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Critical Capabilities for Procure-to-Pay Suites

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Every procurement organization has distinct buying requirements, and their differences demand due diligence from application leaders looking to invest in a P2P suite. To help them identify suites that can meet their needs, this document analyzes the offerings of 15 vendors.

Overview

Key Findings

- All software providers in this report support basic procure-to-pay (P2P) functional capabilities, due to the mature nature of the P2P market.

- Software providers aim to gain differentiation by supporting deeper P2P and extended source-to-pay (S2P) capabilities to fulfill more complex business use cases.

- Service procurement is the use case with the most variation between vendors. This is due to the extended requirements specific to services and contingent labor procurement, such as embedded rate cards, timecard review and approval, performance tracking of individuals and performance tracking against contracted SLAs.

Recommendations

As an application leader responsible for procurement and strategic sourcing applications, you should:

- Avoid a poor vendor selection by focusing on organization-specific use cases and capabilities during the request for proposal (RFP) process. Simple functional-list RFPs no longer reliably identify the most suitable vendor as most vendors now have the functionality to meet basic needs.

- Review cross-functional IT projects to ensure the full scope of requirements is known and accounted for before issuing an RFP. Hidden gaps can occur when ERP or human capital management projects, for example, are undertaken entirely separately from procurement software investments. These gaps may require the addition of new use cases to the P2P investment.

- Evaluate value differentiators beyond the critical capabilities defined in this document. Vendors that provide additional or industry-specific capabilities can help solve problems that other vendors might not address. For example, some vendors provide travel and expense capabilities that are invaluable to some multinational companies.

What You Need to Know

Application leaders supporting procurement have too many options, too little time and not enough unbiased advice when it comes to identifying the right P2P suite for them. Navigating the market can be difficult because vendors can appear similar in functionality until unique use cases are identified.

Selecting the right P2P suite is crucial because your organization will be committed to it for three to five years. Besides the cost, it takes a lot of planning and time to introduce a P2P suite into a business's ecosystem.

This Critical Capabilities report aims to give application leaders a head start in understanding what capabilities are available from 15 significant vendors. It identifies common use cases and enables comparisons of vendors in the context of five use cases. These use cases are the most common ones in the market:

- Indirect materials procurement

- Direct materials procurement

- Services-focused procurement

- Finance-focused procurement

- Complex-environment-focused procurement

Each vendor has its own background and roadmap. Vendors' paths, while initially similar, diverge as they specialize to meet the needs of target customers. In this report we highlight vendors' key strengths and identify the areas where they may be weaker. The report's analysis of use cases will help application leaders identify which critical capabilities to prioritize when reviewing vendors' responses to RFIs. Each vendor is rated on its individual capabilities, so as to enable direct comparisons.
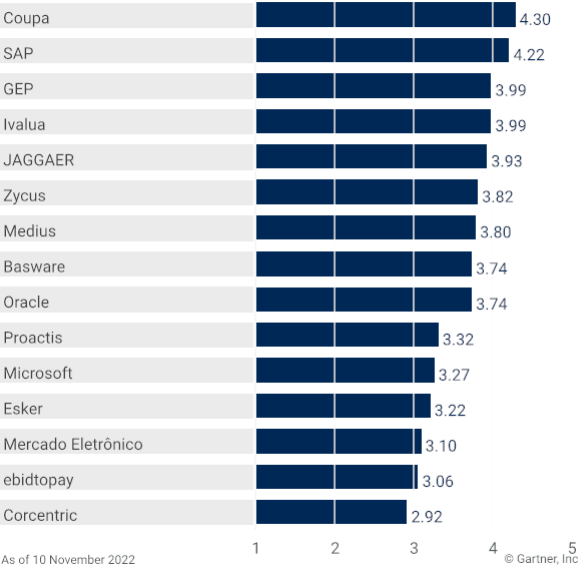
Analysis

Critical Capabilities Use-Case Graphics

Vendors' Product Scores for Indirect Procurement Focused Use Case   ⬇

Product or Service Scores for Indirect Procurement Focused

Vendor	Score
Coupa	4.30
SAP	4.22
GEP	3.99
Ivalua	3.99
JAGGAER	3.93
Zycus	3.82
Medius	3.80
Basware	3.74
Oracle	3.74
Proactis	3.32
Microsoft	3.27
Esker	3.22
Mercado Eletrônico	3.10
ebidtopay	3.06
Corcentric	2.92

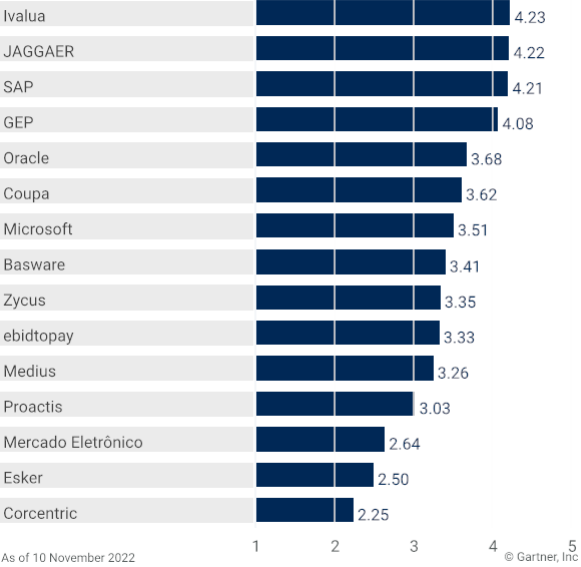As of 10 November 2022   © Gartner, Inc

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Vendors' Product Scores for Direct Materials Focused Use Case
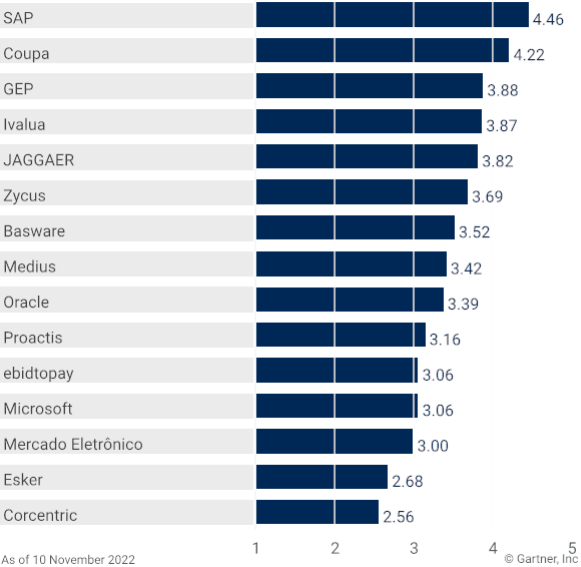
Product or Service Scores for Direct Materials Focused

Vendor	Score
Ivalua	4.23
JAGGAER	4.22
SAP	4.21
GEP	4.08
Oracle	3.68
Coupa	3.62
Microsoft	3.51
Basware	3.41
Zycus	3.35
ebidtopay	3.33
Medius	3.26
Proactis	3.03
Mercado Eletrônico	2.64
Esker	2.50
Corcentric	2.25

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Source: Gartner (November 2022)

Vendors' Product Scores for Services Focused Use Case

Vendor	Score
Coupa	4.30
SAP	4.22
GEP	3.99
Ivalua	3.99
JAGGAER	3.93
Zycus	3.82
Medius	3.80
Basware	3.74
Oracle	3.74
Proactis	3.32
Microsoft	3.27
Esker	3.22
Mercado Eletrônico	3.10
ebidtopay	3.06
Corcentric	2.92

Product or Service Scores for Services Focused

Vendor	Score
SAP	4.46
Coupa	4.22
GEP	3.88
Ivalua	3.87
JAGGAER	3.82
Zycus	3.69
Basware	3.52
Medius	3.42
Oracle	3.39
Proactis	3.16
ebidtopay	3.06
Microsoft	3.06
Mercado Eletrônico	3.00
Esker	2.68
Corcentric	2.56

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Source: Gartner (November 2022)

Vendors' Product Scores for Finance Focused Use Case

Product or Service Scores for Finance Focused

Vendor	Score
Coupa	4.27
Basware	4.04
SAP	4.04
Medius	4.03
Zycus	3.89
Oracle	3.88
JAGGAER	3.77
GEP	3.71
Ivalua	3.67
Microsoft	3.54
Esker	3.44
Proactis	3.19
Corcentric	3.11
ebidtopay	3.05
Mercado Eletrônico	2.56

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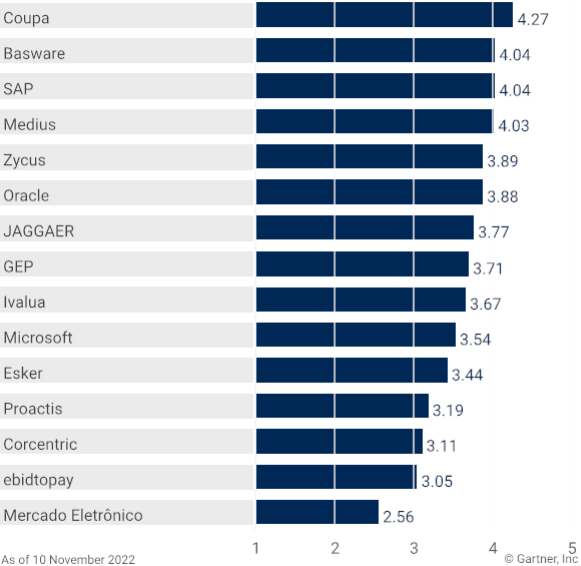
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Source: Gartner (November 2022)

Vendors' Product Scores for Complex Environment Focused Use Case

Product or Service Scores for Complex Environment Focused

Vendor	Score
Coupa	4.21
SAP	4.14
GEP	3.92
Ivalua	3.90
JAGGAER	3.90
Basware	3.84
Medius	3.77
Zycus	3.76
Oracle	3.70
Microsoft	3.49
Proactis	3.19
ebidtopay	3.14
Esker	3.04
Mercado Eletrônico	2.91
Corcentric	2.88

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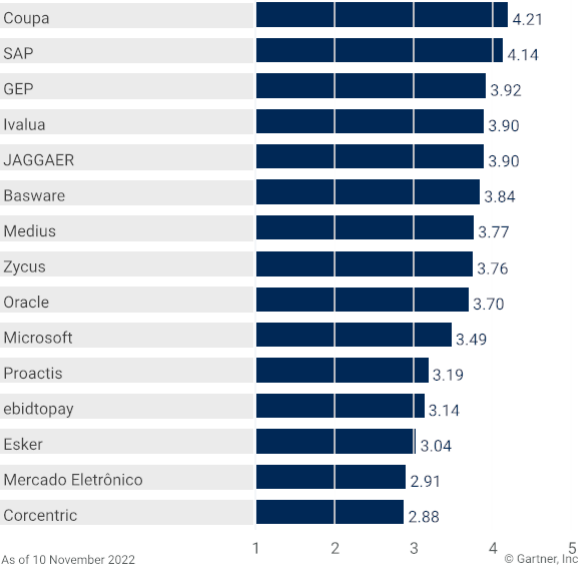
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Source: Gartner (November 2022)

Vendors

Basware

Basware was founded with a focus on finance and accounts payable (AP) automation, but has since introduced a full P2P suite. The delivery mode is exclusively multitenant cloud. Basware Procure-to-Pay is a suite best suited to organizations that want to improve their accounts payable invoice automation (APIA) capabilities through automation of upstream P2P processes. Network interoperability makes it a good fit for organizations with multiple supplier networks.

Basware again receives a leading rating for the APIA critical capability. Basware has invested significantly in expanding its partner ecosystem recently. This is reflected in the rating of its partner ecosystem, which is in the top quartile of the vendors assessed in this report. Basware's ratings for payments and integrations are both above average. Its lowest ratings are for services procurement and direct materials procurement. Compared with the 2021 report, Basware's ratings have improved for four critical capabilities: direct materials procurement, supplier collaboration, integration and analytics (which has risen the most). Basware uses third-party software and in-house technology to deliver analytics capabilities that span e-purchasing and APIA.

Basware has one of the best scores for the finance-focused use case, due to its deep functionality for capturing and processing invoices. Basware employs artificial intelligence (AI)/machine learning (ML) technology for enhanced APIA functionality for purposes such as fraud detection and autocoding of invoices.

Corcentric

Corcentric offers the Corcentric Platform for multitenant SaaS deployment. Corcentric is a good fit for midsize enterprises with a focus on indirect procurement and improving their APIA capabilities. Corcentric's advisory and management services are also attractive to customers who require additional postdeployment services.

Corcentric's highest critical capability rating is for APIA. It has some notable APIA features, including its own tax engine and AI-driven AP processing, coding and data extraction. This capability is a step beyond optical character recognition (OCR), which makes it a differentiator. Corcentric's lowest score is for direct materials procurement, as it has little support for any of the basic requirements for this critical capability. Corcentric's critical capabilities ratings are below average, compared with the rest of the market.

It scores in the bottom quartile of vendors in this assessment for all the use cases. Its highest score is for the finance-focused use case. This is due to Corcentric's strong APIA capabilities and to payment capabilities that were bolstered by the acquisition of Vendorin in 2021.

Coupa

Coupa offers the Coupa Business Spend Management suite, which is primarily a multitenant, cloud-based P2P solution. Alternative options are, however, available for customers with specific requirements, such as for the Federal Risk and Authorization Management Program (FedRAMP), Health Insurance Portability and Accountability Act (HIPAA) and other models. Coupa is suitable for organizations seeking a single solution that can cover multiple use cases without making significant trade-offs in terms of capabilities. Coupa's payment capabilities make it a great choice for customers looking to integrate payment functionality into their P2P process.

Coupa is rated highly for most of the critical capabilities, with leading ratings for e-purchasing, payments, integration, analytics and partner ecosystem. It is also rated in the top quartile of vendors for project P2P capabilities. Although Coupa is considered a mature vendor in this market, customers looking for deep direct materials procurement support may not find it as suitable as some other vendors.

Coupa has leading scores for the use cases focused on indirect procurement, finance and complex environments. Coupa has the highest number of punch-out catalogs that are searchable and shoppable entirely within its e-purchasing environment; this contributes to its strong overall score for the indirect-procurement-focused use case. Coupa's payment capabilities make it the top-scoring vendor for the finance-focused use case. Deeply embedded virtual card creation and approval flows support both in-application and offline use cases, giving customers more options to expand the amount of spend under management. Coupa's ratings for the integration and analytics critical capabilities across the P2P process make it suitable for complex environments.

ebidtopay

Ebidtopay's P2P offering is primarily a private cloud-based solution. Ebidtopay is a good choice for companies wanting to manage both direct and indirect spend in a single solution at a fraction of the cost of those of competing vendors. Ebidtopay's direct procurement capabilities and overall understanding of the P2P market make it a good choice for customers in Europe and the Middle East that focus equally on direct and indirect spend — in the automotive or manufacturing industries, for example — but have relatively tight budgets.

Ebidtopay scores in the bottom quartile of vendors in this report for all the critical capabilities except direct materials procurement, services procurement and partner ecosystem. It has good base capabilities but, in comparison with the rest of the vendors assessed in this mature market, does not generally score well. Direct materials procurement is its highest-rated critical capability, for which it is above average compared with the rest of vendors in this report. Areas for improvement include project P2P, payments and analytics.

Uneven critical capabilities scores leave ebidtopay in the bottom quartile for the indirect-procurement- and finance-focused use cases. Ebidtopay's strong integration capabilities, paired with its direct procurement capabilities, result in the direct-materials-focused use case being its highest use case. Ebidtopay scores below the median for vendors in this report for the direct-materials-, services- and complex-environment-focused use cases.

Esker

Esker offers the Esker Procure-to-Pay solution. Its primary delivery model is multitenant cloud. Esker is a good choice for organizations at an early stage of digital process maturation that aim to digitize indirect materials procurement and APIA process workflows.

Esker is rated highly for the APIA critical capability. Its ratings for e-purchasing and supplier collaboration indicate that it does more than meet requirements in these areas. Esker's ratings are in the bottom quartile for a large number of the critical capabilities, but there are signs of improvement in supplier collaboration, direct materials procurement and payments. Esker's support for direct materials procurement is limited, but it has expanded its capabilities since 2021. In October 2021, Esker launched Esker Pay to facilitate faster payments and improve supplier relationships. It also has partners for payments, including LSQ and Corpay.

Esker scores in the bottom quartile for all the use cases. Its highest use-case score is for the finance-focused use case, but its strong APIA capabilities are offset by weaker project and partner ecosystem ratings. Esker offers a strong AI layer on top of its OCR engine, which facilitates advanced shipping notices and invoice recognition. This is a point of differentiation, as many of the other vendors' solutions require a third-party add-on for OCR. Esker has improved its APIA automation with deep-learning line-item recognition for purchase order (PO) invoices and AI for supplier statement matching.

GEP

GEP was founded as a procurement software, managed services and consulting practice. The GEP SMART suite is delivered as a multitenant solution. GEP is a good choice for organizations prioritizing the entire P2P process and looking to manage multiple types of spend within a single suite. GEP's service offerings are also attractive to customers as they can help with implementation and provide process optimization, change management, staff supplementation and full process optimization.

GEP's ratings are in the upper half for all but two critical capabilities, namely payments and partner ecosystem. GEP is tied for the leading rating for project P2P. It also has above-average ratings for direct materials procurement, services procurement, supplier collaboration, analytics and integration. GEP's ratings show some improvement in three of the critical capabilities: e-purchasing, supplier collaboration and integration. Gartner considers its solution relatively mature.

As a result of its generally strong critical capability scores, GEP is among the top five vendors for all the use cases, except the finance-focused use case. Its lower score for the finance use case is due to its below-average rating for payments. There is limited native functionality for payments; instead, GEP typically integrates GEP SMART with the customer's existing payment systems.

Ivalua

Ivalua offers the Ivalua Procure-to-Pay suite. Its default delivery mode is public cloud multi-instance, but, where required, it also offers on-premises deployment. Ivalua is a good choice for customers that want a single data model suite that can support both direct and indirect spend categories.

Ivalua rates well for multiple critical capabilities. It has the joint-leading rating for direct materials procurement and has the joint-highest rating for supplier collaboration. It rates in the top quartile of vendors in this report for e-purchasing, services procurement, project P2P and integration. Ivalua has strong support for direct materials POs, work orders, inventory management and forecast collaboration. On the services front, Ivalua supports extended workforce management with features such as rate card management and self-bill creation. Its lowest rating is for payment capabilities. Ivalua is another example of a mature vendor in the P2P market.

Ivalua scores highly for most use cases. It has the highest score for the use case focused on direct materials; its strength in this regard can be differentiating because most vendors started their P2P suites with a focus on indirect spend and many have not expanded to meet the needs of direct spend categories. Ivalua's lowest score is for the finance-focused use case.

JAGGAER

JAGGAER's JAGGAER ONE suite is evaluated in this report. It is delivered as a multitenant cloud-based solution. JAGGAER is a good choice for customers looking to manage all types of spend in one solution, and in particular, for those requiring direct materials or project-based procurement functionality.

JAGGAER has the joint-highest critical capabilities ratings for project P2P and direct materials procurement. It is also rated in the top quartile of vendors in this report for supplier collaboration. Integration and e-purchasing capabilities are rated above average. JAGGAER's APIA capabilities are also above average, but there has been some negative customer feedback in the past year about its third-party OCR capture solution. JAGGAER's lowest rating, although still above average, is for its payment capabilities. JAGGAER ONE is regarded by Gartner as having a mature offering in the P2P market.

JAGGAER has a leading score for the direct materials use case, and scores well for the use cases focused on indirect procurement, services and complex environments. Standout functionality includes direct materials collaboration and external system integrations, such as with the product life cycle management (PLM) and planning systems needed to enable procurement of direct materials.

Medius

Medius offers the Medius Spend Management Suite, which is delivered via multitenant cloud. Medius is a good choice for customers who need a P2P suite to address the more complex finance use cases. Midsize manufacturing companies will also find Medius' direct materials invoice automation capabilities attractive.

Medius has the joint-highest rating for APIA, and is in the top quartile of vendors in this report for payments and integration capabilities. Medius offers a flexible cloud integration platform to simplify integrations, with many deployments handled completely remotely where Medius provides a fully managed integration service. Medius has average scores for the analytics, partner ecosystem, supplier collaboration and project P2P critical capabilities. However, its ratings are in the bottom quartile for services procurement and direct materials procurement. Medius has no prebuilt connectors for any PLM systems. It still uses partners to round out its services functionality.

Medius scores in the top five vendors for the finance-focused use case. Medius' AI/ML capabilities for matching complex direct materials invoices, real-time invoice auditing and analytics lie behind its standout APIA functions. However, Medius has below-average scores for the use cases focused on direct materials and services.

Mercado Eletrônico

Mercado Eletrônico's P2P suite is primarily used for indirect spend categories. Its delivery method is via multitenant cloud. Most of its customers are based in Latin America, but it is expanding into North America and Europe. Mercado Eletrônico is a good choice for organizations that would benefit from having a turnkey marketplace of suppliers to tap into. Additionally, customers with heavy operations in Latin America can benefit from Mercado Eletrônico's expertise in that region.

Mercado Eletrônico's ratings are in the bottom quartile for all the critical capabilities except supplier collaboration and services procurement. Its highest ratings are for e-purchasing, supplier collaboration, analytics, integration and services procurement. Mercado Electrônico is continuously improving its e-purchasing capabilities, but its advances are in line with those of the market in general. The company's lowest ratings are for payments, partner ecosystem and APIA.

Mercado Eletrônico's highest-scoring use case is the indirect-procurement-focused use case. Mercado Eletrônico focuses on the supplier marketplace and sourcing aspects of procurement, which hurts its scores from a traditional P2P perspective. Mercado Eletrônico keeps total cost of ownership low with a supplier-subsidized licensing model. However, supplier fees can be a hindrance to supplier adoption. Therefore customers need to determine how much of their supply base would participate, before they choose a fully supplier-subsidized licensing model.

Microsoft

Microsoft hosts Microsoft Dynamics 365 on Azure; there is also a cloud-and-edge, hybrid option for certain use cases. Microsoft Dynamics 365 is a good choice for organizations looking to improve business agility by delivering composable solutions through the collaboration of procurement with adjacent functions. The platform can manage all types of spend and is particularly appealing to customers who already have Microsoft Dynamics 365 for ERP.

Microsoft rates in the top quartile of vendors in this report for its analytics, payments and partner ecosystem capabilities. Microsoft acquired Suplari in July 2021 to bolster its analytics capabilities and bring further insights to the platform. Suplari uses insights from multiple sources to enable better procurement decisions, and this investment shows Microsoft's ability to improve customers' digital maturity. Microsoft's ratings for e-purchasing and services procurement are relatively low by comparison with other vendors. E-purchasing is a core P2P capability and has been a focus for the rest of the vendors for many years. This has resulted in e-purchasing standards being high; Microsoft has yet to catch up in this area.

Microsoft scores in the upper half of the vendors in this report for the direct materials use case. There are numerous prebuilt connectors for industry-leading PLM systems and external planning tools. Microsoft's scores are in the bottom quartile for the services- and indirect-procurement-focused use cases.

Oracle

Oracle offers a broad range of enterprise software and cloud services. Oracle Fusion Cloud Procurement is part of the Oracle Fusion Cloud Applications suite. Oracle Fusion Cloud Procurement is available through a public cloud. It is a good choice for organizations looking to manage all types of spend, and especially those invested in Oracle's Fusion Cloud ERP applications.

Oracle is rated in the top quartile of vendors in this report for its payments and analytics capabilities. It also scores above average for e-purchasing, project P2P, direct materials procurement and APIA. Payments is an area of growth for Oracle as it looks to build strategic partnerships with global banks and financial institutions to embed differentiated services native to ERP systems. The solution has the average score for the partner ecosystem critical capability. Areas that need improvement, for which Oracle is rated at the upper limit of the bottom quartile, include services procurement and supplier collaboration. Gartner considers Oracle a mature vendor in the P2P market.

Oracle's scores place it in the upper half of vendors for the use cases focused on finance and direct materials. Oracle is in the lower half for the use cases focused on services, indirect procurement and complex environments. Oracle Fusion Cloud Procurement integrates tightly with Oracle Fusion Cloud ERP, and in some cases, such as extended workforce management, has its functionality extended beyond what is evaluated in this report. Direct procurement is also an area in which Oracle benefits from the link with Oracle Fusion Cloud ERP.

Proactis

Proactis was founded with a focus on spend management. Its service delivery mode for the Proactis Procure-to-Pay suite is multitenant cloud. Proactis is a good option for midsize organizations, especially in North America and Western Europe, that operate in the financial services or public sectors. It is primarily used by customers with a focus on indirect spend and project P2P.

Proactis' highest critical capability ratings are for e-purchasing, integration and project P2P. It continues to improve its e-purchasing capabilities in line with the rest of the market. Proactis has relatively weak ratings for direct materials procurement and partner ecosystem. Its solution has no partners for supplier diversity and lacks any prebuilt PLM connections for direct materials procurement.

As a result of its uneven critical capability scores, Proactis is in the bottom quartile for all five of the featured use cases. Its highest score is for the indirect-procurement-focused use case. Proactis supports a wide range of the PO types and inventory management approaches that are typical of indirect use cases. Although Proactis' capabilities are not rated as highly as those of some other vendors, its capabilities suit the midsize organizations they are intended for.

SAP

SAP procurement solutions' delivery mode is multitenant cloud. SAP is a good choice for organizations looking to manage all spend types centrally through a single P2P suite. The SAP procurement solutions considered in this report include SAP Ariba, integrated with SAP Fieldglass, and the SAP Business Network.

SAP rates well for many critical capabilities. Its highest rating is for services procurement and it has the joint-highest rating for project P2P. SAP Fieldglass has extensive functionality for services and external workforce spend. SAP's ratings are above average for all the critical capabilities. Noteworthy capabilities for SAP include e-purchasing, integration and partner ecosystem. SAP's procurement solution ratings have improved, but only minimally, given these solutions' maturity.

As a result of its consistent critical capability ratings, SAP scores in the top quartile for all the use cases. In fact, it is one of the top three vendors for each use case. It has the leading score for the services-focused use case. Customers looking for direct materials support will find full support for POs, work orders, inventory management, and integrations with PLM and other support systems. OCR invoice conversion services rely on third-party service integrations, and their accuracy depends on the service provider.

Zycus

Zycus was founded as a strategic sourcing vendor. It later expanded into S2P, but for this report we review only Zycus's P2P functionality. The Zycus Procure-to-Pay suite is delivered as multitenant SaaS. Zycus is a good choice for customers looking primarily for indirect and services procurement, and for those that want AI-enhanced processes.

Zycus has above-average ratings for all but one of the critical capabilities, with its best rating being for APIA. Zycus' lowest ratings are for direct materials procurement and payments. Zycus has continued to improve its analytics, so that it is now in the upper quartile for this critical capability. Zycus' partner ecosystem rating has increased following the introduction of the AppXtend store, which enables an apps marketplace that extends the functionality of a traditional P2P suite.

Zycus' scores in the upper half of vendors for the finance-, indirect-procurement-, services- and complex-environment-focused use cases. Its lowest use-case score is for the direct-materials-focused use case. Zycus' Merlin AI products let customers choose where to add enhanced capabilities. New AI products can be developed and tested relatively quickly because the Merlin AI products are separate from, but tightly integrated with, the core P2P product. A standout example of a Merlin AI product is the AP SmartDesk Inbox, which can process inbound invoices and answer typical supplier inquiries about invoice status.

Context

P2P suites are common purchases for organizations looking to simplify and digitize their procurement processes. The P2P market is mature, with mainstream adoption. There is a growing trend for customers to purchase P2P offerings as part of a larger S2P deal with a single vendor. Many of the core P2P capabilities have become mainstream, and vendors now compete on AI/analytics and industry-specific innovations.

Although most P2P solutions are organically developed to start with, the acquisition and integration of functionality is a common tactic that vendors use to keep pace with the market. This is especially true of vendors seeking to differentiate themselves by delivering best-in-class functionality for edge and complex use cases.

No single P2P vendor provides all the in-depth functionality required by every organization in every industry. Furthermore, P2P processes do not stand alone — they often require integration with other internal applications and external third parties. They might, for example, need to integrate with an organization's ERP applications, or with suppliers, data providers or a broad ecosystem.

This report aims to help application leaders overcome the challenge of selecting the most suitable P2P suite by highlighting the critical capabilities that differentiate the functionality provided by vendors. Additionally, it highlights use cases that reflect the most common needs of organizations seeking a P2P suite. Most organizations will need to evaluate more than one of these use cases to meet their primary requirements.

Product/Service Class Definition

Gartner defines P2P suites as integrated solutions with automated workflows to request, procure, receive and pay for goods and services across an enterprise. At a minimum, P2P suites support the following processes:

- **E-purchasing:** Self-service functionality that enables end users to create requisitions for goods and services. This is achieved through catalogs, online forms or free-text orders. A requisition is routed for approval through a predefined rule-based workflow and converted to one or more 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.

- **Accounts payable invoice automation (APIA):** The ability to capture and automate invoices, including rule-based matching against POs, or to support account coding and approval flows when no PO exists. APIA tools manage exceptions arising from transportation costs or other fees (for example, taxes) that may not exist on POs. This also includes e-invoicing for the exchange and storage of legally valid invoices in electronic format via one or more methods. This can include EDI, punch-out, supplier self-service PO flip, and CSV file upload. Invoice acceptance status and remittance details are available to suppliers on a self-service basis through network or portal functionality.

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

- Budget management

- Contingent workforce management

- Dynamic discounting and/or supply chain financing (SCF)

- Inventory management

- Supplier information management (SIM) and/or supplier registration

- Employee expense management

- Payments

Critical Capabilities Definition

E-Purchasing

An employee self-service solution for requisitioning and ordering goods and services. It enables nonprofessional buyers to create requisitions using e-forms, catalogs or free-text entry. Requests are routed for approval, converted into POs, and then sent to suppliers.

The POs are transmitted to supplier(s) via email, portal, EDI or XML integrations. The final step in the workflow is the issuing of receipts, which can be done via mobile, desktop or dock.

Services Procurement

The ability to source and procure contingent workers and complex services. Functionality includes statement of work (SOW) creation, rate negotiation, resource onboarding, self-service time reporting, self-service deliverable reporting, resource tracking and resource offboarding.

Project P2P

Workstream-specific functionality configured to enable buyers to track and manage spend for a specific project.

Direct Materials Procurement

The ability to procure materials related to manufacturing or resale. Functionality typically includes bill of materials (BOM) handling, inventory, item data management, vendor-managed inventory (VMI) and quality management. Unique fields can be added, such as revision or manufacturer's part number.

Supplier Collaboration

The ability to collaborate with suppliers across a range of documents and data to support the P2P process. This collaboration can involve supplier master data, order confirmations and changes, advanced ship notices, VMI data, and work and dispatch orders.

Additionally, buyers can message and collaborate with suppliers on specific documents or general questions.

AP Invoice Automation

The ability to capture and automate invoices, including rule-based matching against POs, or to support account coding and approval flows when no PO exists. APIA tools manage exceptions arising from transportation costs or other fees (for example, taxes) that may not exist on POs.

Payments

Functionality to manage cash and make payments to suppliers, such as dynamic discounting, supplier chain financing and purchasing card reconciliation. Payment methods include payment via automated clearinghouse, wire transfer, digital and check, cryptocurrency and PayPal.

Integration

The ability to create connections in order to send and receive data easily to and from adjacent, third-party applications, such as ERP solutions, financial systems, strategic sourcing applications, product life cycle management applications, demand-planning systems and other external data sources.

Analytics

Procurement analytics, including spend analytics, budget reporting and tracking, operational metrics, price benchmarking, SLA tracking, and key performance indicator (KPI) tracking.

Partner Ecosystem

Third parties offer tightly integrated functional extensions to enhance the core capabilities of a P2P suite. These partners can include providers of tax engine plug-ins, OCR and other scanning technologies, financial data, and diversity tracking and validation.

Partner ecosystems enable customers to extend functionality beyond what their P2P suite vendor offers directly, in order to fulfill specific use cases.

Use Cases

Indirect Procurement Focused

A use case focused on automating the entire P2P process for indirect spend.

This is the most common use case for P2P suite customers. The goal is to increase spend compliance and automation for the goods and services needed to run a business, but not for manufacturing or resale. Customers typically prioritize the user experience of the purchasing process and the ease of collaboration with a large number of suppliers.

Direct Materials Focused

A use case focused on enabling supply chain collaboration and visibility, primarily for manufacturing or resale industries.

This type of procurement is often driven ultimately by customer demand and is accounted for under cost of goods sold (COGS). Direct materials procurement customers need to support integrations with external applications such as planning, product life cycle, quality and BOM systems. Direct materials also typically require additional supplier collaboration functions, in comparison to indirect procurement, due to the many changes that occur during a PO's life.

Services Focused

A use case for organizations that buy many services. Included are both complex SOW service procurement and contingent-worker procurement.

Finance Focused

A use case focused on finance functions, including APIA and payment handling.

Customers looking to automate and integrate finance processes with upstream procurement processes focus on strong e-invoicing, APIA and payment functionality. Payment support is new to the P2P sector, so only a limited number of vendors provide deep, multitype payment support.

Complex Environment Focused

A use case focused on complex procurement categories and geographical scopes that require advanced integrations and analytics to support a varied back-end infrastructure.

This use case is for complex businesses, such as oil and gas companies, or those that have grown through many acquisitions and have diverse needs. Security, legal compliance and flexibility across many end-user access devices are also concerns. The ability to connect with many operational and financial systems, while also providing visibility into procurement processes, is key to success.

Vendors Added and Dropped

Added

- Corcentric

- ebidtopay

- Microsoft

Dropped

- Synertrade: This vendor did not respond to requests for supplemental information that was required to complete the critical capability analysis. It was therefore excluded from this research.

Inclusion Criteria

This Critical Capabilities report uses the same inclusion criteria as the companion Magic Quadrant for Procure-to-Pay Suites.

To qualify for inclusion, each vendor had to:

- Actively position its P2P suite for automating indirect, direct and services spend.

- Have generated a minimum of $20 million in annual revenue for the 12-month period ending December 2021 from P2P software subscription, transaction fees, software license and maintenance fees, or have 75 or more clients with 2021 revenue or operating budget greater than $750 million "live" with full P2P (e-purchasing and APIA).

- Have signed a minimum of 25 new clients with annual revenue greater than $750 million in revenue or operating budget in calendar 2021 for full P2P.

- Have ownership of source code that delivers the following functionality, deployable without customization:

  - Requisition approval workflow based on any metadata contained in the purchase request and user attributes

  - Ability to store budgetary data; validate and track purchase requests/orders against approved budgets

  - Ability to create goods and service receipts

  - cXML integration capabilities for invoices and catalogs

  - Supplier self-service catalog management via a supplier-facing portal

  - Customer-definable e-forms for capturing service procurement requirements

  - Supplier self-service PO flip via supplier-facing portal

  - Allow customer or supplier to upload an invoice

  - Ability to capture an invoice sent via email

  - Automated two-way and three-way invoice match (PO to invoice and PO to invoice and goods receipt)

  - Account code an invoice (without a PO) and set to OK-to-pay

  - Supplier self-service invoice acceptance status checking via supplier-facing portal

  - Payment remittance details available to suppliers via supplier-facing portal

- Be currently processing compliant e-invoices in a minimum of 10 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.

Table 1: Weighting for Critical Capabilities in Use Cases

Critical Capabilities ↓	Indirect Procurement Focused ↓	Direct Materials Focused ↓	Services Focused ↓	Finance Focused ↓	Complex Environment Focused ↓
E-Purchasing	30%	5%	5%	5%	10%
Services Procurement	10%	0%	40%	5%	5%
Project P2P	10%	5%	15%	10%	5%
Direct Materials Procurement	0%	45%	0%	0%	5%
Supplier Collaboration	15%	15%	10%	5%	10%
AP Invoice Automation	10%	5%	5%	35%	10%
Payments	5%	0%	0%	20%	5%
Integration	5%	15%	10%	5%	20%

Critical Capabilities ↓	Indirect Procurement Focused ↓	Direct Materials Focused ↓	Services Focused ↓	Finance Focused ↓	Complex Environment Focused ↓
Analytics	10%	5%	5%	5%	15%
Partner Ecosystem	5%	5%	10%	10%	15%
As of 10 November 2022					

Source: Gartner (November 2022)

This methodology requires analysts to identify the critical capabilities for a class of products/services. Each capability is then weighted in terms of its relative importance for specific product/service use cases.

Each of the products/services that meet our inclusion criteria has been evaluated on the critical capabilities on a scale from 1.0 to 5.0.

Critical Capabilities Rating

Table 2: Product/Service Rating on Critical Capabilities

Critical Capabilities ↓	Basware ↓	Corcentric ↓	Coupa ↓	ebidtopay ↓	Esker ↓	GEP ↓	Ivalua ↓	JAGGAER ↓	Medius ↓	Mercado Eletrônico ↓	Microso
E-Purchasing	3.7	3.0	4.6	3.1	3.5	4.3	4.4	4.1	4.0	3.5	3.0
Services Procurement	2.9	2.0	4.3	3.0	2.1	3.7	3.7	3.6	2.8	3.0	2.5
Project P2P	3.9	3.0	4.1	2.8	2.6	4.2	4.1	4.2	3.8	2.8	3.3
Direct Materials Procurement	2.8	1.4	3.0	3.5	1.6	4.1	4.5	4.5	2.5	2.0	3.6
Supplier Collaboration	3.5	2.6	3.7	3.2	3.5	3.9	4.1	4.0	3.5	3.5	3.2
AP Invoice Automation	4.7	3.6	4.2	3.2	4.5	4.2	3.7	4.0	4.7	2.8	3.6
Payments	3.5	3.0	4.5	2.8	3.0	2.4	3.0	3.1	3.8	1.2	3.9
Integration	4.1	3.0	4.2	3.5	3.0	4.3	4.1	4.1	4.2	3.2	3.6
Analytics	3.7	3.4	4.6	2.8	3.0	4.1	3.7	3.9	3.8	3.3	4.0
Partner Ecosystem	4.1	2.5	4.2	3.1	2.5	3.2	3.6	3.4	3.3	2.3	3.5
As of 10 November 2022											

Source: Gartner (November 2022)

Table 3 shows the product/service scores for each use case. The scores, which are generated by multiplying the use-case weightings by the product/service ratings, summarize how well the critical capabilities are met for each use case.

Table 3: Product Score in Use Cases

Use Cases ↓	Basware ↓	Corcentric ↓	Coupa ↓	ebidtopay ↓	Esker ↓	GEP ↓	Ivalua ↓	JAGGAER ↓	Medius ↓	Mercado Eletrônico ↓	Microsoft
Indirect Procurement Focused	3.74	2.92	4.30	3.06	3.22	3.99	3.99	3.93	3.80	3.10	3.27
Direct Materials Focused	3.41	2.25	3.62	3.33	2.50	4.08	4.23	4.22	3.26	2.64	3.51
Services Focused	3.52	2.56	4.22	3.06	2.68	3.88	3.87	3.82	3.42	3.00	3.06

Use Cases ↓	Basware ↓	Corcentric ↓	Coupa ↓	ebidtopay ↓	Esker ↓	GEP ↓	Ivalua ↓	JAGGAER ↓	Medius ↓	Mercado Eletrônico ↓	Microsoft ↓
Finance Focused	4.04	3.11	4.27	3.05	3.44	3.71	3.67	3.77	4.03	2.56	3.54
Complex Environment Focused	3.84	2.88	4.21	3.14	3.04	3.92	3.90	3.90	3.77	2.91	3.49

As of 10 November 2022

Source: Gartner (November 2022)

To determine an overall score for each product/service in the use cases, multiply the ratings in Table 2 by the weightings shown in Table 1.

Critical Capabilities Methodology

This methodology requires analysts to identify the critical capabilities for a class of products or services. Each capability is then weighted in terms of its relative importance for specific product or service use cases. Next, products/services are rated in terms of how well they achieve each of the critical capabilities. A score that summarizes how well they meet the critical capabilities for each use case is then calculated for each product/service.

"Critical capabilities" are attributes that differentiate products/services in a class in terms of their quality and performance. Gartner recommends that users consider the set of critical capabilities as some of the most important criteria for acquisition decisions.

In defining the product/service category for evaluation, the analyst first identifies the leading uses for the products/services in this market. What needs are end-users looking to fulfill, when considering products/services in this market? Use cases should match common client deployment scenarios. These distinct client scenarios define the Use Cases.

The analyst then identifies the critical capabilities. These capabilities are generalized groups of features commonly required by this class of products/services. Each capability is assigned a level of importance in fulfilling that particular need; some sets of features are more important than others, depending on the use case being evaluated.

Each vendor's product or service is evaluated in terms of how well it delivers each capability, on a five-point scale. These ratings are displayed side-by-side for all vendors, allowing easy comparisons between the different sets of features.

Ratings and summary scores range from 1.0 to 5.0:

1 = Poor or Absent: most or all defined requirements for a capability are not achieved

2 = Fair: some requirements are not achieved

3 = Good: meets requirements

4 = Excellent: meets or exceeds some requirements

5 = Outstanding: significantly exceeds requirements

To determine an overall score for each product in the use cases, the product ratings are multiplied by the weightings to come up with the product score in use cases.

The critical capabilities Gartner has selected do not represent all capabilities for any product; therefore, may not represent those most important for a specific use situation or business objective. Clients should use a critical capabilities analysis as one of several sources of input about a product before making a product/service decision.

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