that can be implemented quickly and carries advanced capabilities to support your rapid global growth.

SAP

After a thorough evaluation of SAP'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.

SAP offers an Intelligent Enterprise application software platform with deep AR/AP functionality built in. SAP views its solution as a comprehensive receivables and payables management offering, which also features fully integrated options within its SAP Ariba and SAP Concur solutions tied together by the Intelligent Enterprise system. The software is built on the SAP HANA in-memory database and available in the cloud as well as on-premises. Quick facts about SAP:

- **Employees:** 94,000+
- **Total number of clients:** 413,000 customers in more than 180 countries globally
- **Globalization:** Supports customers in 18 languages in 63 countries
- **Industry focus:** All verticals
- **Ideal customer size:** Enterprise (more than 1,000 employees)
- **SaaS:** SAP S4/HANA Cloud, SAP Ariba, and SAP Concur are offered in a multitenant deployment at the application, database layer, and cloud infrastructure layers
- **Pricing model:** Subscription based by module and user type
- **Largest customers:** 10,000+ invoices per month
- **Partner ecosystem:** Over 18,000 partner companies
- **Interesting stat/fact:** Supports 92% of the Forbes Global 2000 companies

Strengths

- **Global solution:** Globalization demands are not a problem for the SAP payables and receivables management solution as it supports 63 countries locally, complete with all adjustments and adaptations to local legal guidelines and reporting standards. This global reach is highly attractive for multinational, multi-entity organizations for whom localization can be a cumbersome and costly process.
- **Automation:** SAP brings extensive automation based on machine learning capabilities to areas such as accounts receivable and accounts payable where invoices can be automatically created from the sales process (AR) or from the purchase process (AP). These invoices can be automatically reconciled, which has the potential to greatly reduce the time needed for financial close.
- **Integrated approach:** SAP has a powerful financial package within its cloud ERP. However, SAP gives the user the option to amplify this power by leveraging SAP Ariba's massive network of suppliers and/or SAP Concur's market experience in expense and invoice management.

Challenges

- **Competing products:** SAP has multiple applications to address payables and receivables management, including SAP Ariba and SAP Concur. With multiple applications, there is a risk of confusion among potential end users as to which system would best fit their needs. SAP is addressing this through its Intelligent Enterprise framework where the company provides guidance on how to use the different capabilities in combination.
- **Reporting flexibility:** Customer references mentioned AR/AP reporting flexibility as an area where they wanted more capability – particularly around ad hoc reporting tools. This issue, based on the executive briefing, is on the near-term product development road map.

Consider SAP When

Consider SAP when you are already using SAP for other aspects of your business such as ERP, supply chain, procurement, travel and expense, contingent labor, and HCM and you want to remain within the SAP ecosystem.

Unanet

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

Unanet is a software company founded in 1988 and headquartered in Dulles, Virginia. The company targets small, midmarket, and enterprise-sized professional services firms, including government contractors, commercial consulting, digital agencies, nonprofits, and architecture and engineering. Unanet in 2015 introduced a general ledger, AR, AP functionality into its financials module. In 2016, the company introduced financial and project reporting, project forecasting, and CRM capabilities into its cloud offering. Quick facts about Unanet:

- **Employees:** 150+ employees
- **Total number of clients:** Unanet has over 1,100 clients
- **Globalization:** Supports English variants for United States-based businesses
- **Industry focus:** Professional services
- **Ideal customer size:** Supports small, midmarket, and enterprise (100+ employees)
- **SaaS:** Offered in a multitenant deployment at the database and cloud infrastructure layers
- **Pricing model:** Subscription based by license type and total user quantity and on-premise (perpetual license) pricing also available
- **Largest customers:** Largest customer with 16,000 users
- **Partner ecosystem:** Over 160 partners in its network
- **Interesting stat/fact:** 100% developed and supported in the United States

Strengths

- **Role-based approach:** Unanet offers a role-based approach to financial management, which means project managers can have real-time access to financial data, including AR and AP. Unanet also supports the integration of project management with resource management and financial management in one system.
- **Deep expertise in professional services:** Unanet specializes in professional services, including government contractors, commercial consulting, digital agencies, nonprofits, life science, internal services, high tech, architecture and engineering, and government organizations. Unanet delivers revenue forecasting, utilization metrics, and actual costs – all in one system.

Challenges

- **Size/resources:** Unanet's primary challenge is its size; with about 150 employees, the company lacks the marketing resources of its larger competitors in professional services. Its size limits its ability to build brand awareness of the solution. However, Unanet has just one product and one message which mitigates this disadvantage, as Unanet doesn't have to deal with multiple products and multiple messages.

- **Vertical expansion:** Even within the professional service space, Unanet is hyper-focused on U.S. government contractors, which account for more than 50% of its customer base. This focus makes it difficult for Unanet to grow beyond government contractors. However, Unanet's focus on one product has the potential to make vertical expansion easier as evidenced by recent inroads into the AEC subsector.

Consider Unanet When

Midmarket professional services companies in the government contracting, commercial consulting, life science, architecture and engineering, or nonprofit research should consider Unanet as a cost-effective option to manage their projects and project accounting.

Unit4

After a thorough evaluation of Unit4's strategies and capabilities, IDC has positioned the company in the Major Player category within this 2018-2019 IDC MarketScape on worldwide cloud and SaaS ERP AR and AP applications.

Founded in 1980, Unit4 is a provider of enterprise applications tailored to service organizations in markets like professional services, higher education, public sector services, and not-for-profit. In total, Unit4 currently has 3,500+ employees supporting customers in over 100 countries around the world. Unit4 has modules for professional services automation, financials, risk, account billing, time and attendance, and travel and expense. The company is headquartered in Sliedrecht, the Netherlands. Quick facts about Unit4:

- **Employees:** 3,500+ employees
- **Total number of clients:** 450+ SaaS customers
- **Globalization:** Supports English variants for the United States-based businesses as well as many languages and localizations
- **Industry focus:** Service-centric industries, primarily professional services, not-for-profit, higher education, and public sector
- **Ideal customer size:** Midmarket and enterprise (500+ employees)
- **SaaS:** Offered in a multitenant deployment at the application and cloud infrastructure layers
- **Pricing model:** Subscription based by tiers/groups and number of users
- **Largest customers:** Largest customer with 700+ concurrent users
- **Partner ecosystem:** Over 25 partners
- **Interesting stat/fact:** Acquired by Advent International in 2014

Strengths

- **Customer communication:** Unit4 makes a significant effort to understand its customer base including surveys, customer advisory councils, and independent user groups. This allows Unit4 the opportunity to not only stay abreast of the constantly changing customer desires but also understand how to improve its product to better serve its customers.
- **Deep expertise in service industries:** Unit4 offers deep expertise and experience in the fast-growing services sector including commercial consulting, digital agencies, not-for-profits, and government organizations.

Challenges

- **Multi-tenancy:** Unit4 is a multitenant product at the application and infrastructure layers – but not on the database layer. Unit4 does not believe true multitenancy is meaningful in today's environment, instead focusing on scheme-level tenancy.
- **Transition SaaS:** Unit4 has a large installed base of on-premises customers using its financial solutions. It can be a challenge to transition some of those customers to Unit4's cloud financial application. During its recent event, Unit4 expressed that providing support for this transition is a high priority in its near-term strategic goals.

Consider Unit4 When

Consider Unit4 if you are a services organization such as professional services, higher education, public sector services, and nonprofit or you are a user of Unit4 on-premises financials.

Xero

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

Xero is a SaaS platform for small businesses and their advisors. The company has 1.5+ million subscribers in over 180 countries and an ecosystem that integrates with 700+ apps. Xero offers full AR/AP capability and supporting functionality including quotes, invoices, credit notes, sales statements, payment services, receipts, remittance advice, purchase orders, and bills. Xero is able to automate reminders for invoices and granular permissions and multicurrency functionality. Quick facts about Xero:

- **Employees:** 2,000+ employees
- **Total number of clients:** 1.5+ million subscribers globally
- **Globalization:** Supports English variants and 5 localizations
- **Industry focus:** All verticals
- **Ideal customer size:** Small business (1-100 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 customers:** Largest customer with 200+ concurrent users
- **Partner ecosystem:** Over 700 partner applications
- **Interesting stat/fact:** Focused on gender diversity (Currently, the Xero Board is 43% female.)

Strengths

- **Open APIs:** Xero offers public API with 700+ ecosystem partners and many point-to-point integrations with financial institutions and enterprises and other applications. In the future, Xero will add Expense and Project APIs. In fact, Projects is currently available in Beta for selected app partners.
- **Machine learning:** Xero is leveraging machine learning for "code free" accounting. Examples include account suggestion (automatically suggest an account coding). The near-term product road map features machine learning examples like "email to bills" – a smart service where you email a PDF/image of a bill and it is automatically added to your list of bills. Digitally determined businesses optimizing their technology resources will find this beneficial.

Challenges

- **Deep invoice functionality:** Xero must add more advanced invoice functionality (e.g., deposit invoices, custom fields on invoices, packing slips, and automatically add late payment fees). Building more invoice functionality is on the near-term road map according to executive briefings.
- **Globalization:** Xero continues to focus on becoming more global by growing beyond the Australia/New Zealand region into Asia, the United Kingdom, North Americas, and South Africa. Executive briefings indicate that geographic expansion into non-English markets is on the near-term strategic road map.

Consider Xero When

You are likely a fast-growing, small business in industries like professional services to trade to agriculture to retail, hospitality, trades, and not for profit.

Zoho

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

Zoho's finance applications create a suite of products to help businesses of all sizes with their AR and AP. Zoho Invoice was the first product that focused solely on AR at Zoho. Soon after, Zoho created the Zoho Books, which introduced a full double-entry accounting system with both AR and AP. Today, the Zoho Finance suite spans seven apps including accounting, expense, subscription, inventory, and payroll management. Quick facts about Zoho:

- **Employees:** 6,000+ employees across 12 offices
- **Total number of clients:** Overall 40 million users, 250,000+ paid account, across 180+ countries
- **Globalization:** Supports customers in 11 languages and 7 localizations
- **Industry focus:** All verticals
- **Ideal customer size:** Small to midmarket (50-1,000 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 customers:** Overall 125,000 concurrent users (using app built by Zoho Creator); Largest Zoho One customer with 20,000 concurrent users; Largest Zoho Books customer with 200+ concurrent users
- **Partner ecosystem:** Overall 3,500+ partners (including 1,000+ consulting and implementation partners); Zoho Books with over 100 partners
- **Interesting stat/fact:** Zoho One – access to all 40+ apps for \$1 per employee per day

Strengths

- **Integration:** Zoho Books has a very strong integration with other Zoho applications. Its integration with Zoho Expense (expense reporting app), Zoho Inventory (inventory management app), Zoho CRM, and Zoho Subscriptions (subscription management app) exceeds any integrations currently available in the market. The financial details in Zoho Books are contextually made available in other applications.

- **Automation:** Zoho Books' automation and customization offers flexibility. Businesses can extend and customize the accounting application to fit their business need. The Zoho Finance apps win deals by building tools that businesses can customize and mold to their businesses.

Challenges

- **More enterprise functionality:** While Zoho Books possesses features for small and midsize businesses, further development is needed to support the wide array of needs of enterprises, including more advanced financial reporting, budgeting, and forecasting. For now, enterprises can integrate these capabilities through partners.
- **Expansion of finance processes:** At the moment, Zoho Books supports tight integration with Zoho Payroll. However, the payroll functionality is available in California and Texas, while development continues for support in other states.

Consider Zoho When

Consider Zoho when you are a small fast-growing business looking for software that can be customized to fit company-specific processes at a lower price point. You may also be looking for access to the other 40+ applications built on the Zoho platform.

APPENDIX

Reading an IDC MarketScape Graph

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

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

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

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

Strategies and Capabilities Criteria

Tables 1 and 2 provide key strategy and capability measures for the success of cloud and SaaS ERP accounts receivables and accounts payables solutions.

TABLE 1**Key Strategies Criteria: Worldwide Cloud and SaaS ERP Accounts Receivables and Accounts Payables Applications Market**

Strategies	Definition	Weight
Innovation	A strategic plan exists for attaining or retaining functional superiority over competition. What is the release schedule for the next 12–18 months?	12.0
Delivery	Plans are in place for support of offering delivery models that will match customers' shifting preferences. These plans are effectively communicated to customer base.	17.0
Functionality or offering strategy	It speaks to the breadth and depth of plans for future (near-term) release functionality of the product.	37.0
Growth	Buyers in different vertical industries and of various client sizes are interested in investment in AP solutions that service their unique needs. Excellence is demonstrated by plans to serve new markets such as SMB for enterprise suppliers, or enterprise for SMB suppliers, or specific industries. Successful firms have an eye toward, and well-articulated plans for, how they will grow the firm in the future, through either acquisition or unique competitive positioning.	20.0
Cloud strategy	Multi-tenancy is planned for at the application, database, and infrastructure layers. Strong cloud road map is planned.	7.0
Architecture strategy	Vendor has a strong strategy to improve its application's architecture, including its APIs, developer community, and integrations.	7.0
Total		100.0

Source: IDC, 2018

TABLE 2**Key Capabilities Criteria: Worldwide Cloud and SaaS ERP Accounts Receivables and Accounts Payables Applications Market**

Capabilities	Definition	Weight
Functionality or offering	It speaks to the current breadth and depth of functionality of the product (Potential scoring elements include invoice entry, payments capability, notifications, and reporting).	36.0
Range of services	The software demonstrates a level and range of support and tools provided by the vendor to support demands of clients. Potential scoring elements include geography, industry, and target market coverage.	11.0
Customer satisfaction	The vendor has demonstrated a level of customer satisfaction in the form of high renewal rates and customer satisfaction ratings. Potential scoring elements include level of value/TCO, ease of use, and customer support.	30.0
Architecture	The system has the ability to scale up to meet the demands of larger or more complex businesses. Potential scoring element include APIs, configurability, and scalability.	6.0
Cloud capabilities	The vendor's software leverages an advanced cloud platform. Potential scoring elements include security, uptime, updates, and contracting/pricing flexibility.	12.0
Customer service delivery	Vendor has invested in the tools necessary to provide excellent customer service marked by high client satisfaction and retention. Potential scoring elements include advanced customer support infrastructure, and advanced customer support tools (chatbots, online community, etc.).	5.0
Total		100.0

Source: IDC, 2018

LEARN MORE**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.

Global Headquarters

5 Speen Street
Framingham, MA 01701
USA
508.872.8200
Twitter: @IDC
idc-community.com
www.idc.com

Copyright and Trademark Notice

This IDC research document was published as part of an IDC continuous intelligence service, providing written research, analyst interactions, telebriefings, and conferences. Visit www.idc.com to learn more about IDC subscription and consulting services. To view a list of IDC offices worldwide, visit www.idc.com/offices. Please contact the IDC Hotline at 800.343.4952, ext. 7988 (or +1.508.988.7988) or sales@idc.com for information on applying the price of this document toward the purchase of an IDC service or for information on additional copies or web rights. IDC and IDC MarketScape are trademarks of International Data Group, Inc.

Copyright 2018 IDC. Reproduction is forbidden unless authorized. All rights reserved.

